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OVERVIEW

We offer a broad array of cloud-native customer contact solutions, which are communication solutions that enable enterprises to engage in multi-channel customer interactions. We are China’s largest provider of customer contact solutions deployed in public clouds as measured by revenue in 2021, with a market share of 10.3%, according to the CIC Report. In 2021, the market size of customer contact solutions deployed in public clouds in terms of revenue amounted to RMB4.0 billion, accounting for 38.2% of the cloud-based customer contact solutions market and 26.9% of the customer contact solutions market, respectively, according to the same source. Our solutions, rooted in our cloud-native, secure and reliable platform, empower businesses to create exceptional customer communication experience and intelligize their way of conducting sales, marketing, customer service and other business functions. In 2021, we facilitated over 3.0 billion interactions in the form of voice calls, SMS messages and text chat between businesses and their customers across multiple channels, helping increase their productivity and efficiency.

Technology is at the heart of our solutions. Driven by our unwavering commitment to innovation, we have achieved three major transformations, which set a solid foundation for our success:

- *Cloud-native architecture.* We believe deeply that cloud technology will define the future. We started to migrate our platform to the cloud as early as in 2014 by redesigning our architecture and code based on the computing, networking and storage components of public cloud environments. By 2015, we became one of the first customer contact solution providers to complete cloud migration, according to the CIC Report, and have since then continuously enhanced the functionality of our solutions. The cloud-native architecture brings scalability and stability to our platform and enables us to achieve non-disruptive, quick iterations through grayscale release, which are staged releases that reduce the risk of introducing new versions. During the Track Record Period, we rolled out releases approximately on a weekly basis and at the same time honored 99.99% uptime (calculated as the percentage of time our system is available and operational for a client in a given month), as compared to an industry average of 99.5%, according to the CIC Report. Our platform has been operating free from overall system failures for over 35 months. Amid mass digital transformation, we believe we enjoy significant first-mover advantages and are well-positioned to capture growing opportunities.
- *Software-defined networking infrastructure.* As cloud-based solutions become an increasingly popular choice, traditional WAN networks that heavily rely on data center infrastructure are no longer sufficient to support high-quality cloud connectivity. According to the CIC Report, we are the first customer contact solution provider in China to fully integrate our platform with software-defined wide area network (SD-WAN), which decouples networking hardware from the control mechanism and achieves centralized control and automatic traffic routing. SD-WAN and other technologies enable our services to run on two cloud computing platforms

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simultaneously, and we became the only industry player to achieve active-active dual cloud deployment, which significantly improved the availability, reliability and quality of connections established through our platform. For details of SD-WAN and our active-active dual cloud architecture, see “– Our Architecture” and “– Our Technologies.”

- *Scenario-tailored AI capabilities.* Advancements in AI technologies make it possible to automate routine and repetitive duties traditionally handled by clients’ human agents. Combining industry-specific automatic speech recognition (ASR) and natural language processing (NLP) capabilities, our ContactBot is able to understand industry jargons and engage in text- and voice-based intelligent interactions using industry-specific terms and languages. Our platform also hosts a wealth of AI-powered functions, providing real-time agent assistance and actionable insights driven by intelligent reporting and analytics tools.

Security is our long-held commitment. Our solutions possess enterprise-grade security capabilities. In 2015, we were the first customer contact solution provider to receive the Trusted Cloud Services Certification (TRUCS) (“可信雲服務認證”) from institutions accredited by the MIIT, according to the CIC Report, which embodies our undertakings to clients in relation to data security, data privacy, failure recovery ability and service availability. In 2019, we received the Multi-Layer Protection Scheme (MLPS) Level III Certification (“信息系統安全等級保護三級”) awarded by the Ministry of Public Security, the highest level achievable for non-financial institutions, which endorses our capability in system operation and information security.

With our relentless pursuit of excellence, we have built a broad, high-quality and loyal client base across diverse industries, including technology, education, insurance, automobile, travel, housing and healthcare, to name a few. In 2021, we served over 3,100 clients, among whom 57 were key accounts whose annual purchase amount exceeds RMB1.0 million. We strive to cultivate long-term relationships with our clients and evaluate our performance using client retention rate (calculated as the percentage of our existing clients in the immediately preceding period who remain our clients in the current period) and dollar-based net retention rate (calculated by (i) first identifying the clients who subscribed to our solutions in both the benchmark period and the period before and (ii) then using the total revenue attributable to the identified clients in the benchmark period as the numerator and the total revenue attributable to the same group of clients in the preceding period as the denominator) on a regular basis. In 2019, 2020 and 2021, our SaaS client retention rate was 73.7%, 77.9% and 78.4%, respectively. During the same periods, our dollar-based net retention rate for all SaaS clients was 112.9%, 105.0% and 103.5%, respectively, and for SaaS clients which were our key accounts was 112.6%, 114.6% and 108.3%, respectively.

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We are the preferred choice of clients who are market leaders in their industries. We believe our popularity among top market players demonstrates our ability to address complex business and operational requirements and helps us to increase penetration in relevant sectors. Today, we have achieved a prominent market position in technology, education and insurance sectors, which were the top three contributors to our total revenue during the Track Record Period. In 2021, we served 13, 11 and 8 of the Top 20 Players in each of China's technology, education and insurance sectors as measured by revenue, respectively, among which 28 had been in business relationship with us for more than three consecutive years. Our total revenue generated from the clients who are the Top 20 Players in these three sectors increased from RMB122.6 million in 2019 to RMB194.8 million in 2021, at a CAGR of 26.0%. Our total revenue generated from all clients in these three sectors increased from RMB234.0 million in 2019 to RMB308.4 million in 2021, at a CAGR of 14.8%. According to the CIC Report, in 2021, technology, education and insurance sectors accounted for approximately 60.0% of China's public cloud customer contact solutions market.

We achieved steady growth during the Track Record Period. Our total revenue increased at a CAGR of 9.6% from RMB334.8 million in 2019 to RMB401.9 million in 2021, of which 97.2% and 92.2% were generated from our SaaS model that are of a recurring nature. Our gross profit increased at a CAGR of 8.3% from RMB155.9 million in 2019 to RMB182.7 million in 2021. Our profit for the year increased by 18.6% from RMB59.1 million in 2019 to RMB70.2 million in 2020. In 2021, our profit for the year decreased to RMB17.8 million, primarily due to (i) a lower-than-expected revenue from education clients whose businesses were adversely affected by the recently promulgated regulations that crack down on after-school tutoring services on academic subjects in China's compulsory education system, coupled with an increased cost of sales, (ii) a significant increase in professional service fees in relation to the Proposed Listing on the ChiNext Board and the [REDACTED], (iii) the increases in selling and distribution expenses and research and development expenses incurred in 2021 to implement our business plan, and (iv) an increase in employee benefit expenses as we were no longer exempt from making employer contribution to employee social security schemes in 2021. As of December 31, 2021, we had achieved profitability for seven consecutive years.

OUR MARKET OPPORTUNITIES

According to the CIC Report, the cloud-based customer contact solutions industry in China has experienced tremendous growth in recent years. Its market size in terms of revenue increased from RMB4.3 billion in 2017 to RMB10.6 billion in 2021 at a CAGR of 25.2%, and is expected to reach RMB30.7 billion in 2026, representing a CAGR of 23.7% from 2021 to 2026.

There are a number of key industry trends driving our growth, including:

- *Expanding application scenarios.* Customer interactions take place in a wider array of scenarios, involving not only customer service agents in traditional cubicle offices, but also employees from other departments performing sales, logistics, design, technical support, and maintenance functions.

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- *Higher requirement of data security.* Concerns over data security have become heightened during digital transformation. Deployment on virtual private cloud provides the benefit of cloud scalability while easing enterprises’ concerns over data security. As a result, virtual private cloud is expected to be increasingly adopted by organizations with particular data security requirements.
- *Proliferation of AI technologies.* Advancements in AI technologies make it possible to liberate workers from routine and repetitive tasks and helps reallocate human capital towards cognitive, higher-value activities while ensuring high quality of customer services.

OUR SOLUTIONS

Our solutions run fully in the cloud, allowing for easy deployment and management across devices at multiple locations. Our clients use cloud computing and storage resources in the cloud without substantial upfront investment in hardware, infrastructure or in-house IT support.

Our cloud-based solutions, developed in-house by our research and development team, primarily consist of three offerings, serving a broad range of use cases:

- *Intelligent Contact Center Solutions.* Designed to replace legacy on-premise systems, our Intelligent Contact Center Solutions help businesses migrate their contact center functions to the cloud. The solutions allow contact center agents hired by our clients and seated in physical contact centers to efficiently interact with clients across multiple channels using desktops. Benefiting from our cloud-native architecture, our clients can greatly reduce implementation costs, easily scale their usage in response to changing business needs and effortlessly receive software upgrades. We support contact center agents with intelligent tools and functions to drive efficient and effective customer interactions.
- *Agile Agent Solutions.* Our Agile Agent Solutions are designed to facilitate customer contact activities outside physical contact centers, which are unserved by pureplay contact center solutions. Our Agile Agent Solutions, designed as a mobile application, empower clients’ employees other than contact center agents (such as car salespersons, retail store assistants and after-school program tutors) to contact customers at any time in any location. It enables businesses to track and manage each interaction, which significantly increases visibility of business activities and uses data-based analytics to support decision-making.
- *ContactBot Solutions.* Our ContactBot Solutions utilize practical AI applications to automate routine and repetitive duties traditionally handled by clients’ human agents. With real-time automatic speech recognition (ASR) and natural language processing (NLP) capabilities, our ContactBot is able to engage in text- and voice-based intelligent interactions. Human agents are freed from repetitive, administrative tasks and can instead focus on tasks that require more personalized, engaging services. Our ContactBot Solutions are favored by businesses who need to handle a significant volume of routine tasks and repeated enquiries.

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For details, see “– Our Offerings.”

Our clients have the option to deploy our solutions through SaaS or VPC model, based on their business and operational requirements. For details, see “– Our Business Model.”

OUR COMPETITIVE STRENGTHS

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

Leading Player in a Rapidly Growing Industry

We are China’s largest provider of customer contact solutions deployed in public clouds as measured by revenue in 2021, according to the CIC Report. We completed migration to the cloud as early as in 2015, being one of the first among all the customer contact solution providers in China. We are also the first in our market to build an IT infrastructure seamlessly integrating network with cloud, and the only player to realize active-active dual cloud deployment, which enables us to achieve exceptional availability, reliability and quality of connections. The outstanding performance of our platform and the highly flexible solutions we offer to clients confer distinctive competitive advantages in winning business from large companies, making us the preferred choice of clients who are market leaders in their industries. In 2021, we served 13, 11 and 8 of the Top 20 Players in each of China’s technology, education and insurance sectors as measured by revenue, respectively, among which 28 had been in business relationship with us for more than three consecutive years.

We operate a highly scalable business model. Our cloud-native architecture allows us to rapidly expand service capacity with decreasing marginal costs, and our SD-WAN connectivity ensures reliability and availability even in times of sudden spike in service usages. In addition, we are able to rapidly scale our business among new clients within the same industry with replicable, industry-specific technology infrastructure and experience.

According to the CIC Report, China’s cloud-based customer contact solution industry has experienced tremendous growth in recent years and is expected to continue to grow at a fast speed in the foreseeable future. The size of this market in terms of revenue increased from RMB4.3 billion in 2017 to RMB10.6 billion in 2021 at a CAGR of 25.2%, and is expected to reach RMB30.7 billion in 2026, representing a CAGR of 23.7% from 2021 to 2026. We believe that with our leading position and scalable business model, we are well positioned to capitalize on the tremendous growth opportunities in China’s cloud-based customer contact solutions industry.

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Purpose-Built Platform With Exceptional Performance

We are the first customer contact solution provider in China to build an IT infrastructure based on the SD-WAN technology seamlessly integrating network with cloud, and the only industry player to realize active-active dual cloud deployment, achieving exceptional reliability and availability. During the Track Record Period, we offered 99.99% uptime even in cases of sudden spikes in simultaneous communications, as compared to an industry average of 99.5%, according to the CIC Report. Our platform has been operating free from overall system failures for more than 35 months. Our purpose-built platform enables us to meet the always-on, always-available requirements from demanding clients, who are often large companies, and confers significant competitive advantages.

Notably, the integration of network and cloud enables us to achieve outstanding performance at much lower costs than using traditional connectivity technologies, bringing substantial cost efficiencies. As it involves a fundamental change to platform infrastructure, which could be costly, time consuming and technologically difficult, the integration is one of our most critical decisions that we believe will shape our future. It took us more than two years to completely achieve the network and cloud integration in 2019. We believe this infrastructure will enable us to enjoy competitive advantage for a considerable period of time going forward.

Robust Technology Capabilities

Technology capabilities are at the core of our success. Our business is guided by an unwavering focus on transforming customer interactions through digital, agile and intelligent technologies. Our key technology capabilities include the following:

- *Decoupling design philosophy.* We decoupled our cloud platform, including our software, hardware and network, to achieve an optimal balance between system stability and quick iteration.
- *APIs and SDKs.* With over 500 application programming interfaces (APIs) and software development kits (SDKs) provided by us, our clients can quickly incorporate selected functions from our solutions portfolio into their internal system to address changing business priorities.
- *Highly scalable softswitch.* Our softswitch has the capacity to support 30,000 concurrent calls. Through continuous enhancement and optimization, as of the Latest Practicable Date, our softswitch achieved a mean time between failures (MTBF) of over 5,000 hours.
- *High capacity queuing system.* Our in-house developed queuing system processes customer requests from multiple channels on a unified platform and helps clients optimize contact center workflow, reduce wait time and improve first call resolution. We use an active-active queuing system, where service requests are shared by distributed servers, thereby achieving high capacity.

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- *Industry-specific AI capabilities.* We use ASR and NLP models to train industry-specific AI functions which substantially enhances their accuracy and effectiveness.
- *Grayscale release.* We achieve smooth, quick iterations through grayscale release, which are staged releases that reduce the risk of introducing new versions. During the Track Record Period, we rolled out releases approximately on a weekly basis with minimal disruption to our clients' operations.
- *Real-time operational monitoring.* We maintain a robust operational monitoring system that oversees more than 1,000 items in real time, including software operation status, network operation status, call signaling status and voice quality. The operational monitoring system is able to perform rapid fault location and provide early warnings of network connection issues. We can detect and respond to connection and voice quality issues in real time.

Our extensive technological capabilities supported by our strong research and development team of 211 employees as of December 31, 2021, representing 46.7% of our total workforce. Our research and development team brought rich experience in the fields of telecommunications, software development, AI and big data analytics. They closely collaborate with our client-facing sales team to collect and analyze client feedback and design new and enhanced features that cater to evolving client needs. As of the Latest Practicable Date, we had 49 registered software copyrights and 11 issued patents relating to our solutions.

Highly Flexible Solution Driving Powerful Network Effect

We fully appreciate the fact that our customer contact solution is only one of many solutions our clients use to run their daily operations. Many of them, particularly those large-in-size, have a rigid need to tailor the system to their own business cases and integrate it into their existing systems. To satisfy this need, we develop application programming interface (API) for each function in our system and build software development kits (SDKs), allowing functions selected by clients to be easily integrated into their systems. While developing APIs and SDKs takes time, because of our unique cloud-native architecture that provides a universal platform for engineering work, once developed, new APIs and SDKs are automatically added to our system and readily available for future uses. Unlike providers of on-premise systems who face difficulties to integrate different project legacies, this way we have effectively built a comprehensive API and SDK pool that covers various business scenarios, enabling our solutions to be easily and quickly adapted and integrated according to clients' needs. It also helps increase our efficiency and allows us to serve more clients at the same time.

Our strong ability to provide highly flexible solutions in a timely and cost-efficient manner gives us an edge over winning businesses from large companies. This type of clients generally have more specific requirements to address more complex scenarios than smaller ones. Through serving large companies, we have enriched our understanding of application scenarios, and have been continuously expanding our API and SDK pool over the years, which we believe further differentiates us from other players on this market. As of the Latest Practical Date, we had accumulated over 500 APIs and SDKs.

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We have seen a powerful network effect. The more large companies we serve, the deeper we understand clients’ needs, and the more APIs we create and accumulate through project implementation, which enable us to win more business and serve more clients. Our revenue attributable to key accounts grew by 9.7% from RMB247.6 million in 2019 to RMB271.7 million in 2020, and further grew by 10.3% to RMB299.6 million in 2021. Through such a virtuous cycle, we are able to continuously expand and diversify our client base, deepen our understanding of use cases, optimize our solutions and reinforce our market leadership position.

A Broad and High-Quality Client Base With Long-Term Relationships

With our relentless pursuit of excellence, we have built a broad, high-quality and loyal client base across diverse industries, including technology, education, insurance, automobile, travel, housing and healthcare, to name a few. In 2021, we served over 3,100 clients, among whom 57 were key accounts whose annual purchase amount exceeds RMB1.0 million. In the same year, our key accounts contributed 74.5% of our total revenue. We strive to cultivate long-term relationships with our clients and evaluate our performance using client retention rate and dollar-based net retention rate on a regular basis. In 2019, 2020 and 2021, our SaaS client retention rate was 73.7%, 77.9% and 78.4%, respectively. During the same periods, our dollar-based net retention rate for all SaaS clients was 112.9%, 105.0% and 103.5%, respectively, and for SaaS clients which were our key accounts was 112.6%, 114.6% and 108.3%, respectively.

We are the preferred choice of clients who are market leaders in their industries. We distinguish ourselves by providing a combination of customized solutions and functions that address client demands across different business functions and scenarios. We believe our popularity among top market players demonstrates our ability to address complex business and operational requirements and helps us to increase penetration in relevant sectors. Today, we have achieved a prominent market position in technology, education and insurance sectors, which were the top three contributors to our total revenue during the Track Record Period. In 2021, we served 13, 11 and 8 of the Top 20 Players in each of China’s technology, education and insurance sectors as measured by revenue, respectively, among which 28 had been in business relationship with us for more than three consecutive years. Our total revenue generated from the clients who are the Top 20 Players in these three sectors increased from RMB122.6 million in 2019 to RMB194.8 million in 2021, at a CAGR of 26.0%. Our total revenue generated from all clients in these three sectors increased from RMB234.0 million in 2019 to RMB308.4 million in 2021, at a CAGR of 14.8%. In addition to large enterprises, we also serve a broad base of small- and medium-sized clients, leveraging our ready-to-use portfolio of solutions. Our experience working with small- and medium-sized clients supplements our accumulated industry insights.

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Proven, Replicable Go-to-Market Strategy

We have focused on serving clients who are leaders in our targeted industries, providing them with versatile solutions and satisfactory services. These market-leading players usually have a large number of agents, a high volume of customer interactions and sufficient budgets, while also demand heightened security and dedicated client services. Since securing large clients is difficult without a proven track record in a vertical sector, traditionally, SaaS providers attempt to break into a market by serving small clients first and then gradually expanding their coverage to large enterprises as they accumulate experience. We have adopted the opposite go-to-market strategy in our history of operations with strong confidence in our value proposition to clients. As we enter into a new sector, our dedicated sales team will introduce our solutions to selected top-tier enterprises through continuous high-touch interactions with key decision makers. We implement a “land and expand” strategy, landing a small deal with a key client first and then expanding our footprint to additional departments and providing more services for the same client. By working with industry-leading clients, we prove that our solutions are capable of satisfying complex client demands and quickly accumulate valuable insights into industry best practice. With endorsement from top players, we believe we can effectively increase our penetration rate in the sector.

This strategy is proven to be effective. For example, in 2017, we signed our first contract with leading player in China’s insurance sector. We gradually deepened our relationship with this client as they digitalize additional business functions and undertake new business initiatives. Leveraging this relationship, we continue to attract top players in the same sector. | By 2021, we served eight of the Top 20 Players in China’s insurance sector as measured by revenue. Working with industry-leading clients propelled us to enhance the capacity and functionality of our solutions and introduced us to enormous opportunities. We have successfully implemented the same strategy in technology and education sectors. In addition, we have established business relationships with a few top players in banking and automobile industry, both of which present significant business opportunities, and are confident to replicate our success in these sectors.

Committed, Experienced and Insightful Management Team and Collaborative Company Culture Inspiring Teamwork

Our insightful CEO, Mr. Wu, saw a massive opportunity in revolutionizing the customer contact industry with stable, secure and scalable solutions and founded our company in 2006. | In the past 16 years, he has been committed to developing customer contact solutions to replace and transcend legacy on-premise systems and spearheaded the development of our highly adaptable Agile Agent Solutions. Under his leadership, we assembled a senior management | team who have on average over 14 years of experience in innovating customer contact solutions. Our senior management team brought a wealth of industry know-how and professional experiences in technology, sales, marketing, finance, operations and compliance,

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contributing to our long-term success. The commitment, deep industry experience and strong execution capabilities of our founder and senior management team have enabled us to build a proven track record of steady growth and sustainable profitability, and will lead us to achieve significant future growth.

As we are committed to deliver our stable and secure solutions 24 hours a day, 365 days a year, a collaborative company culture that inspires teamwork is critical to our business success. We value the contribution of each employee in different roles and strive to provide a fair and balanced compensation scheme that provides proper incentives. To motivate and retain our key employees, we have introduced a Share Incentive Plan to align the interests of our employees with those of our Company. For details, see “History, Reorganization and Corporate Structure – Reorganization – V. Share Incentive Plan.” We want our employees to treat each other with care and respect and to feel cared and respected. We believe that our company culture motivates each of our employees to bring their best selves to work.

OUR GROWTH STRATEGIES

We intend to leverage our existing strengths and carry out the following strategies to capture growing market opportunities and further solidify our market position.

Maintain Our Leadership in Technology

We closely monitor technology trends in the industry and continuously make strategic investments to improve our technology capabilities. Our key technology initiatives include, among others:

- *Elevate system scalability.* As our Agile Agent Solutions continue to gain popularity, we expect that our system will be required to support a higher amount of concurrent user activities. We plan to refine our software architecture and further enhance the scalability of our solutions, aiming to support over one million concurrent logins. We will also upgrade our network architecture by investing in relevant technologies and upgrading our hardware equipment.
- *Improve system compatibility.* We plan to increase the compatibility of our system with multiple programming languages to streamline its integration with clients’ internal systems. We also intend to increase our compatibility with the WeChat ecosystem, especially WeChat mini-apps, and other popular social media apps to enhance user experience on different applications.
- *Enhance AI technologies.* Automatic speech recognition (ASR) and natural language processing (NLP) technologies are the foundations of our ContactBot Solutions and AI-powered functions. We will continue to invest resources on ASR optimization and NLP application and enhance the accuracy and relevance of our AI solutions.

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- *Strengthen video capabilities.* We will continue to invest in and enhance the video capabilities of our platform by, among others, integrating with 5G network. We intend to roll out panoramic video capabilities which may be applied to a variety of customer contact scenarios, including remote repair, diagnostics and maintenance, remote verification and real-time collaboration.

To execute our technology strategy, we intend to continue to invest in and expand our research and development team and foster a corporate culture of innovation that attracts and retains top talents.

Continue to Optimize and Expand Our Portfolio of Solutions

We will continue enhancing the capability and performance of our solutions to satisfy evolving client needs. In the near future, we intend to focus our resources on the following initiatives:

- We intend to improve our integration with WeCom so that our clients can generate actionable insights from data on WeCom, using our intelligent reporting and analytical tools. WeCom, the enterprise version of WeChat, provides open protocol for developers to develop applications using open APIs and achieve data integration and connection with other application platforms. Through integration with WeCom, our clients can engage in customer contact via WeCom and integrate data on WeCom and our platform for improved monitoring and analytical functions. We will concentrate on delivering consistent and seamless services across WeCom and our platform by synchronizing data on the two platforms in real time. We believe these enhancements will be adaptable to a wider variety of business scenarios and help us capture opportunities arising from the increasing prevalence of mobile marketing and other business trends.
- Clients for our VPC model may choose to deploy our solutions in a variety of cloud environments. We intend to increase the adaptability of our solutions to different cloud environments. Through containerization, our key functional modules will be easily assembled and deployed in different clouds and only small-scale customizations are required for different cloud platforms. We will focus on optimizing solutions delivered through our VPC model, which on average has a higher profit margin, echoing increasing client demand for more secured solutions.
- We are managing an increasingly complex system as the number of our functional modules grows. To maintain the competitiveness of our solutions, we aim to keep our current iteration speed by improving development efficiency and hiring additional specialists.

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Strategically Expand Our Client Base and Deepen Client Relationship

We believe our current client base only represents a small fraction of our total addressable market in China. Chinese enterprises are still in their early stage of digital transformation and it is expected that demand for replacing legacy contact center systems with cloud-based solutions will significantly increase in the coming decade, according to the CIC Report. We intend to strengthen our reputation as the provider of choice for industry-leading clients by expanding our direct sales force to provide tailored and high-quality services and bring in more key accounts. While maintaining our leadership in technology, education and insurance sectors, we plan to tap into underserved sectors with sizable market opportunities, such as banking, automobile and consumer goods sectors. These sectors are concentrated with large companies with high customer interaction demand. In addition, leveraging our accumulated industry expertise, we intend to further penetrate into small- and medium sized clients from the existing industries we serve.

We plan to increase the lifetime value of our existing clients. We believe there is considerable up-selling potential as clients typically implement our solutions in additional departments and for different functions as they realize the benefits of our solutions. With our versatile solutions, satisfactory services and extensive industry know-how, we are confident to serve our existing clients as they expand their business scope into new areas.

Efficiently Strengthen Our Sales and Marketing Capabilities

Our solutions are adaptable to the needs of enterprises of all sizes in different industries and we have an enormous growth potential in the market where we operate. To capture growing market opportunities, we will strengthen our sales capabilities by expanding our direct sales team, providing more training opportunities and upgrading our CRM system. We currently maintain five regional sales offices in Beijing, Shanghai, Nanjing, Shenzhen and Guangzhou. We plan to establish new regional sales offices in Chengdu, Wuhan, Hangzhou and Xi’an, where many leading domestic and international companies have established offices. We also plan to build up our sales capabilities in preparation for our overseas expansion plan. With a more competitive sales team, we intend to maintain our leadership in technology, education and insurance sectors and tap into underserved sectors with sizable market opportunities, such as banking, automobile and consumer goods sectors.

We will continue to intensify our marketing efforts. To generate more sales leads with higher quality, we intend to increase our online marketing spending on different content distribution and promotion channels, including search engines, video sharing platforms, social media apps, and influencers. We will also put more efforts in creating and distributing promotional contents in different formats.

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We plan to hold industry conferences and participate in exhibitions and trade shows related to customer contact solutions. We intend to enhance our brand name among clients in our target industries by hosting and sponsoring industry-specific summits and seminars. In addition, we will participate in exhibitions and trade shows related to our target industries to increase brand exposure and create sales leads.

Explore Opportunities in Overseas Markets

Leveraging our versatile solutions, advanced technologies and operational expertise accumulated in the Chinese market, we intend to explore business opportunities overseas to unlock new growth points. An increasing number of China-based enterprises are setting foot into overseas markets and need to establish relationships with local customers and create positive customer interactions. As the preferred choice of clients who are market leaders in their industries, we plan to leverage our existing client relationships and become a partner in the go-global strategy of Chinese enterprises. Many large enterprises who are our existing clients have integrated our solutions into their internal systems through the APIs and SDKs we provide and tailored our functional modules to their specific needs. Therefore, instead of procuring the solutions of another service provider and repeating the integration efforts, we expect that clients will prefer to continue to use solutions that have already been integrated and customized for their specific business processes and needs. Popular destinations of Chinese enterprises’ overseas expansion include Europe and Southeast Asia. European markets will be the primary focus of our overseas expansion plan. We will also consider business opportunities in Southeast Asia. We plan to improve the functionality of our international software version to support clients across different geographical locations and time zones. We aim to connect to global telecommunications networks and provide the best network path selection for overseas users. We believe that our capabilities to provide services in Europe and other overseas markets will in turn boost our attractiveness to overseas enterprises doing business in China.

Selectively Pursue Strategic Acquisitions and Investments

| We will consider to selectively pursue strategic acquisitions and investments that are complementary to our growth strategies, particularly those that can help us enrich our offerings, enhance our technologies, and expand our client base. We believe our extensive industry experience and insights will enable us to identify suitable targets and effectively evaluate and execute potential opportunities. For our invested businesses, we will utilize our resources to help them grow and succeed, with a goal to form sustainable and mutually beneficial relationships with such companies.

OUR BUSINESS MODEL

We provide highly adaptable, reliable, scalable and secure customer contact solutions in the cloud. Public cloud and private cloud are the two most common types of cloud computing deployment. A public cloud is a pool of computing resources offered shared among multiple users, with each user’s data and applications isolated from each other. It allows for scalability and resource sharing that would not otherwise be possible for a single organization to achieve.

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A private cloud consists of cloud computing resources used exclusively by one user. It delivers a high level of privacy, but requires substantial hardware investments and staffing, management, and maintenance expenses. A virtual private cloud (VPC), as a special category of public cloud, is an isolated cloud hosted within a public cloud environment and accessed exclusively by one user. VPCs combine the scalability and convenience of public cloud computing with the data security of private cloud computing.

Using cloud computing technologies, we deliver solutions with large capacity and high availability in Software as a Service (SaaS) model and Virtual Private Cloud (VPC) model. Our three types of solutions may be deployed via either the SaaS model or the VPC model.

The following table sets forth certain of our key operating metrics for the periods indicated:

	<u>For the year ended December 31,</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total number of clients⁽¹⁾	2,227	2,253	3,137
Total number of key accounts⁽²⁾	62	61	57
Total number of clients for SaaS model	2,186	2,207	2,673
Total number of clients for VPC model⁽³⁾	1	8	24
SaaS client retention rate	73.7%	77.9%	78.4%
Dollar-based net retention rate for all SaaS clients⁽⁴⁾	112.9%	105.0%	103.5%
<u>– Number of SaaS clients identified in calculating</u>			
<u>dollar-based net retention rate</u>	1,754	1,703	1,730
Dollar-based net retention rate for SaaS clients which			
were our key accounts⁽⁴⁾	112.6%	114.6%	108.3%
<u>– Number of key accounts identified in calculating</u>			
<u>dollar-based net retention rate</u>	33	49	40

(1) Our total number of clients includes clients for the SaaS model, clients for the VPC model and clients for our other services and product sales.

(2) Our key accounts are clients with an annual purchase amount exceeding RMB1 million.

(3) We commenced providing our solutions through the VPC model in 2019 and secured our first VPC contract in May 2019. We have experienced a fast growth in the number of our VPC clients since launch.

(4) Dollar-based net retention rate, for a given period, is calculated by (i) first identifying the clients who subscribed to our solutions in both the benchmark period and the period before and (ii) then using the total revenue attributable to the identified clients in the benchmark period as the numerator and the total revenue attributable to the same group of clients in the preceding period as the denominator.

CIC confirms that such calculation method is in line with industry norm. According to the CIC Report, dollar-based net retention rate is a metric frequently used by SaaS companies to evaluate revenue growth or churn from existing pool of clients. The rate represents the average spending pattern of clients over two financial periods and may not reflect the case that certain clients may have significantly reduced their revenue contribution in the second period when averaged out with other clients with extreme revenue contributions.

BUSINESS

Our dollar-based net retention rate for all SaaS clients decreased in 2020 as compared to 2019 primarily because the COVID-19 pandemic adversely affected small and medium-sized clients; the rate further decreased in 2021 primarily due to the deteriorating performance of clients from the education industry in the second half of the year. The dollar-based net retention rate for SaaS clients which were our key accounts remained relatively stable in 2019 and 2020, reflecting strong growth of revenue from key accounts in technology, insurance and education sectors; the rate decreased in 2021 primarily due to the deteriorating performance of clients from the education industry in the second half of the year.

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

	For the year ended December 31,					
	2019		2020		2021	
	RMB	% of total	RMB	% of total	RMB	% of total
	(RMB in thousands, except percentages)					
SaaS solutions	325,328	97.2	341,197	96.4	370,738	92.2
VPC solutions	708	0.2	5,927	1.7	21,298	5.3
Other services and product sales ⁽¹⁾	8,777	2.6	6,620	1.9	9,861	2.5
Total	334,813	100.0	353,744	100.0	401,897	100.0

- (1) Revenue from other services and product sales included revenue from provision of services and sale of goods ancillary to our customer contact solutions to satisfy certain ad hoc request from our existing clients.

SaaS Model

Using our cloud-native customer contact services delivered through the SaaS model, our clients can establish their own customer contact functions without any up-front investment in software or hardware. Services delivered through the SaaS model are deployed in public clouds, which allows our clients to flexibly adjust the number of agent seats according to their changing business needs.

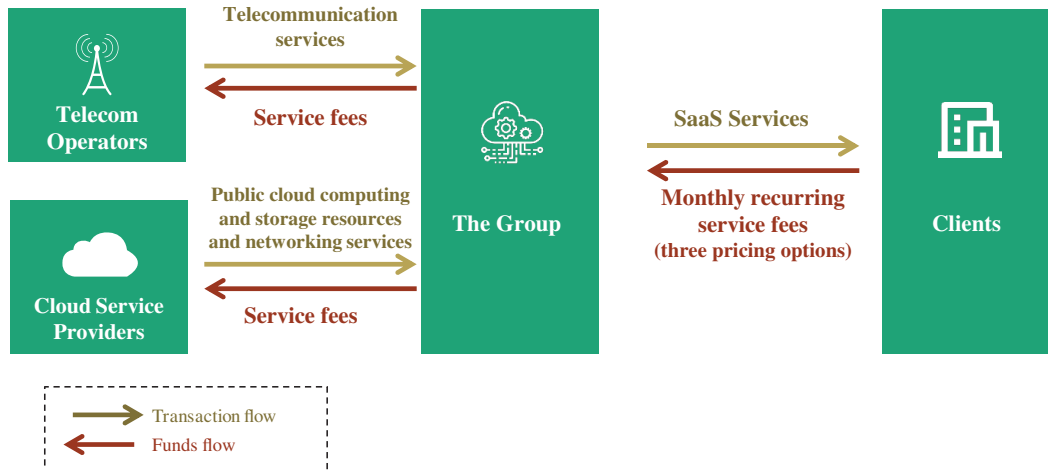
We served 2,186, 2,207 and 2,673 clients through our SaaS model in 2019, 2020 and 2021, respectively.

The following flow chart illustrates the standard business process for our SaaS model and a typical amount of time spent in completing each step:



BUSINESS

The following diagram illustrates the transactions flow and funds flow within our SaaS model:



We provide our SaaS model through recurring subscription. We offer three pricing options negotiated on a case-by-case basis:

- In the first option, our fees consist of two components: 1) monthly subscription fees based on the number of agent seats used; and 2) on-demand service fees based on the voice minutes used. Our per-agent monthly subscription fees are determined primarily by the types of functions subscribed for. Our per-minute service fees are determined through arm’s length negotiation with clients.
- In the second option, our fees consist of two components: 1) monthly package fees based on the number of agent seats used, which include a certain amount of voice minutes; and 2) services fees based on additional voice minutes used exceeding the amount offered in the basic package.
- In the third option, we charge on-demand service fees based on the voice minutes used only, which are determined taking into account the types of functions subscribed for.

The number of agent seats used are determined as the total number of licensed accounts. If each licensed account is used in at least 15 days in a given month, full monthly subscription or package fees are charged. If each licensed account is used in less than 15 days in a given month, typically only half of the monthly subscription or package fees are charged. Voice minutes are determined as the total amount of time in minutes of the phone calls made by human agents or ContactBot when using our solutions. Our SaaS customers may choose any of the three pricing options. We only charge monthly subscription or package fee for each licensed account when that licensed account is used during the relevant month. In addition to service fees in connection with agent seats and voice minutes, we also charge fees for the use of telephone numbers and certain advanced AI functions, which collectively account for a

BUSINESS

small amount of our service fees. We provide frequent enhancements and upgrades for our SaaS model, for which we do not charge extra fees. In general, our service fees are set above our operating costs. If our operating costs increase, we usually increase the service fees we charge to clients to cover the increased costs.

The following table sets forth a breakdown of our revenues from the SaaS model by pricing options for the periods indicated.

	For the Year Ended December 31, <u> </u>					
	<u>2019</u>		<u>2020</u>		<u>2021</u>	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
First pricing option	159,852	49.1	175,912	51.6	215,414	58.1
Second pricing option	64,696	19.9	67,092	19.6	36,861	9.9
Third pricing option	100,780	31.0	98,193	28.8	118,463	32.0
Total	325,328	100.0	341,197	100.0	370,738	100.0

The following table sets forth certain operating metrics for our SaaS model for the periods indicated.

	For the Year Ended December 31, <u> </u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total agent seats ⁽¹⁾	811,170	1,045,879	1,492,199
Total voice minutes ⁽²⁾ (<i>minutes in millions</i>)	2,481.7	2,554.4	3,111.0
Revenue per agent seat			
per month ⁽³⁾ (RMB)	401.1	326.2	248.5
Revenue per voice minute per month ⁽⁴⁾ (RMB)	0.131	0.134	0.119

(1) Represent the sum of the total agent seats used by all of our clients in each month over the relevant period, which included the number of agent seats used by clients who were charged under the third pricing option, even though agent seats were not considered a charging basis.

(2) The voice minutes relating to clients who are charged under the second pricing option represent the actual voice minutes used. Under the second option, the monthly package fees we charge include a certain amount of voice minutes. The actual voice minutes used by clients during a specific month may be lower than the capped amount included in the package.

(3) Calculated by dividing the revenue from SaaS model recorded during the relevant year by the total number of agent seats used by clients during the same period.

(4) Calculated by dividing the revenue from SaaS model recorded during the relevant year by the total number of voice minutes spent by clients during the same period.

BUSINESS

During the Track Record Period, the total agent seats and total voice minutes used by our clients increased along with our overall business growth. Our revenue per agent seat decreased because we adjusted our pricing strategy and gradually lowered our per agent service fee to encourage the subscription of more end users with relatively low usage frequency. Our revenue per voice minute remained relatively stable in 2019 and 2020. Our revenue per voice minute decreased in 2021 primarily due to the increase in revenue contribution from our Agile Agent Solutions which typically have a lower per-minute price.

According to the CIC Report, service fees are a key factor in clients' decision to select cloud-based customer contact solutions provider. Most clients obtain fee quote from multiple service providers. Given that we and our industry peers all obtained a sizable market share, and clients who are comparable companies in the same industry with a similar size often choose different solutions providers, CIC is of the view that our service fees for the SaaS model are similar to those of our major competitors.

Other key terms of our service agreements for our SaaS model primarily include:

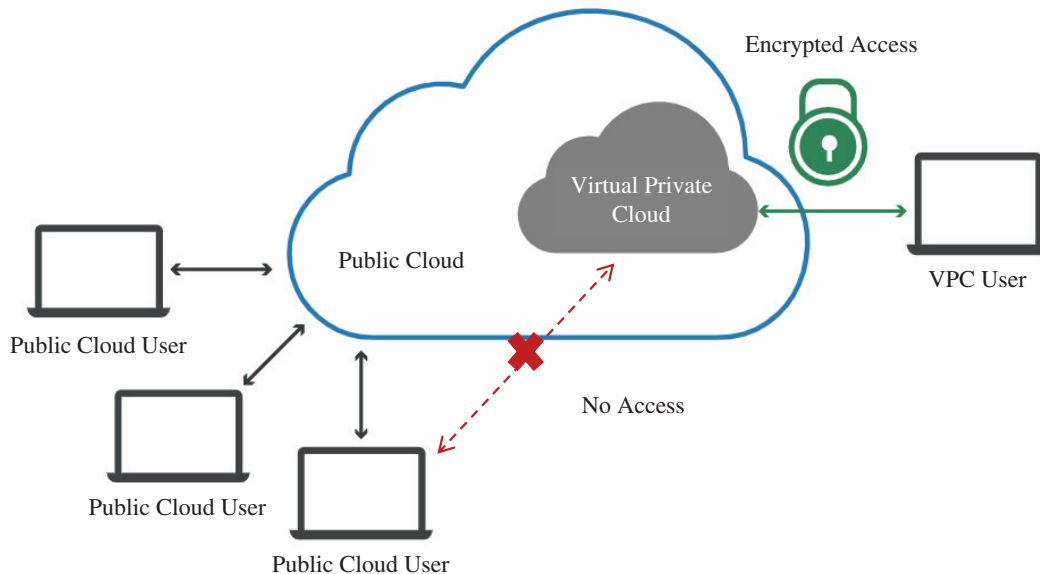
- **Duration and renewal of the agreement:** We typically enter into one-year agreements with our clients. Our agreements usually include an automatic renewal clause.
- **Payment terms:** We require a majority of our clients, which are primarily small and medium-sized enterprises, to top up their business accounts with our platform. These clients may only use our services when their business accounts have outstanding balance and we settle payments with them on a monthly basis. For our large clients, we issue monthly bills to them and typically provide a credit term between 15 and 90 days. We accept bank transfer as payment method.
- **Termination terms:** Our clients are typically entitled to terminate our services with 30 days of advance notice. We are entitled to terminate the agreements if, among other conditions, our clients use our solutions for purposes in violation of laws and regulations or if service fees are due for more than two months.
- **Liability:** We are not liable for service interruptions caused by network suspension, faults or errors on the part of third-party service providers.

VPC Model

We also deliver our solutions in virtual private clouds (VPC), which, as a special category of public cloud, are isolated private clouds hosted within a public cloud environment and accessed exclusively by one user. VPCs combine the scalability and convenience of public cloud computing with the data isolation of private cloud computing. We commenced providing our solutions through the VPC model in 2019 and secured our first VPC contract in May 2019. Our VPC model is the preferred choice of enterprises with stringent security requirements, primarily large SOEs and multinational companies.

BUSINESS

The following diagram illustrates the characteristics of VPCs.

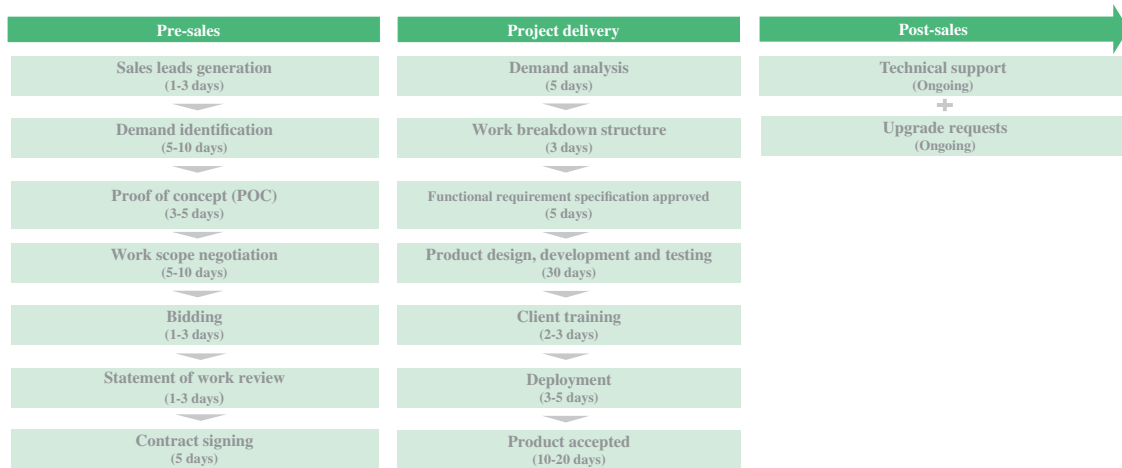


We help our clients deploy highly customizable solutions on the cloud computing platform of their choice, leveraging our extensive industry know-how and deep understanding of industry trends. Our SaaS and VPC model use the same software as base. In the deployment process, we provide customization services to tailor-make customer contact functionalities in virtual private clouds for our VPC clients. Upon deployment, we grant our clients licenses to use the software system. Deploying cloud-based customer contact solutions with a wealth of advanced functions requires a lengthy design, configuring, testing and bug fixing process. We assign specialized implementation personnel to carry out the deployment process. We may subcontract the development of some functions, particularly AI-related functions, to third-party developers to leverage their technology expertise.

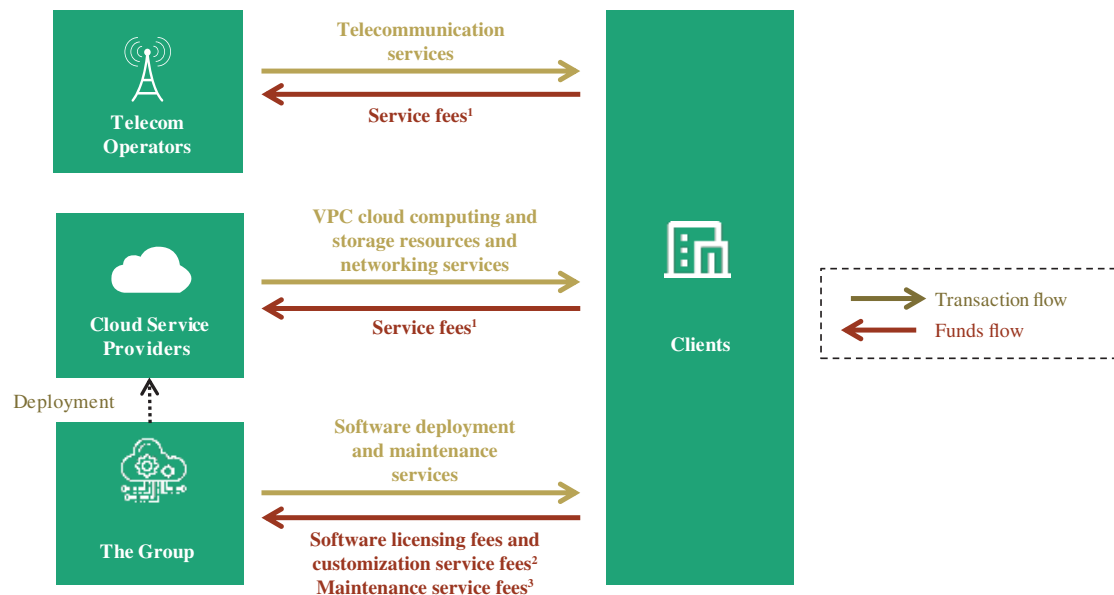
During the Track Record Period, we provided our Intelligent Contact Center Solutions and Agile Agent Solutions via the VPC model. We recorded a revenue of RMB708 thousand from our VPC solutions in 2019, all of which were derived from our Intelligent Contact Center Solutions. We recorded a revenue of RMB5.9 million from our VPC solutions in 2020, among which RMB3.8 million were derived from our Intelligent Contact Center Solutions and RMB2.1 million were derived from our Agile Agent Solutions. We recorded a revenue of RMB21.3 million from our VPC solutions in 2021, among which RMB13.0 million were derived from our Intelligent Contact Center Solutions and RMB8.3 million were derived from our Agile Agent Solutions.

BUSINESS

The following flow chart illustrates the standard business process for our VPC model and a typical amount of time spent in completing each step:



During the Track Record Period, our VPC contracts concluded when we deployed the software on the virtual private cloud of the client’s choice and the software was accepted by the client. To support the system’s ongoing operations, clients usually purchase cloud and telecommunications services directly from cloud service providers and telecommunications companies, respectively, to obtain more favorable service fees. We provide clients with the option to purchase such resources through us. The following diagram illustrates the transactions flows and funds flows within our VPC model:



- Notes:*
1. Clients may also opt to purchase cloud and telecommunications resources from us.
 2. Software licensing fees and customization service fees are of a one-off nature, according to project-based milestone billing.
 3. Maintenance service fees incur only when clients subscribe for ongoing maintenance services after the 12-month warranty period expires.

BUSINESS

We charge for our VPC model on a project basis, which primarily include:

- a fixed license fee during their first purchase, determined based primarily on the number of agent seats reserved, the complexity of functions deployed, and the technical difficulties in integration with the client’s internal systems;
- additional license fee for each upgrade, if clients request major upgrades;
- maintenance fees if clients subscribe for our ongoing technical support services.

According to the CIC Report, the VPC model in customer contact solutions industry is at the early stage of development. VPC model is project-based and the fee for each contract varies significantly depending on the requirements specification and level of customization needed. Therefore, there is currently no industry norm for the pricing of VPC model.

The following table sets forth the average and range of our fees charged for the VPC model for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	Average	Range	Average	Range	Average	Range
	(RMB in thousands)					
Fixed licence fee for the first purchase ⁽¹⁾	708	708	457	170-867	676	28-2,294
Additional licence fee for each upgrade	–	–	227	116-566	310	46-736
Maintenance fee ⁽²⁾	–	–	–	–	47	47

(1) We served one VPC client in 2019, from whom we only charge fixed licence fee for the first purchase.

(2) We typically provide a 12-month warranty period for our VPC clients. We only secured our first VPC contract in May 2019 and all but one of our VPC clients were acquired after the first quarter of 2020. A vast majority of VPC clients were still within the warranty period during the Track Record Period. Therefore, we had not generated substantial revenue from maintenance services for our VPC clients during the Track Record Period. In most cases the contract for the first purchase or the subsequent upgrade will stipulate the amount of annual maintenance fees to be charged if clients choose to subscribe for such services after the warranty period expires. In these cases, the annual maintenance fees are typically determined as a percentage of the total contract amount, a percentage of the license fee or a fixed amount. In other cases, the maintenance fees will be stipulated in a separate contract.

(3) The fees we charge for the VPC model vary significantly depending on the number of functional modules, the number of concurrent logins, the amount of maintenance and technical support, and the degree of customization requested by the clients. In 2021, we recognized revenue for a VPC contract with a high contract value, as the client requested a system with complex functional modules and operational support needs.

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Other key terms of our service agreements for our VPC model include:

- Duration of the agreement: The agreements usually terminate 12 months after delivery of solutions.
- Payment terms: Clients generally make milestone payments at agreed-upon deadlines via bank transfer, which may include the time the service agreement is signed, when our solutions are deployed and accepted by our clients, and a predetermined period after our solutions are deployed. We typically provide our VPC clients a credit term of no more than 30 days from each agreed-upon deadline.
- Warranty: We typically provide a 12-month warranty period, during which we provide technical and training support free of charge.
- Termination terms: Typically either party is entitled to terminate the agreements in cases of material defaults and with 30 days of advance notice.

During the Track Record Period, we secured a significant number of our VPC contracts by participating in public tenders. Since we commenced providing our solutions through the VPC model in 2019 and up to the Latest Practicable Date, our tender success rate was 32.0%.

As of the Latest Practicable Date, the unearned revenue from client contracts of our VPC model was RMB13.7 million.

The following table sets forth the reconciliation between our amount of ongoing contracts with customers as of December 31, 2021 and the unearned revenue from client contracts of our VPC model as of the Latest Practicable Date:

	<u>RMB'000</u>
Amount of ongoing contracts with customers as of <u>December 31, 2021</u>	<u>24,163</u>
Amount of contracts with customers in respect of SaaS solutions, other services and product sales expected to be recognized as revenue within one year as of <u>December 31, 2021</u>	<u>(22,434)</u>
Amount of contracts with customers in respect of VPC solutions already recognized as revenue as of <u>December 31, 2021</u>	<u>4,838</u>
Amount of contracts with customers in respect of VPC solutions expected to be recognized as revenue within one year attributable to the remaining unsatisfied or partially satisfied performance obligations as of <u>December 31, 2021</u>	<u>6,567</u>

BUSINESS

RMB'000

Amount of contracts secured after <u>December 31, 2021</u> and before the Latest Practicable Date	<u>26,664</u>
Revenue recognized after <u>December 31, 2021</u> and before the Latest Practicable Date	<u>(19,534)</u>
Unearned revenue from client contracts of our VPC model as of the Latest Practicable Date	<u><u>13,697</u></u>

The following table summarizes the key differences between our SaaS and VPC model.

	<u>SaaS Model</u>	<u>VPC Model</u>
Clients	Clients of all sizes and types	Clients with stringent security requirements, primarily large Chinese SOEs and multinational companies
Platform provided	A standardized platform shared by all SaaS clients	A tailor-made platform solely accessible by the VPC client
Payment model	Monthly recurring payment	Project-based milestone billing, which is of a one-off nature
Cloud service provider(s)	We purchase cloud services from two leading providers	Clients purchase cloud resources through us or from the provider of their choice directly
Cloud deployment	Public cloud	Virtual private cloud hosted within a public cloud
Degree of customization	Largely standard solutions with a certain degree of customization	Clients may request solutions that are for selected clients with a large purchase amount specifically tailored and configured to meet their particular demands
Service support requirements	Ongoing upgrades and client support required	We typically provide a 12-month warranty period, during which we provide technical and training support free of charge; clients may subscribe for ongoing maintenance services after the warranty period expires

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Other Services and Product Sales

We also generate revenue from other services and product sales, which consist of provision of services and sale of goods ancillary to our customer contact solutions to satisfy certain ad hoc request from our existing clients. Goods sold primarily included telecommunication equipment, and services provided primarily included certain telecommunication services, such as use of phone numbers.

OUR OFFERINGS

We offer three types of customer contact solutions to empower our clients in a variety of business scenarios, namely Intelligent Contact Center Solutions, Agile Agent Solutions and ContactBot Solutions.

The following table sets forth a breakdown of our revenue by type of solutions in absolute amounts and as a percentage of our total revenue for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Total revenue:						
Intelligent Contact Center Solutions	301,610	90.1	317,101	89.6	332,984	82.8
Agile Agent Solutions	16,458	4.9	25,061	7.1	51,322	12.8
ContactBot Solutions	7,968	2.4	4,962	1.4	7,730	1.9
Other services and product sales	8,777	2.6	6,620	1.9	9,861	2.5
Total	334,813	100.0	353,744	100.0	401,897	100.0

During the Track Record Period, revenue derived from our Intelligent Contact Center Solutions grew steadily from RMB301.6 million in 2019 to RMB317.1 million in 2020, and further to RMB333.0 million in 2021.

Our Agile Agent Solutions have been warmly welcome by the market since its launch in 2017, as evidenced by its robust revenue growth during the Track Record Period. Revenue from our Agile Agent Solutions increased at a CAGR of 76.6% from RMB16.5 million in 2019 to RMB51.3 million in 2021.

Our revenue from our ContactBot solutions decreased RMB8.0 million in 2019 to RMB5.0 million in 2020, primarily due to our strategy to control the scale of ContactBot Solutions business while optimizing user experience through research and development efforts. In 2021, we experienced a robust growth of revenue from ContactBot solutions, up by 55.8% from RMB5.0 million in 2020 to RMB7.7 million in 2021, which was driven by the increased demand for our ContactBot solutions from technology companies.

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The following table sets forth a breakdown of our revenues from SaaS model by type of solutions in absolute amounts and as a percentage of our revenues from SaaS model for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Revenue from SaaS						
Solutions:						
<u>Intelligent Contact Center</u>						
Solutions	300,903	92.5	313,257	91.8	319,958	86.3
Agile Agent Solutions	16,457	5.1	22,978	6.7	43,050	11.6
ContactBot Solutions	7,968	2.4	4,962	1.5	7,730	2.1
Total	325,328	100.0	341,197	100.0	370,738	100.0

Intelligent Contact Center Solutions

Designed to replace legacy on-premise systems, our Intelligent Contact Center Solutions help businesses migrate their contact center functions to the cloud. The solutions allow contact center agents hired by our clients and seated in physical contact centers to efficiently interact with clients across multiple channels using desktops. Benefiting from our cloud-native architecture, our clients can greatly reduce implementation costs, easily scale their usage in response to changing business needs and effortlessly receive software upgrades. We support contact center agents with intelligent tools and functions to drive efficient and effective customer interactions. Our Intelligent Contact Center Solutions are popular among businesses who want to digitalize their sales, marketing, customer service and other business functions.

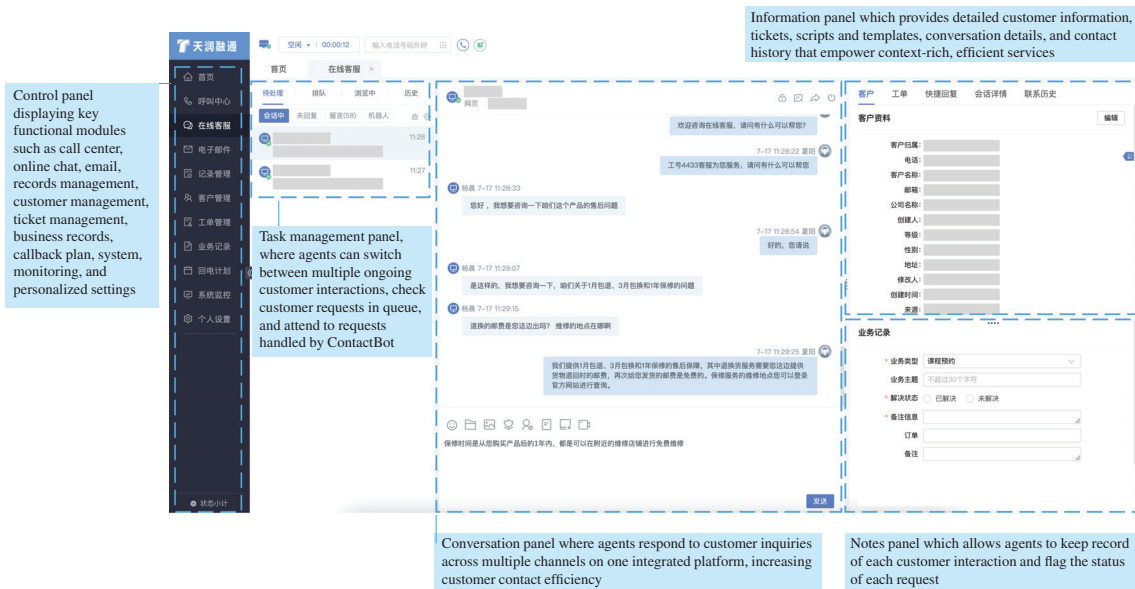
Our Intelligent Contact Center Solutions is highly scalable when compared with traditional on-premise systems. Enterprises using traditional, on-premise systems need to estimate future usage amount and purchase hardware equipment such as servers based on their forecast. When business activities undergo significant changes, their customer service infrastructure cannot be adjusted in a short time. This will either result in low utilization rate of excessive infrastructure or inability to respond to changing business demands due to insufficient infrastructure. Our cloud-native solutions tackles this challenge by allowing clients to pay for what they use and adjust agent seats on short notice. In addition, our Intelligent Contact Center Solutions provide the following additional benefits:

- lower initial investments as there is no need to purchase equipment such as servers and switches;
- out-of-the-box applications whereas traditional solutions usually take up to 30 days to set up, according to the CIC Report;

BUSINESS

- one-stop service provider which eliminates the need under traditional mode to raise maintenance or upgrade requests to multiple service providers for different physical contact centers or different functional modules; and
- remote, non-disruptive version upgrade.

Our Intelligent Contact Center Solutions are primarily accessed by agents and administrators via desktop apps. The following screenshot illustrates the user interface of our Intelligent Contact Center Solutions.



Case Studies

Case Study 1: Sales in the Digital Age

Pain points: Our client, a market-leading insurance group, relies on its nationwide sales force of more than 5,000 agents to engage in customer outreach and to provide customer services. Prior to adopting our Intelligent Contact Center Solutions, the client lacked an integrated customer contact solution as its sales force were located across different physical contact centers around the country and used various on-premise systems. As a result, management personnel at the headquarters had no integrated system to monitor the interactions between its customers and employees stationed at local contact centers or implement regulatory compliance measures such as identifying and preventing behaviors that induce customers to purchase products in violation of laws. The client could not collect accurate customer information in a centralized system to conduct targeted sales and therefore missed many lead conversion opportunities. Further, the client did not have tools to conveniently evaluate the performance of its nationwide sales force and thus was unable to formulate relevant trainings and assessments and other capability improvement programs.

BUSINESS

Solution and benefits: Compared to on-premise systems that, by design, are concentrated in a particular physical location, our cloud-based solutions are accessible by agents dispersed in various locations. With our Intelligent Contact Center Solutions, the client can use one system to centrally monitor and manage customer interactions engaged by its sales force scattered in more than 40 physical call centers. Our scalable system supports concurrent logins of more than 5,000 agents without compromising stability and availability. Our platform is seamlessly integrated with the client’s CRM system. They can conveniently move data between our platform and their internal systems, which, coupled with our data analytics and reporting tools, makes it easier to manage sales process and evolve training program. They can also centrally access phone conversation recordings and chat records to oversee how internal protocols and compliance requirements are implemented.

Case Study 2: Food Delivery Services Empowered by Cloud Scalability

Pain points: Offering timely, connected customer experiences is critical for online food delivery companies to build customer loyalty and drive sustainable growth. Our client, a leading online food and grocery delivery platform in China, experiences significant daily and seasonal fluctuations in call volume. Prior to using our solutions, they attempted to use a combination of in-house and outsourced agents to cope with sudden spikes in requests. However, there lacked a system that allows them to manage and distribute tasks among in-house and outsourced agents located in different places. Further, the capacity of traditional call centers is limited by on-premise software, hardware, and telecommunications bandwidth, and its maximum capacity cannot exceed the original design capacity. When customer inquiries surge during peak time, traditional customer centers may not have sufficient capacity to process the requests and may even experience system downtime due to excessive load. Customers complained about long wait time and unstable call connections during peak hours.

Solution and benefits: Born in the cloud, our highly elastic and scalable solutions are designed to respond to fast-changing circumstances and the need to significantly increase service capacity at a moment’s notice. Using advanced automatic scaling mechanism, our system monitors server load and automatically adjust resources to ensure high connectivity and quality. After adopting our Intelligent Contact Center Solutions, the client can quickly adjust the number of agents using our platform and swiftly respond to changing call volume. Benefiting from our scalable architecture, customer wait time reduced and the quality of call connections during peak hours improved. With our flexible pricing mechanism, the client achieves cost savings by paying for what they use. In addition, our solutions provide a centralized system to manage in-house and outsourced agents, collect data and monitor service quality. Our client can conveniently distribute tasks between in-house and outsourced agents based on real-time needs. We provide our client with integrated solutions to keep their customers and restaurants informed in a timely manner while achieving substantial cost savings.

BUSINESS

Agile Agent Solutions

Our Agile Agent Solutions are designed to facilitate customer contact activities outside physical contact centers, which are unserved by pureplay contact center solutions. Our Agile Agent Solutions, designed as a mobile application, empower clients’ employees other than contact center agents (such as car salespersons, retail store assistants and after-school program tutors) to contact customers at any time in any location. It enables businesses to track and manage each interaction, which significantly increases visibility of business activities and uses data-based analytics to support decision-making.

With a broad range of functions and industry-specific configurations, our Agile Agent Solutions are adaptable to a broad range of business scenarios. Our Agile Agent Solutions are particularly popular among businesses who want to effectively and efficiently increase lead generation and conversion. Traditionally, a salesperson follows up with sales leads via their personal devices and all interactions are untracked and undocumented. Our Agile Agent Solutions, readily accessible via our proprietary mobile app, enable salespersons to create and convert sales leads on a unified platform when they are on the go and empower businesses to conveniently track and evaluate sales activities. Our Agile Agent Solutions are also favored by clients who want to monitor and improve customer services delivered by employees other than contact center agents.

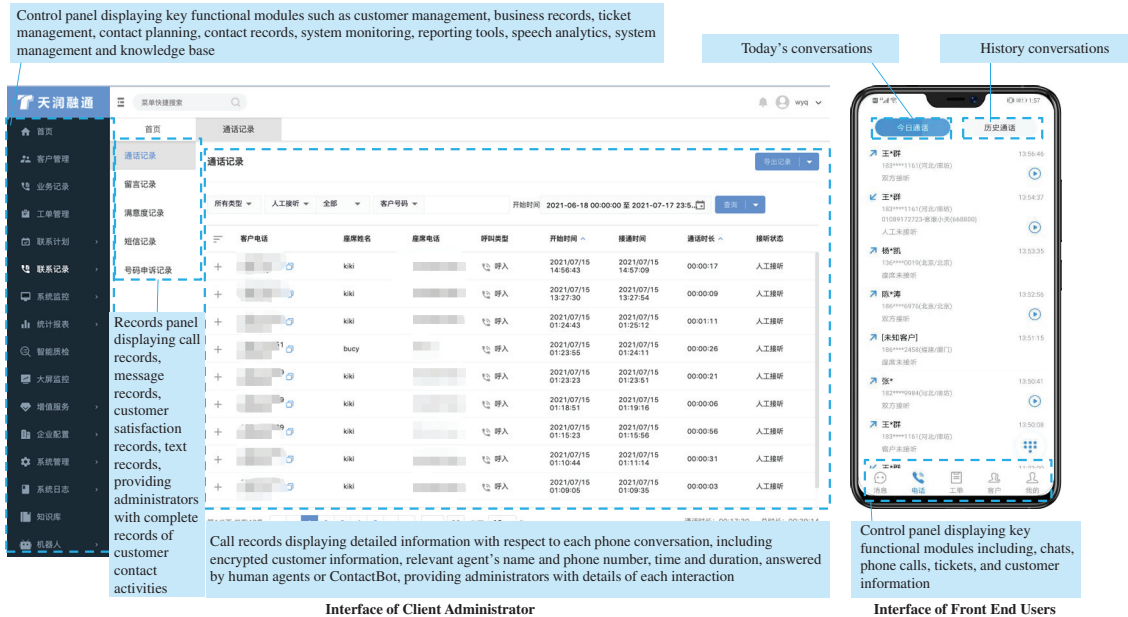
Compared to using personal devices in customer contact, our Agile Agent Solutions provide the following key benefits:

- achieve effective monitoring of customer interactions to evaluate and improve service quality;
- offer a unified system to track sales leads;
- improve lead conversion by evaluating customer interactions and improving agent sales skills using intelligent data analytical tools;
- safeguard customer privacy by restricting access to sensitive customer information;
- reduce the risk of customer attribution due to salesperson turnover;
- realize omni-channel data management to equip agents with the tools and information needed to understand customer concerns and provide personalized services.

Our Agile Agent Solutions serve a much larger potential user base and may have a larger scale of concurrent agent logins. For clients such as national drug store chains or car manufacturers, agents using our solutions consist of staff in thousands of retail stores across China.

BUSINESS

Our Agile Agent Solutions are most frequently accessed by front-end users via mobile apps while they are on the go. Administrators can access the management, monitoring and data analytics functions via desktop apps. The following screenshots illustrate the interface of our Agile Agent Solutions for administrators and front-end users, respectively.



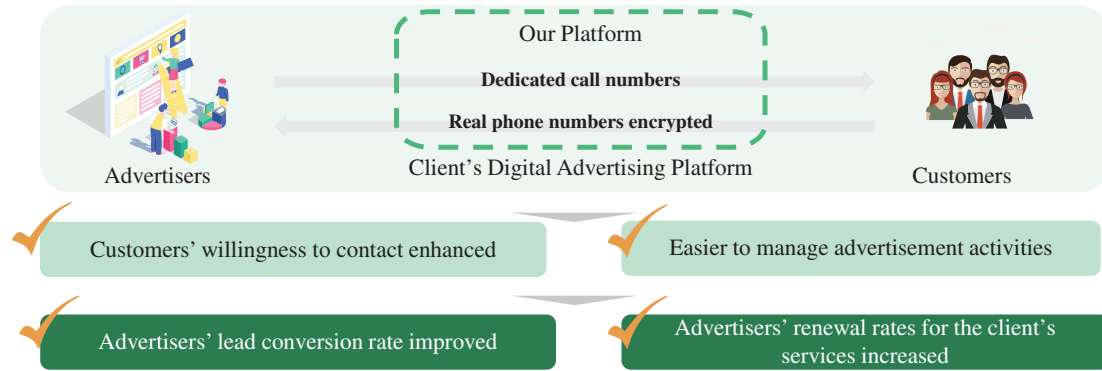
Case Studies

Case Study 1: Contact Solutions Facilitating Customer Connections

Pain points: Our client, a leading digital advertising platform, connects media channels and advertisers and helps advertisers to efficiently reach their end customers. Prior to using our solutions, our client priced its services based on the number of page views. However, many page views would not lead to real sales leads. Advertisers were more willing to pay for authentic customer inquiries, such as phone calls or web chat, and were frustrated with the lack of tools to evaluate the advertising effects.

Solution and benefits: We assist the client to embed our Agile Agent Solutions on their advertising platform and provide dedicated call numbers for advertisers. When using our solutions, the phone numbers of advertisers and end customers are hidden from each other, which affords better privacy protection and significantly improves end customers' willingness to connect. Our system keeps records of each contact, which makes it easy for advertisers to manage customer interactions and evaluate advertisement performance, such as lead conversion rates. After adopting our solutions, the client is able to adopt performance-based pricing model in charging advertisers. Further, the click-to-dial rate of end customers, advertisers' renewal rates for the client's services and advertisers' lead conversion rates increased substantially.

BUSINESS



Case Study 2: Contact Solutions Empowering Mobile Marketing

Pain points: Our client is a national drugstore chain with over 3,000 stores across China, which derives a significant amount of revenue from customers with recurring pharmacy needs. It relies on its sales representatives to engage in frequent customer interactions and encourage repeat purchases, including following up with customers on their experience with the medicine purchased and sending greetings during birthdays and major holidays. In the past, the sales representatives used personal mobile phones or personal WeChat accounts to contact customers. It was difficult for the client to monitor these interactions or to evaluate their effectiveness. The client was also unable to oversee if the sales representatives exaggerated the effectiveness of drugs and products during the sales process. In addition, all customer information were kept by the sales representatives personally, who may take customers away when they leave the company, leading to customer loss.

Solution and benefits: We provide a solution that integrates data on our platform, WeCom and the client’s internal CRM system. Sales representatives can either use WeCom instead of their personal WeChat accounts to make customer contact online, or use our Agile Agent Solutions instead of their personal mobile phones to make phone calls. Data from both WeCom and our platform are integrated into the client’s internal CRM system in real time. Managers are able to track activities of sales representatives and review operating metrics on a single dashboard. They can access conversation records to evaluate the performance and integrity of individual sales representatives. In addition, customer records are centrally stored and accessible to other authorized employees, which improves customer retention in cases of salesperson turnover.

Comparison between Intelligent Contact Center Solutions and Agile Agent Solutions

The key differences between our Intelligent Contact Center Solutions and Agile Agent Solutions include:

- Our Intelligent Contact Center Solutions are designed for contact center agents who handle a large volume of customer interactions on a daily basis. It is embedded with a wealth of sophisticated functions to improve agent efficiency, including interactive voice response (IVR), automatic call distributor (ACD) and predictive dialer

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modules. Substantial cloud resources are required to support the advanced functions, and we charge a higher per agent service fee for our Intelligent Contact Center Solutions. In contrast, our Agile Agent Solutions serve a much wider pool of end users, including any employees who are in regular contact with customers and not limited to contact center agents. It allows businesses to track sporadic customer interactions and exponentially increases the data available for evaluation and analytics. To tailor to the needs and preferences of such end users, the mobile application for our Agile Agent Solutions carries the most essential functions for periodic customer interactions, which consist of communication tools for voice calls, messages and pictures, as well as record keeping and reporting tools. This enables us to reduce operational costs as compared to offering a full suite of functions, since the mobile application takes up less cloud computing, storage and networking resources. As a result, we offer such solutions at a lower per agent price, so our clients can make the solutions available to a larger base of employees.

- Intelligent Contact Center Solutions are designed to support contact center agents, whereas Agile Agent Solutions are used by employees whose primary roles are not contact center agents. Different end users leads to divergent requirements in the design of software compatibility, network compatibility, and cloud-network integration. Unlike users of Intelligent Contact Center Solutions which are usually seated in physical contact centers with consistent operating systems and stable internet connection, users of Agile Agent Solutions may frequently use our solutions on a variety of terminal devices when internet connection is unstable. For Agile Agent Solutions, we make substantial investments to ensure stable connections in poor network environment and to achieve compatibility with a broad array of terminal devices, including mobile phones on different operating systems and of different brands, desktops, and tablets.
- Intelligent Contact Center Solutions are primarily used by contact center agents on desktops and we designed it as a web-based platform. We prioritized optimizing the operating procedures so that contact center agents can efficiently engage in customer contact using mouse, keyboard and headset connected to a desktop. In contrast, Agile Agent Solutions are designed primarily to be used on mobile devices as a mobile application. Its core design philosophy is to enable an agent to use one mobile device in completing customer contact tasks at any time in any location.

ContactBot Solutions

Human labor has traditionally been a necessary and significant area of spending for a business's contact center functions. Our ContactBot Solutions utilize practical AI applications to automate routine and repetitive duties traditionally handled by clients' human agents. With real-time automatic speech recognition (ASR) and natural language processing (NLP) capabilities, our ContactBot is able to engage in multimodal intelligent interactions. Our ContactBot Solutions are favored by businesses who need to handle a significant volume of routine tasks and repeated enquiries.

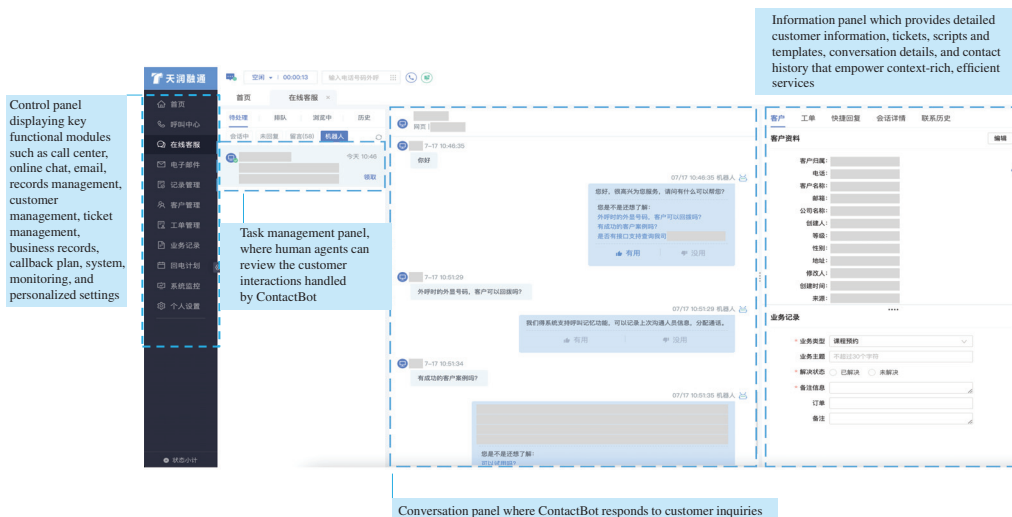
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Clients can use both text-based and voice-based intelligent virtual agents which are trained to fit their business needs. Our text-based ContactBot (TextBot) is developed using advanced machine learning techniques, including deep learning and BERT model. It is trained using a large quantity of industry-specific dialogs, which improves its intent recognition accuracy. Our voice-based ContactBot (VoiceBot) is designed to engage in multi-round dialogues with human-like voice and can guide the conversation and answer customers' questions fluently. Our VoiceBot is powered by cutting-edge technologies, including softswitch, ASR, NLP, dialogue management system, and text-to-speech tools. Our VoiceBot can engage in inbound calls, outbound calls and IVR function, replacing human agents and traditional IVR, improving service efficiency and response time.

Our ContactBot Solutions provide the following key benefits for our clients:

- Our ContactBot is available 24/7, which helps our clients to reduce customer attribution due to unavailability of human agents during non-working hours;
- Our ContactBot Solutions relieve pressure placed on customer service functions during peak hours. Our ContactBot can efficiently handle regular customer inquiries and requests, reduce customer wait time, and improve customer experience.
- Clients enjoy lower staff cost. Human agents are freed from repetitive, administrative tasks and can instead focus on tasks that require more personalized, engaging services.

The following screenshot illustrates the user interface of our ContactBot Solutions.



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Case Studies

Case Study 1: Intelligent Outbound Call Solutions for COVID-19 Relief

Pain points: During the early stage of the COVID-19 pandemic in 2020, our client, a technology giant in China, was tasked to help governments authorities combat the COVID-19 pandemic. Before contact-tracing apps became the norm, as an effective way to curb the spread of COVID-19, public health authorities needed to make calls to local communities and new arrivals to check their movements and notify persons who have been exposed to the virus. A significant number of calls were required to be made on a daily basis while the authorities have limited human agent resources. Each human agent can complete at most 180 phone calls per day, and it was difficult to recruit adequate human agents on short notice. However, the authorities might be required to make tens and thousands of phone calls within a short amount of time to timely control the spread of the virus. The task was a mission impossible if solely relying on human agents.

Solution and benefits: In January 2020, we partnered with the client to launch an intelligent outbound call system within three days. Our ContactBot made outbound calls to local communities and new arrivals to gather information on the places they had visited and their symptoms and health conditions. Our ContactBot was also used to notify contacts of positive cases based on contact-tracing records and provide vital health information. All conversations were recorded and stored in the cloud, readily accessible for review by agents and government officers. The solutions were deployed as part of the COVID-19 relief efforts in five provinces and supported over 2.8 million calls.

Case Study 2: Intelligent Contact Center for Crowdfunding Platform

Pain points: Our client is a leading crowdfunding and insurance platform in China through which users create online campaigns to raise money for medical bills and other causes. The client receives a large number of fundraising requests through phone calls, their proprietary mobile app and other social media apps each day and these requests need to be verified and/or clarified with follow-up calls. The task is highly repetitive but time consuming. Prior to using our solutions, all enquiries were dealt by human agents, which heavily burdened its customer service force. Faced with mounting cost pressure, the client struggled to expand its agent force as its business grew. Its agent force was working under high pressure. The repetitive work also lead to high turnover rate, which further increased cost and management burden.

Solution and benefits: The client used our ContactBot Solutions to automate a significant portion of tasks previously handled by its human agents, including making outbound calls to verify users’ identities and to clarify details of fundraising requests. We use clustering methods to group knowledge points and improve the relevancy of responses provided by our ContactBot. The client’s human agents are freed from simple, repetitive tasks and can direct their attention to tasks that require personalized services. Conversations with users are automatically recorded and transcribed into text to facilitate the work of human agents in next steps. We adopt dual-track recording techniques and achieve high-accuracy speech transcription using a tailor-designed ASR model.

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Combined Use of Solutions

Our clients can use a combination of our three offerings to meet their evolving business demands.

Case Study: One-Stop Solutions for Tech Giant

Pain points: ByteDance Ltd. is our largest client in 2019 and 2020 and our second largest client in 2021. It is one of the fastest growing companies in the technology sector. Its business quickly expanded to multiple jurisdictions and industries within the past few years, spanning social media, advertising, education and e-commerce, to name a few. Without a long-term, stable supplier whose solutions are capable to support its ever-changing business portfolio and functions, the client would have to select new suppliers for every new business they have, which could be a lengthy process. This would slow down their innovation and expansion speed. As a result, the client needed a long-term partner with a comprehensive solutions portfolio and the capability of quick iteration to support their business innovation.

Solution and benefits: With our wide-ranging functional modules, we provide communication solutions tailored to various business segments and functions. With over 500 APIs and SDKs, our fully-functional solutions are seamlessly integrated with the client’s internal system. As the client’s business continues to evolve, our dedicated development team can customize our solutions for innovative products and business scenarios within a relatively short time. As of the Latest Practicable Date, the client deployed our solutions in more than 20 of its platforms and products. Selected examples include:

- *E-Commerce.* Our Intelligent Contact Center Solutions are used by its online e-commerce platform in addressing customer enquiries and complaints across multiple channels.
- *Automobile advertising services.* The client has an automobile media and service platform which partners with nationwide car dealers to convert clicks into sales. The client provides its dealers with access to our Agile Agent Solutions to contact potential customers.
- *Education.* Our ContactBot Solutions are used by its online tutoring services under multiple brands to send class reminders to students.
- *Recruitment.* Our Intelligent Contact Center Solutions are used by the headhunters the client engaged across the country to contact potential candidates in recruitment efforts.

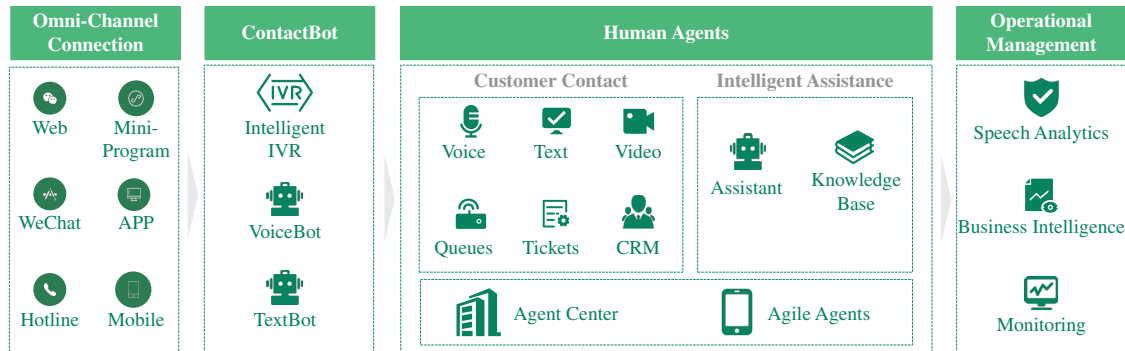
Key Modules and Functions

Leveraging years of experience working with clients from a broad range of industries, we have developed and integrated a broad array of easy-to-use functions on our platform. For clients with a large agent pool, we may provide customized offerings of applications. We continue to improve and upgrade the available functions to satisfy our clients’ evolving business demands.

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Clients may access the platform via different portals, including our PC software, our mobile app and WeCom.

The following diagram illustrates the application of our key modules and functions in a typical customer interaction.



Omni-Channel Connection

We deliver a broad array of contact center functions, integrating inbound and outbound capabilities on a single platform. Our system intelligently routes interactions across a wide range of channels in one place, including emails, phone calls, web forms, live web chat, proprietary mobile apps, messenger apps and social media apps. Agents may log in our platform at any location through our PC software, our mobile app, WeCom or other portals. A diverse range of interactive tools are supported on our platform, including text, picture, video, voice, emoticon, attachment and screenshots.

Interactive voice response (IVR). Our intelligent, speech-enabled IVR system gathers critical information, narrows down the reasons for the call and sends the customer to the right specialists. In addition, we offer a multichannel visual interface to the traditional IVR experience, utilizing communications channels such as smartphones and computers to make the information gathering process more streamlined.

Automatic call distributor (ACD). Our ACD system efficiently route inbound and outbound calls in one integrated platform. It matches customers in the moment of need to the right agent resource based on information gathered from the IVR process and puts caller in the queue if no agent is available. Our clients may determine the processing priorities for each channel and select from a number of queue management options, including fixed order, round-robin, simultaneous distribution, longest idle and priority-based distribution. Our ACD system helps clients optimize contact center workflow, reduce wait time, lower call abandon rate and improve first call resolution.

Computer telephony integration (CTI). Through our CTI function, our clients can match the incoming phone number or data gathered by the IVR system against their CRM systems or other data sources. A screen pop displaying customer information will automatically “pops” onto an agent’s computer screen or mobile device at the same time the agent answers a call

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from that customer. A screen pop may provide information such as customer name, contact information, purchase history, and contact history. Agents save the time they would have spent asking for basic details and are given the proper context to deliver more effective and personalized services.

Predictive dialer. For outbound calls, we use predictive dialer to remove the burden from agents of manually dialing phone numbers and maximize connect rates while minimizing agent idle time. Driven by a predictive mathematical algorithm, our predictive dialer learns to anticipate when agents will become available and speed up or slow down the dialing rate accordingly. The machine-learning algorithm takes into account variables such as connect rates, average talk time, agent breaks, and abandon rates. The system may simultaneously dial multiple calls per agent, predicting that some calls will not be answered and there are sufficient agent resources to handle the calls that do connect. Agents are spared from listening to unanswered calls or busy signals and can instead focus on talking to people who are ready to talk.

Artificial Intelligence

We focus on providing practical AI solutions that improve agent productivity, achieve cost savings and speed up the resolution of customer issues for better business outcomes. In addition to our ContactBot Solutions, we also deliver AI-powered agent assistance, knowledge base and business intelligence functions.

Real-time agent assistance. Our AI solutions provide real-time agent assistance, including offering guidance and prompts, product recommendations, and speech analytics during customer interactions.

Speech analytics. Our powerful speech analytics function is designed to mine and analyze text and voice data and gather insights into agent performance and business operations. Our speech analytics module is powered by semantic matching and semantic computing technologies for keywords, phrases and whole sentences, open source logic programming language and natural language processing algorithms. The speech analytics module captures key words and phrases preset by the clients, which are used to detect customer emotions, reasons for the interaction, level of satisfaction, and products and issues mentioned. The module analyzes data from multiple sources, including text transcribed from recorded conversations, agent activity logs and customer support tickets.

Managers can use the speech analytics module to evaluate agent performance and identify areas that need additional training, monitor if agents are complying with internal protocols and external regulations, understand the underlying reasons for customer satisfaction or frustration and make improvements in products and services, conduct customer profiling and collect sales leads.

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Knowledge base. We offer an intelligent knowledge base through which the agents can perform accurate system-wide searches across different types of data, make associations in knowledge maps, compare product characteristics and participate in training and evaluation.

Ticketing System and Customer Relationship Management (CRM)

Our ticketing system is a central hub to track, prioritize, and solve all customer support requests and other tickets. It captures customer questions, requests, and concerns from every channel integrated on our platform and creates separate ticket for each interaction. In addition, it provides agents with a complete picture of each customer and arms them with necessary details to provide faster, more personalized responses. Agents and supervisors can conveniently track the status of each ticket, transfer tickets to another agent source, and access detailed records about each interaction.

Clients can achieve lifecycle management of a customer ticket, from ticket creation, task distribution, request processing, response communication, follow-up planning, customer feedback, to customer satisfaction survey.

Our system is embedded with powerful CRM functions. Through our CRM functional module, clients can import and store customer information and record history of contacts. This enables a better customer experience because agents are able to refer to previous contact records and address customers' concerns directly and efficiently.

Reporting Tools and Reporting APIs and SDKs

We have included in our package of solutions a set of data processing and analytics tools with which our clients can generate both standard and customized reports with statistics and key performance indicators presented in tables, charts and diagrams. We continue to optimize our reporting tools based on client feedback to provide industry-specific, actionable insights. Major categories of our reporting and analytics tools include:

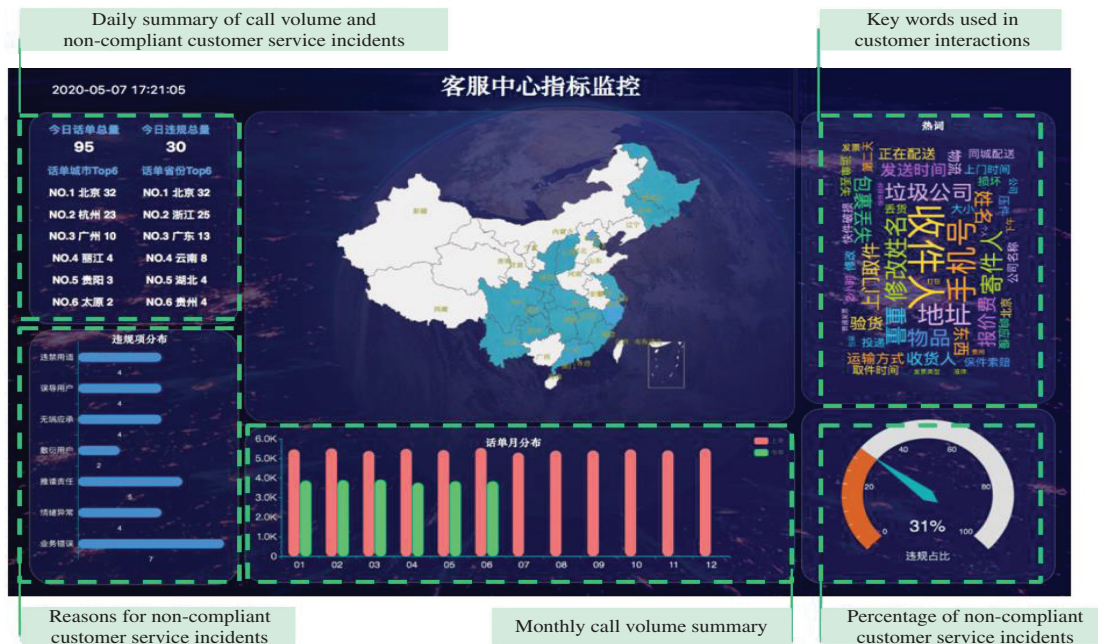
- *Tools that assess agents' workload and service quality.* Our clients can use our tools to monitor agents' work hours, workload, average response time and customer ratings, among other variables.
- *Tools that assess ContactBot's services.* Our clients can use our tools to analyze effective and noneffective interactions engaged by ContactBot, tickets transferred to human agents and the conditions that prompted such transfer, and average round of dialogues engaged by ContactBot, among other variables.
- *Tools that analyze business activities.* Our clients can use our tools to monitor the number of customer interactions received and breakdown by communication channels, the queuing status of each channel, and classification of customer inquiries, among other variables.

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- *Tools that analyze tickets.* Our clients can use our tools to generate an overview of ongoing and closed tickets, a classification of tickets, and average handle time, among other variables.
- *Tools that assess knowledge base.* Our clients can use our tools to evaluate the effectiveness of their exclusive intelligent knowledge base, through which their agents can perform accurate system-wide searches across different types of data, make associations in knowledge maps, and compare product characteristics.

Further, we provide key technology integrations within clients’ existing infrastructure, including their CRM system, ERP system and other back-office IT systems. We provide more than 60 reporting APIs and SDKs through which clients can transfer selected datasets to their internal systems and use their in-house analytics driven processes and tools to generate customized reports.

Our system monitors a wide array of metrics in real time to help our clients evaluate their customer service quality. Clients can conveniently view various performance indicators on a single dashboard, including customers’ average wait time before they speak to an agent and the number and percentage of customers whose questions or complaints are unresolved. Our speech analytics function can mine and analyze text and voice data to identify reasons that lead to customer dissatisfaction. We also provide tools for clients to conduct customer satisfaction surveys. The following screenshot sets forth an example of how our tools are applied in monitoring customer service quality.



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APIs and SDKs

As of the Latest Practicable Date, we accumulated over 500 application programming interfaces (APIs) and software development kits (SDKs), which enable advanced integration with clients' internal systems and empower client-side software and application development. APIs are a set of protocols and tools for building application software. Our APIs support a wide variety of functions, including channel integration, queue, knowledge base, AI, CRM, tickets, reporting, agent-end, configuration, session management, data analytics, and system monitoring. SDKs are a set of tools provided for our clients' developers to create applications on their internal platforms. The SDKs we offer are designed to be used for multiple programming languages. Our suite of APIs and SDKs helps clients with development capabilities to build solutions tailored to their business needs. For example, clients can import data from our system to their internal systems via APIs and use the data to generate customized reports. At the same time, we can devote less time and resources to customization for individual clients, which increases the scalability of our business model. We currently support integration with our clients' desktop apps, mobile apps and websites.

Integration with WeCom

One of our key product strategies is to enhance our integration with WeCom, the enterprise version of WeChat, which has become an increasingly popular communications platform for Chinese enterprises. As a communication platform, WeCom provides convenient communication and office automation tools and enables enterprises to communicate with customers who are using WeChat. Records for customer interactions can be retained on the WeCom platform. WeCom provides open protocol for developers to develop applications using open APIs and achieve data integration and connection with other application platforms. Through our integration with WeCom, our clients can engage in customer contact via WeCom and the relevant data can be exported to our platform and clients' internal system for monitoring and analytical purposes. Without such integration, clients who use the WeCom platform will need to develop their own API or use other third-party applications in order to export data from WeCom.

WeCom relies on independent software vendors to develop applications available on its platform and increase its overall functionality and to help promote its platform and expand its user base. We have entered into a cooperation agreement with WeCom and become one of their channel partners. According to the cooperation agreement, we may integrate the software applications, functional components, technology platform and related services of WeCom with our platform. WeCom charges service fees for some of its services, including providing APIs for the transfer of user data stored on WeCom to another system or platform. As a channel partner, we may offer our solutions in combination with WeCom's services to our clients, essentially reselling WeCom's paid functions to our clients. We purchase such paid functions from WeCom based on their standard prices. We then have the freedom to negotiate prices, payment terms and conditions with clients who purchase such paid functions through us, provided that our sales prices are no lower than a floor price stipulated by WeCom. We will also receive commissions from WeCom based on the number and amount of orders placed through us. We enter into an annual agreement with WeCom with an automatic renewal clause. Both parties are entitled to terminate the agreement without cause with 30 days of advance notice and with cause immediately.

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WeCom is one of the channels where our clients and their customers interact. According to the CIC Report, communication platforms in general focus on building an ecosystem where third-party vendors can offer services such as customer contact solutions via their open protocol. According to the same source, they currently do not offer the key functions of customer contact solutions, such as interactive voice response (IVR), automatic call distributor (ACD), computer telephony integration (CTI), predictive dialer, intelligent agent assistance, speech analytics and reporting tools, and the major platforms have not publicly disclosed any plans to develop such key technologies in their short-term investment strategies. With advice from CIC, we believe the likelihood that communication platforms such as WeCom will expand to offer cloud-based customer contact solutions is relatively low. However, if WeCom or other communication platforms that are more resourceful and technologically advanced make such a move in the future, market competition may be further intensified. For related risks, see “Risk Factors – Risks Related to Our Business and Industry – We may face competition from new market entrants, such as WeCom.”

OUR CLIENTS

We have a large and diverse client base representing enterprises across a broad array of sizes and industries. We served 2,227, 2,253 and 3,137 clients in 2019, 2020 and 2021, respectively. In 2019, 2020 and 2021, we had 62, 61 and 57 key accounts, with an annual purchase amount exceeding RMB1 million.

In 2019, 2020 and 2021, our top five clients accounted for 27.0%, 33.3% and 31.8% of our total revenue, respectively. During the same periods, our largest client accounted for approximately 7.8%, 8.7% and 8.2% of our total revenue, respectively. In the foreseeable future, we expect clients from the technology, insurance and automobile industries to drive our business growth.

The following table sets forth the details of our five largest clients during the Track Record Period:

Rank	Client	Type of services purchased	Approximate years of business relationship as of the Latest Practicable Date	Revenue amount (RMB'000)	Percentage of our total revenue	Credit Period
<i>For the year ended December 31, 2019</i>						
1.	<u>ByteDance Ltd.</u>	A combination of Intelligent Contact Center Solutions, Agile Agent Solutions and ContactBot Solutions	5 years	26,189	7.8%	60 days
2.	<u>China Pacific Insurance (Group) Co., Ltd.</u>	Intelligent Contact Center Solutions	4.5 years	23,191	6.9%	15 days

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Rank	Client	Type of services purchased	Approximate years of business relationship as of the Latest Practicable Date	Revenue amount (RMB'000)	Percentage of our total revenue	Credit Period
3. . .	<u>Shanghai</u> <u>Zhangxiaomen</u> <u>Education</u> <u>Technology Co., Ltd.</u>	Intelligent Contact Center Solutions	6 years	17,779	5.3%	30 days
4. . .	<u>Guazi Automobile</u> <u>Service (Tianjin)</u> <u>Co., Ltd.</u>	A combination of Intelligent Contact Center Solutions and ContactBot Solutions	5.5 years	12,633	3.8%	30 days
5. . .	<u>China United</u> <u>Insurance Group</u> <u>Co., Ltd.</u>	Intelligent Contact Center Solutions	4.5 years	10,716	3.2%	30 days

For the year ended December 31, 2020

1. . .	<u>ByteDance Ltd.</u>	A combination of Intelligent Contact Center Solutions, Agile Agent Solutions and ContactBot Solutions	5 years	30,932	8.7%	60 days
2. . .	<u>Shanghai</u> <u>Zhangxiaomen</u> <u>Education</u> <u>Technology Co., Ltd.</u>	Intelligent Contact Center Solutions	6 years	28,704	8.1%	30 days
3. . .	<u>China Pacific</u> <u>Insurance (Group)</u> <u>Co., Ltd.</u>	Intelligent Contact Center Solutions	4.5 years	27,673	7.8%	Payment by each quarter end
4. . .	<u>China United</u> <u>Insurance Group</u> <u>Co., Ltd.</u>	Intelligent Contact Center Solutions	4.5 years	17,901	5.1%	30 days
5. . .	<u>China Dadi Property</u> <u>Insurance Co., Ltd.</u>	Intelligent Contact Center Solutions and Agile Agent Solutions	4 years	12,742	3.6%	15 days

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Rank	Client	Type of services purchased	Approximate years of business relationship as of the Latest Practicable Date	Revenue amount	Percentage of our total revenue	Credit Period
(RMB'000)						
<i>For the year ended December 31, 2021</i>						
1. . .	<u>China Pacific Insurance (Group) Co., Ltd.</u>	<u>Intelligent Contact Center Solutions and Agile Agent Solutions</u>	<u>4.5 years</u>	<u>32,879</u>	<u>8.2%</u>	<u>Payment by each quarter end</u>
2. . .	<u>ByteDance Ltd.</u>	<u>A combination of Intelligent Contact Center Solutions, Agile Agent Solutions and ContactBot Solutions</u>	<u>5 years</u>	<u>29,452</u>	<u>7.3%</u>	<u>60 days</u>
3. . .	<u>Shanghai Zhangxiaomen Education Technology Co., Ltd.</u>	<u>Intelligent Contact Center Solutions</u>	<u>6 years</u>	<u>29,290</u>	<u>7.3%</u>	<u>30 days</u>
4. . .	<u>Yuan Education Limited</u>	<u>A combination of Intelligent Contact Center Solutions, Agile Agent Solutions and ContactBot Solutions</u>	<u>5 years</u>	<u>19,368</u>	<u>4.8%</u>	<u>10 days</u>
5. . .	<u>China United Insurance Group Co., Ltd.</u>	<u>Intelligent Contact Center Solutions</u>	<u>4.5 years</u>	<u>16,999</u>	<u>4.2%</u>	<u>30 days</u>

Notes:

- ByteDance Ltd., founded in 2012, is a multinational internet technology company headquartered in China. Its business lines span social media, advertising, education, e-commerce and others, and its products are available in over 150 markets. It has offices in over 100 cities around the world, with over 60,000 employees.
- China Pacific Insurance (Group) Co., Ltd., established in 1991, is an insurance company based in China that provides integrated insurance services, including life insurance, property insurance and reinsurance. It is listed on the Stock Exchange, the Shanghai Stock Exchange and the London Stock Exchange. It recorded a total income of over RMB400 billion in 2020.
- Shanghai Zhangxiaomen Education Technology Co., Ltd., founded in 2016, is an online education company based in China that provides K-12 tutoring services.
- Guazi Automobile Service (Tianjin) Co., Ltd., founded in 2015, is a Chinese e-commerce platform that trades used cars. It has operations in over 200 cities in China.
- China United Insurance Group Co., Ltd., established in 1986, is an insurance company based in China that provides integrated insurance services, including life insurance, property insurance and agriculture insurance. It has a nationwide sales network of over 50,000 employees. Its total asset as of December 31, 2020 amounted to over RMB80 billion.
- China Dadi Property Insurance Co., Ltd., established in 2013, is an insurance company based in China that specializes in providing property insurance. It has a nationwide sales network of over 50,000 employees.
- Yuan Education Limited, founded in 2012, is an online education company based in China that provides quality education services.

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To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our clients were Independent Third Parties.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest clients.

CLIENT SERVICE

Our customer contact solutions are intricate and require a high level of proficiency to maintain. We strive to provide excellent client services to safeguard the secure, stable and reliable operation of our clients' customer contact functions.

We hold ourselves to high client service commitments made in our service-level agreement (SLA), which are incorporated by reference in the service agreements we enter into with our clients. Our SLA embodies our promises on the quality and availability of our services and the responsibilities we accept. We formulate the metrics based on research, data analysis, testing, and previous experience. Using advanced reporting tools and other technologies, we track these metrics in real time and identify areas for improvements.

As of the Latest Practicable Date, we adopted the following service level parameters:

- *Uptime.* We promise an uptime guarantee of 99.78%, as compared to an industry average of 99.5% according to the CIC Report, which is calculated as the percentage of time our system is available and operational for a client in a given month. Our system is considered unavailable if network is inaccessible for more than two minutes or message or calls cannot be made for more than one minute.
- *Billing accuracy.* For our SaaS model, we promise a 100% billing accuracy rate for seat-based subscription fees and a 99.4% billing accuracy rate for usage-based service fees, both calculated as the total amount of bills divided by the amount of correct bills.
- *Record keeping.* Our system generates log records for all business activities, which are kept for three months. All server logins are accessed through the fortress machine, our operation and maintenance audit system. All user activities are recorded on the fortress machine and retained for 12 months.
- *Data storage.* All client data are stored in the cloud, with at least one cold back-up copy.
- *Data privacy.* The data of each client is stored in isolated tablespace. All access requests and recordings downloads and play must be authenticated and verified by clients.

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- *Data portability.* Our clients can move, copy or transfer data from our platform to their internal systems, including call recordings, conversation records, customer profiles and business logs.
- *Data disposal.* During the data retention period as stipulated in the service agreements, we are not allowed to delete any data belong to our clients. After the data retention period expires, we use low-level formatting to delete data upon a client's request and before we discard or resell any hardware equipment used. Once data is deleted, our employees are prohibited from performing recovery, and all user activities are visible on the fortress machine. Hard disks will be properly destroyed when being discarded.
- *Data reliability.* We promise 99.999% storage reliability for clients' call recordings and conversation records during the contractual period, as compared to an industry average of 99.5% according to the CIC Report, meaning that clients lose at most one object out of 100,000 objects every month.
- *Scalability.* Our clients are able to flexibly adjust the number of agent seats they subscribe for upon written request.
- *Failure recovery.* For equipment failure, we promise to switch to the backup equipment within 45 minutes. For network failure, we promise to remotely switch networks using smart Domain Name Server (DNS) proxy in approximately two minutes. For relay failure, we promise to complete the switch within five minutes.

We maintain a robust operational monitoring system that oversees more than 1,000 operational metrics in real time, including software operation status, network operation status, call signaling status and voice quality. The system promptly alerts our engineers of potential and ongoing issues and maintains various operational logs. We use the monitoring alert system and operational logs to track and monitor our SLAs and also cross check our records against client feedback. If we fail to uphold our service commitments, we promise to make proper compensations. If any disputes arises, we will compare our records and logs with those of our clients to resolve the inconsistencies.

We review our SLA periodically and adjust based on changing business circumstances. We are committed to consistently delivering services that meet or exceed the expectations set out in the SLA. During the Track Record Period, we had upheld our service commitments in all material aspects and did not receive any material customer complaints in this regard.

Our proprietary T-CARE service system provides a full range of client services, including platform management, network management, security management and daily maintenance. We take a lifecycle approach to client support, supporting clients from onboarding, deployment, system integration, education and training, through maintenance and upgrades. Our goal is to enable our clients to focus on their business, free from diverting manpower and financial resources to system maintenance. For issues related to our system, we are responsible to resolve them within 24 hours. For issues caused by third parties, we assist clients with troubleshooting and coordinate with third parties to resolve the identified issues as fast as we can.

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Clients can access our client support services on a 24x7 basis. For our large enterprise clients, we assign a team of three or more employees as dedicated points of contact.

OUR ARCHITECTURE

Our platform is built on a highly scalable and reliable cloud-native architecture. Customer contact solutions are one of the key software infrastructures supporting clients’ business activities and we design our architecture to satisfy their stringent requirements. The key challenge is how to effectively balance between the need to maintain stable, uninterrupted operations in large scale and the need to achieve quick software iteration in response to evolving business needs and technological advancements. To reach an optimal balance between system stability and quick iteration, we designed our architecture based on three core philosophies:

- *Four-layer architecture.* To meet clients’ stringent requirements for stability, flexibility and large capacity, our system is highly complex. To make management more efficient, we have decoupled the complex system into four layers, namely network, IaaS, API and SaaS layer, each supporting specific business needs. The simplified structure is easy to understand and manage.
- *Decoupling within Four Layers.* We have decoupled key functional modules within each layer. The decoupled modules interact with each other through interfaces to achieve high availability throughout the business process.
- *Active-active dual cloud architecture.* A client’s customer contact function is critical to its business activities and a prolonged service interruption may lead to substantial loss. We implemented the active-active dual cloud architecture in preparation for extreme situations such as major natural disasters.

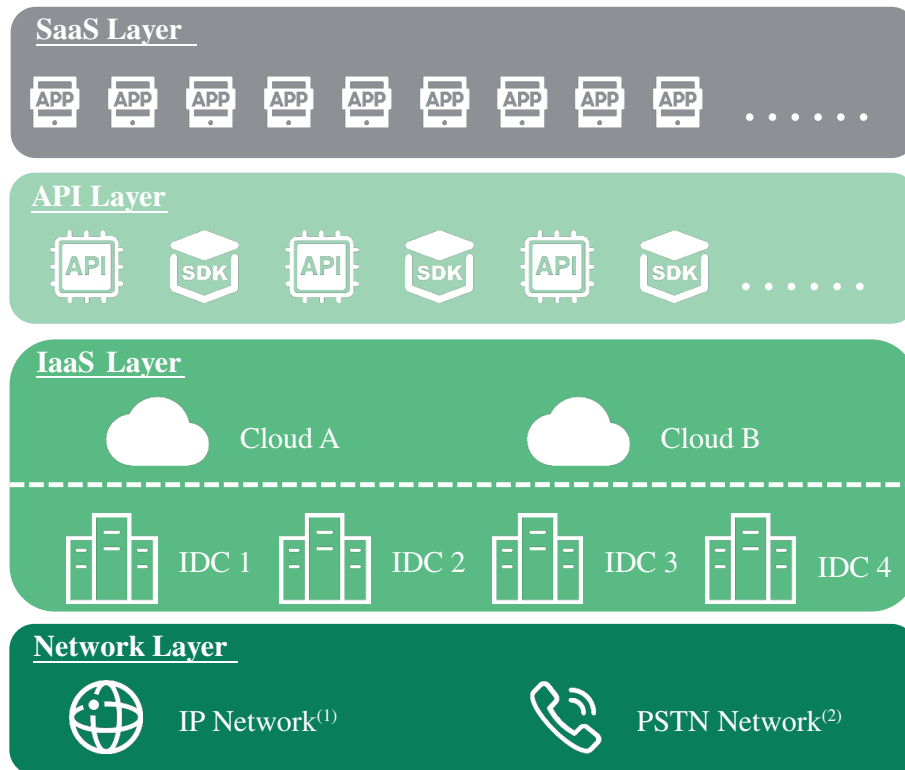
Four-Layer Architecture

Our cloud-native architecture consists of four layers. The first layer is the network layer, consisting of IP network equipment, circuit networks connected between data centers and to telecommunications companies, and unified control system. The second layer, Infrastructure as a Service (IaaS), provides infrastructure such as data center, cloud computing, cloud storage and internet access. We have been leveraging third-party cloud infrastructure services to complement our offerings and enhance value delivery to our clients. The third layer is the API layer. Leveraging our extensive industry experience, we abstracted application scenarios into over 500 APIs and SDKs, which allow our clients to build applications tailored to their business needs and efficiently integrate our functional modules into their internal systems. The fourth layer, Software as a Service (SaaS), provides out-of-the-box functions and solutions. Having cloudified all four layers, we are able to pool resources and achieve scalability on each layer, which allows us to scale up service capacity while maintaining stable operations.

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The four layers are independent of each other and are interconnected using predefined interfaces. Each layer can be developed and upgraded independently. Our network team, infrastructure technology development team, and application development team can focus on the respective layer they are responsible for, thereby significantly improving R&D efficiency.

The following diagram illustrates our four-layer architecture:



Notes:

- (1) An IP network is a communication network that uses Internet Protocol (IP) to send and receive messages between one or more computers.
- (2) PSTN network, or public switched telephone network, provides infrastructure and services for public telecommunication.

Decoupling within Four Layers

Decoupling in the network layer

The network layer uses SD-WAN technology to decouple network hardware and circuits from the control platform, which allows all nodes within the core network to interconnect with each other. SD-WAN enables real-time detection of network status and automatically switches traffic to alternative nodes in milliseconds when one node fails. Through SD-WAN, we are able to achieve large-scale, stable operations and centralized, flexible traffic routing at the same time. For details of our SD-WAN technology, see “Our Technologies – Networking Technologies.”

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In addition, we maintain two core data centers in Beijing and two core data centers in Shanghai. The four core data centers are connected by SD-WAN network. If one data center encounters disruption, services are automatically switched to the other core data centers. We believe these measures added geographic diversity to our architecture and ensure high availability of our services.

Our network infrastructure possesses four distinctive features:

- *Resilient.* Our four data centers share the loading efficiently and avoid a single point of failure. Failures experienced by any one of our core data centers will not lead to overall system failures.
- *Flexible.* Any two of our data centers are interconnected, which substantially increased fault tolerance. The flexible structure facilitates load balancing and traffic routing among multiple nodes.
- *Easy to manage.* After decoupling network hardware and circuits from the control platform, network engineers no longer have to individually configure each device in each data center. All devices in the entire network can be centrally configured on the control platform. The simplified network structure requires fewer human operations of core hardware and, simplifies daily operations and enhances failure detection.
- *Cost-effective.* SD-WAN enables flexible traffic routing and increases network utilization rate, thereby reducing costs. We can rapidly expand our service capacity with decreasing marginal network costs.

Decoupling in the IaaS layer

Our cloud-native platform operates in parallel on two leading cloud computing platforms. Each core data center is directly connected to the two cloud computing platforms via optical fiber. Data on the two different clouds are usually synchronized every few seconds. When one of the cloud service providers experiences downtime, we can switch our services to the other provider. We believe these measures added geographic diversity to our architecture and effectively mitigated risks related to regional natural disasters, power outages, and failures in a single region as a result of human errors, IaaS service disruption and other unpredictable conditions.

Through decoupling in the network and IaaS layer, we achieved load balancing and high availability in our network and internet infrastructure. When any data center or cloud computing platform experiences downtime, our services can be quickly switched to alternative infrastructures. Our stable operations do not depend on any single data center or cloud service provider.

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API layer supporting client-side customization

As of the Latest Practicable Date, we accumulated over 500 APIs and SDKs to empower client-side software and application development. Our suite of APIs and SDKs enables clients to integrate our customer contact functions into their internal systems and build solutions tailored to their specific business needs. This also helps us achieve a balance between our stable operations and clients’ customization requests.

Decoupling in the SaaS layer

All functional modules on the SaaS layer are further decoupled into microservices. Each functional module interacts with each other through interfaces. The architecture allows our core functional modules to evolve independently without having to recompile the underlying platform. This results in faster software development, testing, and deployment and allows us to add new functions or modify existing ones without disrupting our clients. Each functional module is deployed as a cluster of microservices. Failure of one unit does not affect the operations of the other units in the cluster, which contributes to system stability.

Active-Active Dual Cloud Architecture

The platform’s stable, non-disruptive operation is of critical importance to a cloud-based customer contact solutions provider. According to the CIC Report, we are the only customer contact solution provider in China to achieve active-active dual cloud deployment. We designed our active-active dual cloud architecture to effectively mitigate risks relating to extreme situations, such as regional natural disasters, regional power outage, regional network interruption, and total unavailability of a cloud computing platform. Our system is deployed on two heterogeneous cloud computing platforms provided by two different service providers. Our services run simultaneously on the two clouds. Configuration data on the two clouds realizes real-time (second-level) two-way data synchronization through the real-time synchronization module of the internet data centers. Our clients can use both clouds at the same time. When extreme situations occur, clients can quickly switch between the two clouds.

OUR TECHNOLOGIES

Our technology capabilities are key to our success. We have been continuously improving and expanding our platform, solutions, features and capabilities since our inception. Our solutions are powered by proprietary and licensed technologies, including technologies underpinning our cloud-native architecture, SD-WAN-centered networks, communications capabilities, software applications, and AI-powered solutions. As of the Latest Practicable Date, we had 49 software copyrights and 11 issued patents covering a variety of communications, CTI, load balancing, and cloud computing technologies.

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Cloud-Native Technologies

Module containerization. We have containerized the microservices that consist of all our key functional modules, which significantly improved the flexibility and adaptability of our solutions. Containers enable developers to decouple a functional module from an operating system and have them run within an isolated environment. Containerization brings a number of benefits. Functional modules in a container are abstracted away from the host operating system and therefore are able to run uniformly and consistently across platforms or clouds. Once containerized, different key functional modules can be easily assembled and deployed in different operating environments on either public clouds or private clouds. In addition, each containerized module is isolated and operates independently of others. The failure of one container does not affect the continued operation of the other containers. Our developers can identify and correct any technical issues within one container without any downtime in other containers. We use Kubernetes (k8s), an open-source container-orchestration system, to automate the manual processes involved in deploying, managing, and scaling containerized modules, which helps us efficiently manage the cluster of containers and expedite the software deployment and iteration process. With Kubernetes, we are able to deploy our entire system delivered via VPC model within a few hours.

Elastic scaling. We use advanced automatic scaling mechanism to dynamically adjust the amount of computational, storage and network resources used by our servers as demands change. Our system monitors server load and automatically adds or removes capacity from the resource groups within a few minutes. This not only allows us to maintain optimal performance and availability when workloads are periodic, unpredictable, and continuously changing, but also brings substantial cost efficiencies as we only pay for the resources we use.

Compatibility with multiple cloud service platforms. Our system is compatible with multiple cloud service providers. At the software level, we code features of different cloud environments into general functions. Developers can directly invoke these general functions without the need to pay attention to details of different cloud environments, which vastly improved our development efficiency. In our VPC model, we deploy our solutions on the cloud service platform at our clients’ choice. Compatibility with different cloud environments allows us to deploy our solutions in an efficient and cost-effective manner.

Networking Technologies

We use software-defined wide area network (SD-WAN) technology to boost network reliability and provide uninterrupted, high quality calls even in the face of regional network failure.

Traditional WANs based on conventional routers typically require backhauling all traffic from branch offices to a hub data center and distribute the control function across all devices in the network. Traditional WANs were designed in an era in which the focus was on linking physical locations and are not cloud friendly. As cloud-based solutions become an increasingly popular choice, traditional WAN networks that heavily rely on data center infrastructure are no longer sufficient to support high-quality cloud connectivity.

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In contrast, SD-WAN decouples the networking hardware and its control mechanism and uses a centralized control function to securely and intelligently direct traffic across the WAN. SD-WAN technology supports high-quality service with application-aware traffic routing, giving bandwidth priority to the most critical applications. It enables real-time detection of outages and automatically switches the services on faulty servers to other normally operating servers when there is a network connection failure, thereby increasing resilience and reducing network downtime. It allows companies to build higher performance WANs at a lower cost.

In early 2019, we were the first customer contact solution provider in China to fully integrate our platform with SD-WAN, which enables application-aware traffic routing and cloud-based centralized control. Through SD-WAN connectivity, we significantly improved the availability, reliability and quality of connections established through our platform and became the only customer contact solution provider in China to achieve active-active dual cloud deployment, according to the CIC Report.

Communications Technologies

Highly scalable softswitch scaling system. We developed a highly stable softswitch platform with the capacity to support 30,000 concurrent calls based on open source software. A softswitch, or software switch, is a call-switching node in a telecommunications network based in software instead of specialized switching hardware. It is the core communications component in a customer contact platform. The softswitch processes all calls taking place on the platform and performs key functions such as communication protocol processing, communication routing processing, and codec (coder/decoder) processing. Our softswitch is deployed as a cluster of microservices, which evolves independently, increases availability and optimizes load-balancing. As a result, we are able to achieve unified scaling and monitoring of all activities within our system, thereby realizing high availability and high performance. Through continuous enhancement and optimization, as of the Latest Practicable Date, our softswitch achieved a mean time between failures (MTBF) of over 5,000 hours, defined as the average time that passes between the recovery of one previous failure to the occurrence of the next failure.

High capacity queuing system. Our in-house developed multi-channel queuing system processes customer requests from instant messaging, voice calls, video calls, WeChat mini-apps and other channels on a unified platform. All customer requests enter the same queue and shares the same agent pool, thereby optimizing resource allocation. Most of the legacy systems uses an active-passive queuing system, meaning only the primary server is active and serving customers and the passive server is standing by as backups. When the primary server fails, the passive server is promoted to take over as the new primary server. The problems of the active-passive model are that clients may experience service interruption when the passive server is switched into the primary server and all service requests are handled by a single server. In contrast, our queuing system runs in a high-availability cluster environment. Service requests are served by distributed servers, thereby achieving horizontal capacity expansion. A single point of failure will not lead to overall system failures. Our queuing system adopts the state machine technology to guarantee the order of the message queue. We offer our core queuing capabilities through APIs, which enables clients to achieve status management and control based on customer requests in sequence.

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Software Technologies

Omni-channel architecture. Our system achieves omni-channel integration on three levels: channel access, customer service processing, and data management. Our omni-channel access integrates customer interactions taking place through emails, phone calls, web forms, live web chat, proprietary mobile apps, messenger apps and social media apps. We are able to import customer identity and contact history across different channels. We provide a unified interface for agents to process requests captured from different channels. Further, records and chat histories from different channels are stored centrally, readily available for customer service quality control, reporting and analytics.

Plug-ins for customization. Many of our clients require standard communications capabilities while have higher customization demands for monitoring and reporting tools and software interfaces. We design codes and resources which are frequently customized as plug-ins so we may add or remove customized functions with minimal impact on our core systems. This software architecture provides the flexibility of adding customized functions to our platform without comprising its stability.

Ticketing system. Our ticketing system is designed based on Business Process Model and Notation (BPMN) standards, which support complex business process management by providing intuitive annotations. It supports both automatic and manual distribution of tickets and allows parallel, serial, cancel, return, temporary storage and sharing workflows. Our ticketing system can also integrate with clients’ internal systems to achieve significant process efficiencies.

Operational monitoring. We maintain a robust operational monitoring system that oversees over 1,000 items in real time, including software operation status, network operation status, call signaling status and voice quality. The operational monitoring system is able to perform rapid fault location and provide early warnings of network connection issues. We can detect and respond to connection and voice quality issues in real time.

Grayscale release and automatic software upgrades. We structure our technical teams using the DevOps model, which removes the barriers between our development and operations teams to optimize both the productivity of developers and the reliability of operations. We use grayscale release and automatic software upgrades to achieve non-disruptive, quick iterations. On the platform level, we roll out a new version to a small part of users first for them to test the update and provide feedback. Once the change is accepted, the version is rolled out to the rest of the users. We also implement client-level grayscale release for our key clients, testing the updates to a small subset of users within the organization first. In rolling out updates, our system automatically skips devices engaged in ongoing interactions to avoid service disruptions. By implementing iterative and incremental development, we effectively mitigate the risk of introducing new versions.

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AI-related Technologies

We deploy practical AI technologies in our solutions to drive intelligence and efficiency. We have continuously developed our AI capabilities with a strategic focus on the following applications.

ASR model optimization. We developed a three-tier system to optimize ASR models. First, we developed speech annotation tools to bring efficiency to the manual process of generating speech corpus used in training ASR acoustic models, which are used to identify the relationship between an audio signal and the phonemes or other linguistic units that make up speech. Second, we use self-developed automatic text annotation tools to annotate the accumulated corpus of industry materials, which are used to train ASR language models. Third, we use pinyin error correction techniques to correct remaining errors in ASR transcription. The accuracy of ASR sets the foundation for intelligent speech analysis. Our three-tier optimization system can significantly improve the accuracy of ASR and lay the groundwork for NLP and other AI-powered functions.

AI operations optimization. We have developed an AI toolkit to optimize the operations of our AI functions. It enables us to i) perform health checking of the AI knowledge base, identify duplicate or contradictory knowledge items, and direct administrators to make corrections; ii) automatically cluster questions that our ContactBot cannot answer accurately and generate new knowledge items; and iii) supplement with similar questions and keywords based on a small number of questions and answers provided by users and automatically generate new knowledge items. We pre-built more than 300 intents into our robot template, which allow clients to quickly design their own automated dialogues. Our AI operations toolkit considerably improves the efficiency and effectiveness in implementing AI functions, substantially reduces the occurrence of cold start commonly encountered when deploying such functions, and provides a solid foundation for their continuous improvement.

Multitrack recording technology. To improve our recording analysis and processing capabilities, we developed multitrack recording technology that enables separate recording of multiple sound sources. Customer’s voice and agent’s voice are recorded separately and stored as independent files. Using open-source voice activity detection library (libfvad), our system can count the respective call time of customers and agents and assist with the evaluation of agent performance and service quality.

Noise cancellation technology. Our proprietary noise cancellation technology is grounded in deep learning through recurrent neural networks (RNN). By achieving noise cancellation on the telephone softswitch platform, we significantly improved speech recognition accuracy.

Audio analysis technology. Through our self-developed audio analysis technology, our system can intelligently detect dial status in less than five seconds and automatically fill in customer service tickets to improve agent productivity.

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NETWORK, SYSTEM AND DATA SECURITY

Security is our long-held commitment. Our solutions run fully in the cloud and we rely on internet connectivity to deliver services. We are therefore exposed to risks in relation to cybersecurity and data security in our operations. We may be targeted by cyberattacks, distributed denial of service attacks, hacking and phishing attacks, security breaches, computer malware, and other malicious internet-based activity. Third parties may also attempt to obtain unauthorized access to confidential information relating to our clients and their customers stored on cloud computing platforms. See “Risk Factors – Risks Related to Our Business and Industry – Our business is subject to system and data security risks, and our security measures may be inadequate to address these risks, making our systems susceptible to compromise, which could materially adversely affect our business, financial condition, results of operations, and prospects.” We are subject to various laws and regulations regarding cybersecurity, data privacy, and data protection. For details of such laws and regulations, see “Regulations – Regulations Relating to Cyber Security, Data Security and Privacy Protection.” For relevant risks, see “Risk Factors – Risks Related to Our Business and Industry – Our business is subject to a variety of evolving laws and regulations regarding cybersecurity, data security and data privacy. Any failure of our platform to comply with applicable laws and regulations could harm our business, operating results and financial condition.”

We have established and implemented stringent company-wide systems to ensure network security and data security. We have a dedicated team of professionals to oversee network, system and data security matters. We have established comprehensive security management policies and operating procedures, which manage authorization approval, access control, data backup and data encryption to prevent unauthorized access and unauthorized use of data. We have also formulated information security incident management policies that set forth emergency plans for data security incidents. We perform security audits periodically and on an as-needed basis and strengthen our security measures based on audit results. These include a semi-annual vulnerability scanning and intrusion detection, a quarterly data inspection and risk identification, and a quarterly security evaluation of idle equipment. We promptly address any vulnerabilities identified. In addition, for each major software release, we conduct a software code audit and simulate intrusion detection to spot vulnerabilities. During the Track Record Period, we did not record any material negative audit results.

In 2015, we were the first customer contact solution provider to receive the Trusted Cloud Services Certification (TRUCS) from institutions accredited by the MIIT, according to the CIC Report. TRUCS is an authoritative certification system in China to evaluate the trustworthiness of a cloud service provider. It assesses 16 metrics, including data security, data durability, data portability, data confidentiality, failure recovery ability, service availability, service resilience, network performance, billing accuracy, and a number of service agreement terms. Receiving TRUCS demonstrates that the promises we make to our clients in our SLAs are reliable and trustworthy. In 2019, we achieved the Multi-Layer Protection Scheme (MLPS) Level III Certification awarded by the Ministry of Public Security, the highest level achievable for non-financial institutions, which endorses our capability in system operation and information security. The MLPS certification is an authoritative certification system in China that evaluates

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the security level of an enterprise’s information system. It assesses a wide variety of security metrics in terms of physical facilities, network, servers, applications and data and reviews an applicant’s internal policies in terms of security management, personnel safety, system development, and system operations and maintenance. As of the Latest Practicable Date, six and five of the ten largest cloud-based customer contact solutions providers in China had received TRUCS and MLPS Level III Certification, respectively, according to the CIC Report. Our information security system is currently compliant with ISO/IEC 27001 standards.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any incidents of data breaches and data hacking that result in adverse effects, or systems breakdown, except for one prolonged service interruption on June 2, 2019. For details, see “– Our Suppliers – Cloud Services”.

Network and System Security

We set up a sophisticated mechanism to safeguard network security. Each data center is connected to the broadband internet of two telecommunications companies. If services provided by one telecommunications company is compromised, our system automatically detects the issue and switches to the alternative network, thereby substantially improving protection against distributed denial-of-service (DDoS) attacks. We use advanced anti-virus software to prevent, detect and remove malware. We implement intrusion-detection systems, web application firewalls (WAF) and network firewalls against external threats and carry out account access and authorization inspection to prevent internal misconducts. In addition, we schedule simulated intrusions with our security partners every three months to identify and address security vulnerabilities in a timely manner.

On the interface level, we centrally manage access authentication using industry-standard authorization protocols and apply asymmetric encryption for all key data.

Our PRC Legal Adviser is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable cybersecurity laws and regulations in the PRC in all material aspects. For details of relevant regulations, see “Regulations – Regulations Relating to Cyber Security, Data Security and Privacy Protection – Cyber Security.”

On December 28, 2021, the CAC and other regulatory authorities jointly promulgated the Cybersecurity Review Measures, which became effective on February 15, 2022, seeking to further expand the applicable scope of cybersecurity review. According to Articles 5 and 7 of the Cybersecurity Review Measures, enterprises shall apply for cybersecurity review under the following circumstances: (i) critical information infrastructure operators purchasing network products and services and internet platform operators carrying out data processing activities, in a manner which affects or may affect national security; and (ii) internet platform operators holding personal information of more than one million users and seeking a listing overseas. According to Article 16 of the Cybersecurity Review Measures, the competent PRC government authority may initiate cybersecurity review if the authority believes that any

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network product, service or data processing activity affects or is likely to affect national security. The Cybersecurity Review Measures were recently promulgated and its interpretation and implementation involve significant uncertainties. Further, the measures do not clearly define "critical information infrastructure operators."

The term "critical information infrastructure" was first introduced in the Cybersecurity Law (《網絡安全法》) that came into effect on June 1, 2017. The law defines "critical information infrastructure" as information infrastructure in important industries and sectors, such as public communications and information services, energy, transportation, water conservancy, finance, public services and e-government, or other critical information infrastructure that, once damaged, disabled or experienced data leakage, may severely threaten national security, national economy, people's livelihood and public interest. The law provides that the specific scope of critical information infrastructure shall be stipulated by the State Council. The State Council promulgated the Security Protection Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), effective on September 1, 2021. The regulations stipulated the procedures for determining critical information infrastructure. It provides that competent regulatory authorities and supervisory authorities in charge of important industries and sectors, such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government and national defense, are responsible for the security protection of critical information infrastructure. These authorities shall promulgate detailed rules in designating critical information infrastructure, identify critical information infrastructure in the relevant industries, and notify operators of such critical information infrastructure in a timely manner. Since the regulations were newly in effect, no relevant authorities had published detailed rules in designating critical information infrastructure as of the Latest Practicable Date. During the Track Record Period and up to the date of this document, we had not been notified by any authorities of being classified as a critical information infrastructure operator, neither had we been subject to any cybersecurity review, enquiry, investigation or notice by the Office of Cybersecurity Review. Further, our PRC Legal Adviser advises that, based on publicly available information, the Office of the Central Cyberspace Affairs Commission has commenced the procedures of identifying critical information infrastructure. The Central Cybersecurity and Informatization Leadership Group (reorganized as the Office of the Central Cyberspace Affairs Commission in 2018) issued the Notice on Conducting Cybersecurity Inspection on Critical Information Infrastructure (《關於開展關鍵信息基礎設施網絡安全檢查的通知》), which requires governments at all levels to conduct verification and inspection of critical information infrastructure. Further, publicly available information indicates that Beijing organized cybersecurity inspection on critical information infrastructure in 2018, 2020 and 2021. Despite the past and ongoing inspection work, as of the Latest Practicable Date, we had never received any notice from any government authorities regarding such inspection. In March 2022, our PRC Legal Adviser conducted telephone consultation with China Cybersecurity Review Technology and Certification Center, which is entrusted for the specific task of cybersecurity review according to the Talks with Reporters Relating to Cybersecurity Review Measures (網信辦就《網路安全審查辦法》答記者問), through the hotline published on the CAC's official website. Our PRC Legal Adviser informed the official on the line of our name, principal business and the [REDACTED]. After being informed of such information, the

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official confirmed that: (i) a listing in Hong Kong does not fall within the definition of "listing overseas," and therefore a company need not file a cybersecurity review for its proposed listing in Hong Kong under Article 7 of the Cybersecurity Review Measures; (ii) if a company had not been notified by competent authority of being classified as a critical information infrastructure operator, the company need not file an application for cybersecurity review under Article 5 of the Cybersecurity Review Measures; and (iii) if a company had never been subject to any cybersecurity review initiated by the CAC or other competent authorities, the company is not subject to cybersecurity review initiated under Article 16 of the Cybersecurity Review Measures for the time being. Based on the foregoing, our PRC Legal Adviser is of the view that we have not been classified as a critical information infrastructure operator by any relevant authorities and pursuant to currently effective laws and regulations, the likelihood that we will be classified as a critical information infrastructure operator in the near future after [REDACTED] is relatively remote. Therefore, our PRC Legal Adviser is of the view that we are currently not subject to cybersecurity review under the Cybersecurity Review Measures. Nevertheless, there remain uncertainties with respect to any future development of the relevant regulatory regime.

On November 14, 2021, the CAC published the Draft Cybersecurity Regulation (together with the Cybersecurity Review Measures, the "Cybersecurity Regulations"), which governs the use of networks to carry out data processing activities, and the supervision and management of data security in the PRC. The Draft Cybersecurity Regulation mainly focuses on the data processing activities of data processors. Article 13 of the Draft Cybersecurity Regulation provides that, if a data processor's listing in Hong Kong affects or may affect national security, the data processor shall apply for cybersecurity review in accordance with relevant regulations. "Data processor" is defined as "an individual or organization that independently makes decisions on the purpose and manner of data processing activities" in the Draft Cybersecurity Regulation. We only provide reporting and data analytics tools for our clients' use and do not collect or utilize data stored on the cloud platforms. According to the service agreements entered into with our clients, we are not allowed to access, use or disclose any clients' data stored in the cloud, unless specifically requested and authorized by clients to carry out limited system maintenance and technical support services, which may include helping clients locate system failures, retrieve account names and passwords, change system settings, inspect abnormal login activities and rectify inappropriate operations by agents. Therefore, our PRC Legal Adviser is of the view that the foregoing activities of us are unlikely to be defined as "independently making decisions on the purpose and manner of data processing activities" and we are not subject to cybersecurity review under the Draft Cybersecurity Regulation, assuming it is implemented in its current form.

Our PRC Legal Adviser advises that the Cybersecurity Regulations will not impose any material obligation on our business, assuming the Draft Cybersecurity Regulation is implemented in its current form. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material incident of data or personal information leakage, infringement of data protection, investigation or other legal proceeding relating to data processing or data protection, or received any inquiry, notice, warning, punishment or sanctions relating to data processing or data protection that may materially adversely affect our

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business. Based on the foregoing, our PRC Legal Adviser is of the view that we comply with or will be able to comply with the Cybersecurity Regulations in all material aspects, assuming the Draft Cybersecurity Regulation is implemented in its current form. Therefore, our Directors believe, and our PRC Legal Adviser concurs, that the Cybersecurity Regulations would not have a material adverse impact on our business operations or our [REDACTED], assuming the Draft Cybersecurity Regulation is implemented in its current form.

As of the Latest Practicable Date, the Draft Cybersecurity Regulation had not come into effect, and some of the requirements in the Cybersecurity Regulations are subject to more specific implementation rules. Since the current regulatory regime regarding data and cyber security is rapidly evolving, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws, there can be no assurance that the relevant governmental authorities will ultimately take a view that is consistent with our PRC Legal Adviser's opinion stated above. However, we will continue to closely monitor the development of the Cybersecurity Regulations to ensure timely compliance with the latest regulatory requirements.

For related risks, see "Risk Factors – Risks Related to Our Business and Industry – Our business is subject to a variety of evolving laws and regulations regarding cybersecurity, data security and data privacy. Any failure of our platform to comply with applicable laws and regulations could harm our business, operating results and financial condition."

Data Privacy and Security

We implement a rigorous data privacy and security program to ensure data security and confidentiality and the stability and reliability of the services that we provide.

We only provide reporting and data analytics tools for our clients' use and do not collect or utilize data stored on the cloud platform. For our SaaS model, our clients may upload data relating to their employees and customers to the cloud environment we allocate to them. In using our solutions, they may also store data, such as customer information, phone conversation recordings, phone conversation transcriptions, and text conversation records, on the cloud environment we allocate to them. The cloud resources are purchased by us and provided by third-party cloud service providers. For our VPC model, we usually deploy our solutions to the cloud environment of the client's choice. Our clients typically purchase cloud resources from cloud service providers directly. Under both models, our clients have complete discretion to collect, store, process, export, disclose and delete data stored in the cloud computing platforms. According to our service agreements entered into with clients, we are not allowed to access, use or disclose any clients' data stored in the cloud, unless specifically requested and authorized by clients to carry out limited system maintenance and technical support services, which may include helping clients locate system failures, retrieve account names and passwords, change system settings, inspect abnormal login activities and rectify inappropriate operations by agents. For these purposes, we only access the licensed accounts used by the clients. We are not authorized by our clients to, and do not, directly access the data of the clients' customers. According to the Information Security Technology Personal

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Information Security Specification (GB/T 35273-2020) (《信息安全技術個人信息安全規範 (GB/T 35273-2020)》) promulgated by the State Administration of Market Supervision and Administration (國家市場監督管理總局) and the National Standardization Administration (國家標準化管理委員會), collection is the act of obtaining control over personal information. Our PRC Legal Adviser advises that since we only provide cloud resources for clients to store and process data and do not access clients’ data without their authorization, the ownership of such data belongs to our clients and we do not collect data as defined by PRC laws and regulations. We strictly execute a data accessing and transmitting policy to ensure the confidentiality of client data. For example, we require our employees to obtain clients’ authorization before performing any client requests. We also provide data privacy trainings to employees on a periodic basis to increase their compliance awareness. In addition, employees are required to sign a confidentiality agreement with us, which prohibits them from disclosing any confidential information relating to their work and clients without our consent.

We carry out a 3-2-1 backup strategy as part of our disaster recovery plan, meaning that we keep a backup copy in three availability zones of the same cloud computing platform, store data on two cloud computing platforms simultaneously and keep one cold backup copy offline. First, benefiting from our cloud-native architecture, we run our platform and store our backups across multiple physically separated and isolated availability zones. The fault-tolerant infrastructure ensures smooth operations despite failures experienced in individual availability zones. Second, relying on our active-active dual cloud architecture, in the rare cases where the services of one cloud computing provider are severely disrupted, our clients can immediately switch to the other provider and continue their business activities with minimal disruption. Third, our cold backup copy, which is an offline backup not accessible to update, serves as our last line of defense. The offline data center which stores a cold backup copy allows data input only and not output. We use our cold backup copy for data recovery only when dual clouds are unavailable at the same time, the likelihood of which is very low.

We implement advanced encryption storage technologies to safeguard our clients’ data. Neither we, the cloud service providers or other third parties are able to access the data of clients’ end customers. We use voice encryption and decryption algorithms to ensure the secure storage of recordings on our platform. With a combination of cloud key management services (KMS) and physical USB-based smart security keys, we are able to achieve synchronized secret key encryption in both public and private clouds. We also implement envelope encryption technique at our clients’ request to ensure that sensitive recordings are stored in encrypted form. Our solutions also support real-time streaming decryption and decoding in web browsers, which enables our clients to play recordings as decryption progresses. The encryption algorithms we use are irreversible, which means that client data cannot be reversely decrypted even by those with full knowledge of the encryption methods. This reduces the risk of data breach by internal personnel. Our servers monitor the number of external attempts to connect with our platform. In cases of brutal-force attacks, our servers will prohibit related connections.

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In addition, according to our service agreements with cloud service providers, cloud services users maintain full control of data stored on the cloud computing platforms. Cloud service providers do not access, use or disclose user data without authorization, unless as necessary to maintain or provide their services or to comply with laws, regulations, or requests of governmental or regulatory authorities. We also implement encryption methods to prevent data breach. Public clouds operate under a multi-tenant architecture, which allows multiple users to access the cloud resources while each user’s data is logically separated and remains isolated from the data of other users. Therefore, other users of public clouds have no access to our clients’ data stored on the cloud computing platforms.

Our PRC Legal Adviser is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable data security and data privacy laws and regulations in the PRC in all material aspects.

On June 10, 2021, the SCNPC promulgated the Data Security Law, which came into effect on September 1, 2021. According to the Data Security Law, for ‘general data,’ enterprises conducting data processing activities shall, among others, establish a full-process data security management system, strength risk monitoring mechanism, properly handle data security incidents, organize data security trainings and adopt appropriate technical measures and other necessary measures, and collect and use data in legal and proper manners, with a view to guaranteeing data security. In relation to ‘important data,’ the Data Security Law requires enterprises conducting data processing activities to (i) designate personnel and committees to oversee data security matters and implement data security protection responsibilities; (ii) assess risks relating to data processing activities regularly; and (iii) fulfill regulatory requirements relating to transmission of important data overseas. For details, see “Regulations – Regulations Relating to Cyber Security, Data Security and Privacy Protection – Data Security.” Upon reviewing our data security management policies and measures and our internal compliance records, our PRC Legal Adviser is of the view that our current policies and measures are sufficient to fulfill any material obligations the Data Security Law may impose on us and the law will not have a material adverse effect on us. Based on the foregoing, with the advice from our PRC Legal Adviser, our Directors believe that the Data Security Law will not have a material adverse effect on us.

Further, the Personal Information Protection Law was passed by SCNPC on August 20, 2021 and came into effect on November 1, 2021, which aims to protect personal information and regulate the processing of personal information. For details, see “Regulations – Regulations Relating to Cyber Security, Data Security and Privacy Protection – Privacy Protection.”

- The Personal Information Protection Law will impose a range of compliance obligations on ‘personal information processors,’ which are defined as entities and individuals that autonomously determine the purpose and method of activities that process personal information. In our business activities, we do not access clients’ data stored in the cloud computing platforms, unless for the purpose of system maintenance and technical support services as specifically requested by our clients. Our PRC Legal Adviser advised that since we do not have the discretion to access clients’ data stored in the cloud computing platforms without client approval, we are not ‘personal information processors’ as defined under the Personal Information Protection Law.

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- The Personal Information Protection Law will also impose compliance obligations on entities or individuals who are entrusted by ‘personal information processors’ to process personal information. Such entrusted entities or individuals shall conduct the processing activities strictly within the agreed scope and take necessary measures to protect personal information. Our PRC Legal Adviser advised that in limited circumstances we may be considered as being entrusted by our clients to process personal information. Specifically, under our SaaS model, we are entrusted by our clients to provide networking and storage resources for them to store data. Under both the SaaS and VPC model, upon the request and authorization of clients, we may be entrusted to access certain data in providing system maintenance and technical support services. In relation to the obligations to be imposed by the Personal Information Protection Law, after reviewing our service agreements with clients and our data security and privacy policies and measures, our PRC Legal Adviser is of the view that our current policies and measures are sufficient to fulfill any material obligations the Personal Information Protection Law may impose on us and the law will not have a material adverse effect on us.

Based on the foregoing, with the advice from our PRC Legal Adviser, our Directors believe that the Personal Information Protection Law will not have a material adverse effect on us.

Since our PRC Legal Adviser is of the view that our current policies and measures are sufficient to fulfill any material obligations the foregoing regulatory developments may impose on us, as of the Latest Practicable Date, we had not incurred and do not expect to incur additional substantial compliance costs in connection with the foregoing regulatory developments. However, the relevant regulatory regime constantly evolving and can be subject to varying interpretations or significant changes, which may substantially increase our compliance costs. We will closely monitor regulatory developments and assess their potential impact. For related risks, see “Risk Factors – Risks Related to Our Business and Industry – Any failure of our platform to comply with applicable laws and regulations could harm our business, operating results and financial condition.”

In relation to our plan to explore business opportunities overseas, we intend to establish overseas entities to conduct our overseas businesses. Our overseas entities will deploy our solutions on cloud computing platforms that operate in the relevant local markets. Therefore, the data for our overseas operations will be stored on different cloud computing platforms in the local overseas markets and isolated from the data for our domestic operations which are stored within mainland China. Further, we will not transmit any data between the platform for our domestic operations and those for our overseas operations. Based on the foregoing, our PRC Legal Adviser is of the view that the likelihood that our proposed overseas operations will violate the Data Security Law and the Personal Information Protection Law is remote. We will closely monitor the relevant regulatory developments and seek legal counsel’s advice to ensure that our operations are in compliance with applicable laws.

BUSINESS

RESEARCH AND DEVELOPMENT

Our ability to compete depends to a large extent on our continuous commitment to research and development and our ability to improve the functionality of, and add new features to, our customer contact solutions. Consistent with our strong innovation culture, we devote significant resources to research and development and develop the core features of our solutions in-house.

We currently maintain research and development centers in Beijing and Nanjing. As of December 31, 2021, we had 211 employees in our research and development team, representing 46.7% of our total number of employees. Our research and development team consist of carefully selected talents whose expertise spans a wide range of subject areas, such as softswitch, cloud computing, AI and big data, information security, computer telephony integration technologies. In 2019, 2020 and 2021, our research and development expenses totaled RMB37.1 million, RMB38.5 million and RMB53.8 million, respectively, representing 11.1%, 10.9% and 13.4% of our total revenue during the same periods. We intend to continue investing in research and development to deliver robust functionality to our clients.

We strive to rapidly and reliably deploy and innovate for our clients and have implemented various practices aimed at improving our solutions at a faster pace. We adopted the DevOps model in our product development process, removing the barriers between our development and operations teams to optimize both the productivity of developers and the reliability of operations. Traditionally, development and operation teams functioned independently. Under a DevOps model, the software development (Dev) and IT operations (Ops) teams coordinate and collaborate closely throughout the application lifecycle, which enable us to build, test, and release software faster and more reliably. We implement rapid iteration on a weekly basis and achieve smooth switch from one version to another through grayscale release and other technical means.

Our development process for a major upgrade to our solutions usually takes two to four weeks. Key steps in our product development process consist of:

- *Demand analysis.* Our sales and marketing team take the lead on conducting market analysis to collect demand feedback from our clients.
- *Project design.* Our product team define the key functional and performance requirements tailored to address client demands.
- *Project development, testing and launch.* Our research and development team complete coding, testing and product launch in-house.
- *Continuous optimization.* We make continuous efforts to optimize functions and performance based on user feedback. Release updated versions with improved features and functionalities.

BUSINESS

OUR SUPPLIERS

Our suppliers consist primarily of cloud service providers and telecommunications companies. In 2019, 2020 and 2021, our top five suppliers accounted for 87.0%, 83.1% and 72.5% of our total cost of sales, respectively. During the same periods, our largest supplier accounted for approximately 63.8%, 41.4% and 36.5% of our total cost of sales, respectively.

The following table shows the details of our five largest suppliers during the Track Record Period:

Rank	Supplier	Type of products/ services provided	Principal business	Approximate years of business relationship as of the Latest Practicable Date	Purchase amount (RMB'000)	Percentage of our total cost of sales
<i>For the year ended December 31, 2019</i>						
1	<u>China United Network Communications Group Co., Ltd.</u>	Telecommunication services	One of the three major telecommunications companies in China	<u>9.5</u> years	114,138	63.8%
2	<u>China Mobile Communications Group Co., Ltd.</u>	Telecommunication services	One of the three major telecommunications companies in China	<u>9.5</u> years	13,127	7.3%
3	<u>China Telecom Corporation Limited</u>	Telecommunication services	One of the three major telecommunications companies in China	<u>9.5</u> years	10,845	6.1%
4	<u>Alibaba Group Holding Limited⁽¹⁾</u>	Cloud computing and storage resources and networking services; telecommunication services	A cloud service provider based in China that provides on-demand cloud computing services	<u>4.5</u> years	<u>8,893</u>	<u>5.0%</u>
5	<u>Guangxi Dongxin Yitong Technology Co., Ltd.</u>	Telecommunication services	A company based in China that provides an integrated package of resources from multiple telecommunications companies	3 years	8,534	4.8%
<i>For the year ended December 31, 2020</i>						
1	<u>China United Network Communications Group Co., Ltd.</u>	Telecommunication services	One of the three major telecommunications companies in China	<u>9.5</u> years	73,878	41.4%
2	<u>China Telecom Corporation Limited</u>	Telecommunication services	One of the three major telecommunications companies in China	<u>9.5</u> years	24,503	13.7%
3	<u>China Mobile Communications Group Co., Ltd.</u>	Telecommunication services	One of the three major telecommunications companies in China	<u>9.5</u> years	22,572	12.7%

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Rank	Supplier	Type of products/ services provided	Principal business	Approximate years of business relationship as of the Latest Practicable Date	Purchase amount (RMB'000)	Percentage of our total cost of sales
4	<u>Alibaba Group Holding Limited</u>	Cloud computing and storage resources and networking services; telecommunication services	A cloud service provider based in China that provides on-demand cloud computing services	4.5 years	17,709	9.9%
5	<u>Guangxi Dongxin Yitong Technology Co., Ltd.</u>	Telecommunication services	A company based in China that provides an integrated package of resources from multiple telecommunications companies	3 years	9,616	5.4%
<i><u>For the year ended December 31, 2021</u></i>						
1	<u>China United Network Communications Group Co., Ltd.</u>	Telecommunication services	One of the three major telecommunications companies in China	9.5 years	79,954	36.5%
2	<u>China Telecom Corporation Limited</u>	Telecommunication services	One of the three major telecommunications companies in China	9.5 years	31,347	14.3%
3	<u>China Mobile Communications Group Co., Ltd.</u>	Telecommunication services	One of the three major telecommunications companies in China	9.5 years	17,810	8.1%
4	<u>Alibaba Group Holding Limited</u>	<u>Cloud computing and storage resources and networking services; telecommunication services</u>	<u>A cloud service provider based in China that provides on-demand cloud computing services</u>	<u>4.5 years</u>	<u>16,962</u>	<u>7.7%</u>
5	<u>Guangxi Dongxin Yitong Technology Co., Ltd.</u>	<u>Telecommunication services</u>	<u>A company based in China that provides an integrated package of resources from multiple telecommunications companies</u>	<u>3 years</u>	<u>12,965</u>	<u>5.9%</u>

(1) In 2019, 2020 and 2021, we purchased cloud services in the amount of RMB2.4 million, RMB3.7 million and RMB3.2 million and telecommunication services in the amount of RMB6.5 million, RMB14.0 million and RMB13.8 million from Alibaba Group Holding Limited, respectively.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

BUSINESS

Overlap between Clients and Suppliers

During the Track Record Period, certain of our five largest suppliers were also our clients.

China United Network Communications Group Co., Ltd. was one of our five largest suppliers and one of our clients in 2019, 2020 and 2021. During the Track Record Period, we purchased telecommunication services from it and provided it with Intelligent Contact Center Solutions. In 2019, 2020 and 2021, our purchase from it amounted to approximately RMB114.1 million, RMB73.9 million and RMB80.0 million, respectively, representing 63.8%, 41.4% and 36.5% of our total cost of sales. Our revenue derived from it in 2019, 2020 and 2021 amounted to approximately RMB2.0 million, RMB1.6 million and RMB2.1 million, respectively, representing 0.6%, 0.5% and 0.5% of our total revenue.

China Mobile Communications Group Co., Ltd. was one of our five largest suppliers and one of our clients in 2019, 2020 and 2021. During the Track Record Period, we purchased telecommunication services from it and provided it with Intelligent Contact Center Solutions. In 2019, 2020 and 2021, our purchase from it amounted to approximately RMB13.1 million, RMB22.6 million and RMB17.8 million, respectively, representing 7.3%, 12.7% and 8.1% of our total cost of sales. Our revenue derived from it in 2019, 2020 and 2021 amounted to RMB0.1 million, RMB0.3 million and RMB2.8 million, respectively, representing less than 1% of our total revenue.

China Telecom Corporation Limited was one of our five largest suppliers and one of our clients in 2019, 2020 and 2021. During the Track Record Period, we purchased telecommunication services from it and provided it with Intelligent Contact Center Solutions. In 2019, 2020 and 2021, our purchase from it amounted to approximately RMB10.8 million, RMB24.5 million and RMB31.3 million, representing 6.1%, 13.7% and 14.3% of our total cost of sales. Our revenue derived from it in 2019, 2020 and 2021 amounted to RMB0.8 million, RMB0.1 million and RMB0.5 million, representing less than 0.3% of our total revenue.

Alibaba Group Holding Limited was one of our five largest suppliers and one of our clients in 2019, 2020 and 2021. During the Track Record Period, we purchased cloud computing and storage resources and networking services and telecommunication services from it and provided it with Intelligent Contact Center Solutions and telecommunication services. In 2019, 2020 and 2021, our purchase from it amounted to approximately RMB8.9 million, RMB17.7 million and RMB17.0 million, representing 5.0%, 9.9% and 7.7% of our total cost of sales. Our revenue derived from it in 2019, 2020 and 2021 amounted to RMB7.1 million, RMB5.8 million and RMB5.5 million, representing 2.1%, 1.6% and 1.4% of our total revenue.

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To the best knowledge of our Directors, during the Track Record Period, there were no other overlap between our major suppliers and our clients or between our major clients and our suppliers. Our Directors confirm that the sales and purchases to/from such overlapping clients-suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm’s length basis.

Cloud Services

Our solutions are built on a highly scalable, cloud-based technology infrastructure through our cooperation with leading cloud service providers. During the Track Record Period, we primarily worked with three cloud service providers, Alibaba Group Holding Limited, Beijing Sinnet Technology Co. Ltd. and Beijing Ultrapower Software Co., Ltd. In 2019, 2020 and 2021, we purchased cloud services in the amount of RMB2.4 million, RMB3.7 million and RMB3.2 million from Alibaba Group Holding Limited and RMB6.3 million, RMB5.9 million and RMB4.7 million from Beijing Sinnet Technology Co. Ltd., respectively. Beijing Ultrapower Software Co., Ltd. was our new supplier in 2021, from whom we purchased RMB1.7 million in 2021. We believe that we maintain stable relationships with these providers. Although we expect to be able to obtain similar services from other third parties, if our arrangements with these providers were terminated, we may incur additional expenses in arranging for alternative services. For risks associated with our suppliers, see “Risk Factors – Risks Related to Our Business and Industry – Our business relies on the telecommunications and cloud infrastructure operated by third parties and any disruption of or interference with our use of such third-party services would adversely affect our business, results of operations and financial condition.” In addition, we also work with other cloud computing platforms for software development purposes, such as developing and testing new functions or enhancing our compatibility with other cloud environments.

We enter into service agreements with cloud service providers to purchase cloud computing, storage and networking resources. The key terms are set out below:

- **Term:** These agreements typically have a fixed term of one year and are automatically renewable upon expiration of the original agreement unless otherwise indicated.
- **Services:** The cloud service providers are required to provide cloud resources in accordance with the service level agreements promised by them, to offer customary technical support, and to provide APIs for us to integrate their services with our platform.
- **Fee:** The fees charged depend on the type and amount of cloud computing, storage and networking resources used.
- **Payment arrangement:** We typically pay service fees on a monthly basis via bank transfer.

BUSINESS

We are subject to a minimum purchase amount in exchange for discounted service fees. If the amount we pay for the cloud computing, storage and networking resources purchased does not meet the minimum purchase amount, we will be required to pay the minimum amount. We generally agree to a conservative minimum amount based on our historical usage amount and our purchase amount from our two suppliers had consistently exceeded the minimum amount during the Track Record Period. Once beyond the minimum amount, we pay for the computing resources we and our clients use based on the agreed per-unit prices. We work with industry-leading cloud service providers in China that possess large-scale cloud resources and utilize advanced technologies and sophisticated mechanisms to manage capacity. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any incident where the capacity of our cloud service providers is insufficient in meeting our clients’ demand.

During the Track Record Period and up to the Latest Practicable Date, we encountered one prolonged service interruption in June 2019, due to disruption in the service provided by Beijing Sinnet Technology Co. Ltd.. We voluntarily reduced the service fees of certain clients who were impacted by the disruption, which amounted to RMB311,117.5. The incident motivated us to transition to our active-active dual cloud architecture, which significantly improved our system’s fault tolerance. For details of the incident, see “Risk Factors – Risks Related to Our Business and Industry – Our business relies on the telecommunications and cloud infrastructure operated by third parties and any disruption of or interference with our use of such third-party services would adversely affect our business, results of operations and financial condition.”

The cloud services industry in the PRC is highly regulated. For example, as of the Latest Practicable Date, multiple municipal and provincial governments in the PRC had released plans or taken actions to establish “state-owned clouds” (國資雲) (“**State-Owned Public Cloud Platforms**”), including Shenzhen City, Chongqing City, Suzhou City, Sichuan Province and Zhejiang Province. According to the CIC Report, under the relevant policies, SOEs supervised by the relevant local state-owned assets supervision and administration commissions are expected to migrate their IT infrastructure to State-Owned Public Cloud Platforms, in lieu of public cloud platforms operated by private enterprises (“**Privately-Owned Public Cloud Platforms**”). This is in line with the trend of digitalization and increasingly stringent data security requirements for SOEs advocated in several policies issued by SASAC, including the Three-year Action Plan for SOEs’ Reform (2020-2022) (《國企改革三年行動方案(2020-2022年)》), the Notice on Accelerating the Digital Transformation of SOEs (《關於加快推進國有企業數字化轉型工作的通知》) and the Notice on Further Promoting the Establishment of State-owned Assets Supervision Framework (《關於進一步推動構建國資監管大格局有關工作的通知》). According to the CIC Report, it is likely that similar policies will be implemented in other municipalities and provinces in the PRC.

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According to the CIC Report, State-Owned Public Cloud Platforms are multi-tenant public cloud computing platforms owned and operated by entities controlled by state-owned assets supervision and administration commissions at the provincial or municipal level. They exclusively provide services to SOEs. In contrast, Privately-Owned Public Cloud Platforms may be owned and operated by any entities, and their customers are not limited to SOEs. Even though State-Owned Public Cloud Platforms are owned and operated by SOEs, their architecture is expected to be similar to existing Privately-Owned Public Cloud Platforms. For example, based on publicly available information, the State-Owned Public Cloud Platforms used in Sichuan Province and Zhejiang Province are based on the technology platform of a Privately-Owned Public Cloud Platform.

During the Track Record Period and up to the Latest Practicable Date, none of our SOE clients had requested us to deploy our solutions on State-Owned Public Cloud Platforms or have turned to use State-Owned Public Cloud Platforms without engaging us. We believe that the implementation of such policies will in general have a positive impact on our business and the cloud-based customer contact solutions industry, in particular the public cloud customer contact solutions industry, in the PRC, for the following reasons:

- According to the CIC Report, such policies may negatively impact providers of Privately-Owned Public Cloud Platforms as they may no longer directly contract with SOEs affected by such policies. However, such policies do not affect public cloud customer contact solutions providers, such as us, who can deploy their solutions in any public cloud environments at the choice of their clients as long as such public cloud computing platforms are compatible with their systems. On the contrary, such policies are likely to accelerate the trend of digitalization and increase the penetration of public cloud customer contact solutions adopted by SOEs. According to the CIC Report, currently a vast majority of SOEs use on-premise customer contact solutions or solutions deployed in private clouds. Such policies will encourage SOEs to increasingly adopt public cloud solutions delivered via the SaaS model or VPC model.
- We believe that we, as the market leader in the public cloud customer contact solutions industry, are likely to benefit from such policies. According to the CIC Report, since the development of State-Owned Public Cloud Platforms is still at an early stage, there exist uncertainties as to their impact on cloud-based customer contact solutions providers of different sizes. According to the same source, leading public cloud customer contact solutions providers are expected to have a higher success rate in winning a place in the application marketplaces of State-Owned Public Cloud Platforms due to their proven track record, robust technology capabilities and comprehensive security mechanism, while long-tail providers may have difficulties in overcoming the entry barriers. In 2019, 2020 and 2021, our revenue attributable to SOEs who were our key accounts amounted to RMB45.4 million, RMB60.0 million and RMB63.1 million, respectively, accounting for 13.6%, 17.0% and 15.7% of our total revenue. We believe that such policies present opportunities for us to attract more SOE clients.

BUSINESS

- We enjoy a competitive edge in terms of our platform’s cross-cloud compatibility. One of our key strategy is to further grow our VPC model. Our VPC clients may choose to deploy our solutions in a variety of cloud environments. We have been making efforts to increase the adaptability of our solutions to different cloud environments. Through containerization, our key functional modules will be easily assembled and deployed in different clouds and only small-scale customizations are required for different cloud platforms. While, in our SaaS model, our platform is primarily deployed on two Privately-Owned Public Cloud Platforms, our platform has been deployed on various cloud platforms per clients’ requests in the VPC model and we have successfully tested the compatibility of our platform with other major cloud computing platforms. Given that the key enabling technologies and architecture of cloud computing platforms are similar, we believe that we will not encounter material difficulties in integrating our platform with State-Owned Public Cloud Platforms.

Based on the foregoing, we believe that such policies had not had a material adverse impact on our business operations and financial performance as of the Latest Practicable Date and are not expected to have a material adverse impact in the foreseeable future.

Telecommunications Services

We cooperate with major telecommunications companies in China to jointly provide our clients and their customers with network services on demand. We primarily procure five types of telecommunication services from our suppliers, namely internet broadband, internet data centers (IDC), voice services, telephone numbers and dedicated leased lines, which are telecommunications circuit between different data centers. Among the telecommunication resources we purchase, voice minutes are largely variable in nature as we pay for what we use when the usage amount exceeds the minimum purchase requirement; internet broadband, IDCs, dedicated leased lines and telephone numbers are largely fixed in nature, as we pay for what we contract to rent or subscribe.

We enter into framework service agreements with telecommunications companies. The key terms are set out below:

- **Term:** These agreements typically have a fixed term of one year and are automatically renewable upon expiration of the original agreement unless otherwise indicated.
- **Fee:** The fees charged depend on usage of bandwidth, voice and other services.
- **Payment arrangement:** We are typically provided a credit term of 30 days. We make payments via bank transfer.

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In addition, telecommunications companies require real-name registrations from its network users in accordance with PRC laws. For detailed information about the relevant regulations, see “Regulations – Regulations Relating to Value-added Telecommunication Services – Telecommunication network information service.” To comply with such regulations, in our service agreements we require our clients to provide real-name verification materials for telecommunications companies through written agreements or undertakings.

INTELLECTUAL PROPERTY

Our copyrights, patents, trademarks, trade secrets, domain names and other intellectual property are critical to our business. We rely on a combination of intellectual property laws, unfair competition laws, nondisclosure agreements and other protective measures to protect our intellectual property rights. To protect our intellectual property rights, we strive to make timely registration, filing and application for intellectual property rights. Further, we require our employees to enter into standard employment contracts that include clauses acknowledging that all inventions, trade secrets, developments and other processes generated by them during their employment with us are our properties, and assigning to us any ownership rights that they may claim in those works.

We intend to protect our intellectual property rights vigorously, but there can be no assurance that our efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See “Risk Factors – Risks Related to Our Business and Industry – We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from any unauthorized use of our technologies” and “– We may be subject to claims by third parties for intellectual property infringement.”

As of the Latest Practicable Date, we had registered 49 software copyrights, 11 issued patents, 56 trademarks and 37 domain names, including www.ti-net.com.cn. For detailed information about our material intellectual property rights, see “Appendix IV. Statutory and General Information – B. Further Information about our Business – 2. Intellectual Property Rights of our Group.”

We use software licensed from third parties, primarily including regular office software, software for text-to-speech and ASR functions, software for searching, monitoring, and analyzing data, software for managing development workflows and software for team collaboration.

As of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties’ intellectual property rights in the PRC.

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SALES AND MARKETING

Sales

We sell our portfolio of solutions primarily through our in-house direct sales force with extensive professional experience and substantial knowledge about our solutions and technologies. As of December 31, 2019, 2020 and 2021, our sales team consisted of 97, 121 and 136 employees, respectively. Our sales force is specialized by client region, size, and vertical sector and serves national and regional clients from offices in Beijing, Shanghai, Shenzhen, Guangzhou and Nanjing. Our sales model consists of a dedicated sales team that sells our solutions into larger opportunities primarily through continuous high-touch interactions with clients' key decision makers and a team that sells our solutions into smaller opportunities primarily through client referrals and lead conversion. We intend to further expand our sales force to drive new business opportunities.

To a lesser extent, we also use third-party agents to increase our sales, to whom we pay commission for client referrals. In 2019, 2020 and 2021, we worked with 20, 21 and 36 third-party agents, respectively, which mainly consist of software sales, marketing and consulting agencies of various scale of operations. We are usually directly approached by third-party agents who know clients that need customer contact solutions but are unfamiliar with the major providers in the industry. We pay third-party agents commission expenses in exchange of such client resources. In 2019, 2020 and 2021, we paid commission expenses of RMB6.9 million, RMB5.0 million and RMB4.6 million to our third-party sales agents, respectively. During the same periods, according to our management accounts, our revenue attributable to third-party agents amounted to RMB67.9 million, RMB61.4 million and RMB114.2 million, respectively, accounting for 20.3%, 17.4% and 28.4% of our total revenue. During the same periods, the average commission rate charged by our third-party agents, calculated by dividing our commission expenses for the relevant period by the revenue attributable to third-party agents for the same period, was 10.1%, 8.1% and 4.0%, respectively. During the Track Record Period, the commission rate charged by our third-party agents for the referral of one client, calculated by dividing the commission paid for the referral during the relevant period by the revenue generated from the referred client for the same period, typically ranged between 1.0% and 18.8%. According to the CIC Report, the main methods we and our industry peers use in determining commission fees are similar. According to the same source, generally the commission rate charged by third-party agents to cloud-based customer contact solutions providers will not exceed 30%, which is consistent with the range of commission rates paid by us during the Track Record Period. Based on advice from CIC, we believe that the charging basis of the commission expenses was in line with the industry norm and the range of commission expenses payable are similar to those paid by our industry peers. The key terms of our agreements with our third-party sales agents include:

- Duration of the agreement: We typically enter into one-year agreements with our third-party sales agents.

BUSINESS

- Pricing terms: The commission expenses charged by third-party sales agents are negotiated on a case-by-case basis. The commission expenses may be based on i) a predetermined fee multiplied by the number of agent seats subscribed by the client referred to us, ii) a percentage of the revenue generated from the referred client during a predetermined period, or iii) a percentage of the recurring revenue generated from the referred client. We may also pay a negotiated lump sum fee for the referral.
- Payment terms: We are required to pay the agreed commission after we enter into service agreements with the referred clients and upon receipt of invoice.
- Credit terms: We are typically granted a credit term of 30 days to 90 days.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than 5% of our issued share capital) had any interest in any of our third-party sales agents. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, none of the third-party agents or their respective shareholders, directors or subsidiaries had any other relationship, transaction, agreement, arrangement or understanding with us, our affiliates, shareholders, directors or senior management, or any of their respective associates.

In addition, we leverage the word-of-mouth referrals by our existing clients and partners to achieve organic client acquisition and to expand our market presence in a cost-efficient manner. For example, since many of our clients are large conglomerates who own a portfolio of companies, they may connect us with their subsidiaries and affiliates.

In an effort to better anticipate and respond to our clients' needs, we require and foster the collaboration between our sales team and research and development team to improve existing solutions and develop additional functionalities to meet client needs.

Marketing

Our strong brand recognition has been an important driving force for our sales. To strengthen our brand, we invest in both online and offline marketing. We execute our online marketing strategy and generate sales leads through both search engine marketing (SEM) and search engine optimization (SEO). We work with major search engines in China to increase our visibility in search engine results pages. Based on in-depth marketing research, we include a wide range of keywords in our SEM campaigns to cover all of our solution offerings. In addition, we implement a number of SEO techniques to improve the quality and quantity of website traffic from search engines. For example, we frequently update and post contents to our official websites, and make sure that the published contents contain pre-determined keywords. We also collaborate with reputable websites and platforms to promote our websites and increase our ranking. Leveraging our in-depth understanding of the relevant computer algorithms, we make our websites crawler friendly so that new contents can be discovered and indexed by the search engines. We also participate in and sponsor seminars, conferences and special events to raise our profile with potential clients.

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In 2019, 2020 and 2021, our selling and distribution expenses amounted to RMB44.2 million, RMB50.4 million and RMB71.3 million, respectively, representing 13.2%, 14.2% and 17.7% of our total revenue during the same periods.

COMPETITION

The cloud-based customer contact solutions industry in China is fragmented and highly competitive. We compete with other cloud-based customer contact solutions providers and large legacy technology vendors that offer on-premise contact center systems. Additionally, vendors that historically provided other services and technologies, such as cloud service providers and telecommunications companies, may expand to offer cloud-based customer contact solutions. We face competition in various aspects of our business, including, among others, the comprehensiveness and adaptability of solutions, brand recognition, ability to continuously innovate services and solutions, and vertical expertise in developing industry-specific solutions. Leveraging our robust technological capabilities, proven go-to-market strategies, and a broad, high-quality and loyal client base, we believe we are positioned favorably in market competition. See “– Our Competitive Strengths.” With the introduction of new technologies and entry of new market participants, we expect competition to continue to intensify in the future. If we do not compete effectively, our operating results could be harmed. See “Risk Factors – Risks Related to Our Business and Industry – The market in which we participate is highly competitive, and if we do not compete effectively, our operating results could be harmed.” For more information on the competitive landscape of our industry, see “Industry Overview.”

In addition, we also face competition for highly skilled personnel, including management, software engineers and product managers. Our growth depends in part on our ability to retain our existing personnel and attract additional highly skilled employees. See “Risk Factors – Risks Related to Our Business and Industry – We depend on our senior management team and the loss of one or more key employees or an inability to attract and retain highly skilled employees could harm our business.”

HEALTH, WORK AND SAFETY

We do not operate any production facilities. Therefore, we are not subject to significant health, work or safety risks. To ensure compliance with applicable laws and regulations, our human resources department would, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, work or safety regulations and have not had any accident or claim for personal or property damage by our employees which had materially and adversely affected our financial condition or business operations.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations.

While our business operations do not produce pollutants that directly affect the environment, we have implemented internal policies to reduce our environmental impact and carbon footprint, including:

- sending daily energy-saving reminders to employees, which urge them to turn off indoor lights, electronic equipment and air conditioning in time after leaving the meeting room and before getting off work;
- imposing temperature controls for air conditioning;
- setting up a wastebasket to recycle paper that can be reused (such as those with only one side used);
- encouraging the use of online system for internal examination and approval and reducing the use of paper documents;
- conducting regular trainings on the foregoing requirements for electricity and paper saving;
- setting up waste sorting bins and conducting waste classification training; and
- putting in place a battery recycling container for used batteries to prevent pollution.

We are committed to corporate responsibility projects, both through charitable endeavors and by extending the benefits of our ecosystem to the society at large. In the fight against COVID-19 pandemic in China, we assisted a technology giant to launch an intelligent outbound call system. For details, see “– Our Offerings – ContactBot Solutions.” In February 2020, we also made a donation of RMB551,600 to a charitable organization in Hubei to assist with the COVID-19 relief efforts.

We are committed to cultivating a collaborative company culture that inspires teamwork. We value the contribution of each employee in different roles and strive to provide a fair and balanced compensation scheme that provides proper incentives. We want our employees to treat each other with care and respect and to feel cared and respected. We continue to foster a positive working atmosphere while enhancing equal job opportunities for all.

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We continuously invest in the training and career development of our employees. We have established a comprehensive training and development system covering corporate culture, employee rights and responsibilities, job performance, technical skills and safety management. We also support the health and well-being of our employees by, among other measures offering free annual health checkups.

Our Board of Directors has the collective responsibility for formulating, adopting and reviewing our environmental, social and corporate governance (“ESG”) vision, policy and target, and evaluating, determining and addressing our ESG-related risks at least once a year. Our Board of Directors may assess or engage independent third party(ies) to evaluate our ESG risks and review our existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate the risks.

RISK MANAGEMENT AND INTERNAL CONTROL

We face a variety of risks in our daily business operations, including operational risk, legal and compliance risk, financial reporting risk, human resource risk, credit risk and internal audit risk. We have established risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems. Our Chief Financial Officer is responsible for overseeing risk management activities. Our management proactively monitors the risks we are faced with and ensures our risk management policies and protocols are effectively implemented.

We have adopted and implemented the following risk management policies and protocols.

Operational Risk Management

We are faced with operational risks relating to our daily operations, which primarily arise from inadequate or failed internal controls and systems, human errors, IT system failures or external events. We consider these operational risks to be the key risks in our business and believe that, with adequate operational policies and procedures, these inherent risks can be controlled and mitigated. We developed a robust risk management system monitoring and addressing risks in our daily operations, such as the management of (1) our internal financial records, (2) company chops, seals and signatures, (3) key properties, and (4) business files.

To ensure the continuity of our business, we have put in place contingency plans for detecting and responding to emergency incidents. In the event of an emergency incident, our contingency plans set out prescribed response protocols applicable to our various business units. We continue to assess the effectiveness of our contingency plans, and would perform reviews after each emergency incident to identify potential areas for improvement. We also conduct regular emergency response drills to ensure our employees are familiar with our response protocols.

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Legal and Compliance Risk Management

Our business is subject to regulation and supervision by national, provincial and local government authorities with regard to our business operations, which may be subject to changes. For further details on the applicable laws and regulations in relation to our business operations, see “Regulations” of this document. If we fail to comply with these laws and regulations, we may be required to rectify and may incur penalties and losses. During the Track Record Period, we had not been challenged for any material non-compliance incidents by any regulatory authorities.

In addition, we have strengthened our legal and compliance risk management by:

- establishing anti-money laundering and anti-corruption reporting system and anti-fraud system;
- monitoring legal updates, including updates on the interpretation of applicable laws and regulations by relevant regulatory authorities and update our internal protocols and procedures in a timely manner; and
- reiterating the importance of adherence to our operational protocols and procedures to our employees and, in particular, new employees, to ensure effective implementation of our operational protocols and procedures.

We are subject to anti-bribery and anti-corruption laws in China and other jurisdictions we may expand into in the future. We have in place an anti-bribery and anti-corruption policy to safeguard against relevant risks. The policy explains potential bribery and corruption conduct and our anti-bribery and corruption measures. Improper payments prohibited by the policy include bribes, kickbacks, excessive gifts or facilitation payment, or any other payment made or offered to obtain an undue business advantage. We keep accurate books and records that reflect the substance of transactions and asset dispositions in reasonable detail. We will not approve the transactions or payment if the books and records do not reflect the substance of transactions. We plan to hold regular trainings for employees regarding anti-bribery and anti-corruption policy in the future to facilitate better implementation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any bribery or corruption incident involving us or our employees.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policy, budget management policy, treasury management policy, financial statements preparation policy and finance department and staff management policy. We have various procedures and IT systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular trainings to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

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Human Resources Risk Management

We provide regular and specialized trainings tailored to the needs of our employees in different departments. Our human resource department regularly organizes internal training sessions conducted by senior employees or outside consultants on topics of interest. Our human resource department schedules online trainings, reviews the content of the trainings, follows up with employees to evaluate the impact of such trainings and rewards lecturers for positive feedback they receive. Through these trainings, we ensure that our staff’s skill sets remain up-to-date, enabling them to better meet clients’ needs.

We have in place an employee handbook and a code of conduct approved by our management and have distributed them to all our employees. The handbook contains internal rules and guidelines regarding work ethics, fraud prevention mechanisms, negligence and corruption. We provide employees with regular trainings, as well as resources to explain the guidelines contained in the employee handbook.

Credit Risk Management

We face credit risks primarily arising from solutions delivered in the VPC model to the extent that our clients fail to perform their payment obligations as provided in the service agreements. We address such credit risks by carefully evaluating the credit profiles, liquidity position and market reputation of potential clients. We are not subject to material credit risks associated with our SaaS model because clients for our SaaS model usually prepay for our services or settle payments with us on a monthly basis.

Internal Audit

We have established an audit committee to monitor the implementation of our risk management policies across our company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The audit committee consists of three members, namely Mr. LI Zhiyong (李志勇), Mr. LI Pengtao (李鹏涛) and Ms. WENG Yang (翁阳) (“**Ms. Weng**”), all of whom are independent non-executive Directors. Mr. LI Zhiyong is the chairman of the audit committee. For the professional qualifications and experiences of the members of our audit committee, see the section headed “Directors and Senior Management” in this document.

We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee and senior management on any issues identified. Our internal audit department members are required to report to management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the audit committee to ensure that any major issues identified are channeled to the committee on a timely basis. The audit committee then discusses the issues and reports to the board of directors, if necessary.

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EMPLOYEES

As of December 31, 2019, 2020 and 2021, we had 268, 366 and 452 full-time employees, respectively.

The following table sets forth the number of our employees by function as of December 31, 2021:

<u>Functional Area</u>	<u>Number of Employees</u>	<u>% of Total</u>
Research and development.	<u>211</u>	<u>46.7</u>
Sales.	<u>136</u>	<u>30.1</u>
Operations.	<u>73</u>	<u>16.2</u>
Management	<u>32</u>	<u>7.1</u>
Total	<u>452</u>	<u>100.0</u>

The following table sets forth the number of our employees by geographical location as of December 31, 2021:

<u>Geographical Location</u>	<u>Number of Employees</u>	<u>% of Total</u>
Beijing	<u>225</u>	<u>49.8</u>
Nanjing.	<u>154</u>	<u>34.1</u>
<u>Shanghai</u>	<u>32</u>	<u>7.1</u>
<u>Shenzhen</u>	<u>21</u>	<u>4.6</u>
Guangzhou	<u>11</u>	<u>2.4</u>
Other ⁽¹⁾	<u>9</u>	<u>2.0</u>
Total	<u>452</u>	<u>100.0</u>

(1) Includes employees located in Shanxi, Henan, Shandong and Sichuan Province.

Our success depends on our ability to attract, retain and motivate qualified personnel. We believe we offer our employees competitive compensation packages and an environment that encourages initiative. Our recruiting efforts include online recruiting, internal referral and, to a lesser extent, on-campus recruiting and use of professional recruiters. We provide regular trainings and reviews for our employees to enhance their performance.

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As required by regulations in China, we participate in various government statutory employee benefit plans, including social insurance funds, namely a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund. We are required under PRC law to contribute to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees up to a maximum amount specified by the local government from time to time. During the Track Record Period, as advised by our PRC Legal Adviser, we complied with all material aspects of these requirements and were not subject to any material administrative fines or penalties.

We enter into standard labor contracts with our employees. We also enter into standard confidentiality and non-compete agreements with our senior management and key technical employees.

Our employees are not currently represented by any labor union. We believe that we maintain a good working relationship with our employees, and we have not experienced any material disputes with our employees in our history.

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations. As advised by our Industry Consultant, our insurance coverage is in accordance with the commercial practices in our industry. We participate in various government-sponsored employee benefit plans as required by PRC laws and regulations, including certain social insurance obligations. For details, see “– Employees.” In line with general market practice, we do not maintain insurance policies covering damages to our network infrastructures, information technology systems or property. We also do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain product liability insurance or key-man insurance, none of which is mandatory under PRC laws and regulations. The occurrence of any events not covered by our limited insurance coverage may result in interruption of our operations and subject us to significant losses or liabilities. See “Risk Factors – Risks Related to Our Business and Industry – We may not have insurance coverage to protect us from potential losses.”

PROPERTIES

Our corporate headquarters and principal place of business are located at 28-29/F, No. 1 Building, 2nd Compound, Ronghua South Road, Beijing Economic and Technological Development Zone, Beijing, China. We maintain additional offices in China in Nanjing, Shanghai, Guangzhou and Shenzhen. These offices are leased from third parties, and we do not own any real property. Our office leases generally have terms ranging from one to three years and may be renewed upon expiration of the lease terms.

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The following table sets forth a summary of properties leased by us as of the Latest Practicable Date:

<u>Location</u>	<u>Usage</u>	<u>GFA</u> <i>(sq.m.)</i>	<u>Lease Term</u>	<u>Expiry Date</u>
Beijing	Office	1,392.37	5 years	November 20, 2023
Beijing	Office	413.81	3 years and 7 months	November 20, 2023
Beijing	dormitory	121.10	2 years	November 14, 2022
Nanjing	Office	815.00	2 years and 2 months	October 31, 2022
Shanghai	Office	<u>405.6</u>	<u>2 years and</u> <u>10 days</u>	<u>April 30, 2024</u>
<u>Shanghai</u>	<u>Office</u>	<u>176.6</u>	<u>2 years and</u> <u>10 days</u>	<u>April 30, 2024</u>
Guangzhou	Office	205.00	2 years	May 24, <u>2024</u>
Shenzhen	Office	186.92	1 year	December 31, 2022
<u>Chengdu</u>	<u>Office</u>	<u>238.77</u>	<u>2 years</u>	<u>April 21, 2024</u>

As of the Latest Practicable Date, we entered into nine lease agreements for our leased properties and eight of them had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. These properties are primarily used as our offices. We consider two leased properties in Beijing, with a GFA of 1,392.37 and 413.81 square meters, respectively, to be material to our business since they are where our headquarters are located. Our PRC Legal Adviser has advised us that failure to complete the registration and filing of lease agreements will not affect the validity of such leases or impede our use of the relevant properties but could result in fines of up to RMB10,000 per leased property that is unregistered if we fail to rectify such noncompliance within the time frame prescribed by the relevant authorities. As of the Latest Practicable Date, we were not aware of any notice or allegation of penalty from PRC government authorities for our failure on the registration of lease agreements.

Further, as of the Latest Practicable Date, the lessors of three of our leased properties, including the two leased properties in Beijing which we consider to be material to our business, failed to provide us with valid property ownership certificates, and our leased property interests under such properties may be defective. These properties are primarily used as our offices. If such lessors do not have the relevant property ownership certificates, the relevant rightful title holders or other third parties may challenge our use of such leased properties, and we may be forced to vacate these properties and be required to seek alternative properties for lease or choose to terminate the lease earlier while bearing the penalty of early termination under the lease. As of the Latest Practicable Date, the relevant lessors had provided with us

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authorization documents evidencing their rights to lease the properties to us, and we were not aware of any challenge made by a third party or competent government authority on the titles of any of these leased properties that might affect our current occupation. We believe that there are alternative properties at comparable rental rates readily available on the markets where our leased properties are located at and the estimated total relocation cost and time will not be material. Given the nature of our business, we believe that in the event that the relevant rightful title holders or other third parties challenge our use of such leased properties and we are required to move, we are able find suitable alternative properties within the proximate area, without incurring substantial additional costs nor imposing any material adverse effect on our business, financial condition and results of operations. If such claim or challenge raised by any other third parties, we may claim damages for breach of contract against the lessors based on relevant lease agreements and the PRC Civil Code. Our PRC Legal Adviser has advised us that the lack of valid property ownership certificates will not have a material and adverse effect on our business operations.

For risks related to our lease defects, see “Risk Factors – Risks Related to Our Business and Industry – Legal defects regarding some of our leased properties may adversely affect our business, financial condition and results of operations.”

LEGAL PROCEEDINGS

From time to time, we are subject to legal proceedings, investigations and claims incidental to the conduct of our business. For risks and uncertainties relating to such legal proceedings, please see “Risk Factors – Risks Related to Our Business and Industry – We may be subject to legal proceedings or arbitration claims in the ordinary course of our business, and the court ruling or arbitration award may not be favorable to us.”

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

COMPLIANCE

Our PRC Legal Adviser is of the opinion that, during the Track Record Period and up to the Latest Practicable Date, we had complied with relevant PRC laws and regulations in all material respects, and obtained all material requisite licenses and approvals from relevant governmental authorities for our operations in the PRC.

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The following table sets forth the material licenses and permits currently held by us.

Holder	Certificate/License/Permit	Latest Grant Date	Expiration Date
T&I Net Communication	VAT License (增值電信業務經營許可證), covering internet data center business (limited to internet resource collaboration services) and domestic contact center business	November 5, 2021	November 5, 2026
Xinfeng Information Technology	VAT License (增值電信業務經營許可證), covering internet data center business (limited to internet resource collaboration services) and domestic contact center business	February 25, 2019	February 25, 2024
Shanghai Tianrun Rongtong	VAT License (增值電信業務經營許可證), covering internet data center business (limited to internet resource collaboration services) and domestic contact center business	January 29, 2019	January 29, 2024
Xunchuan Rongtong Technology	VAT License (增值電信業務經營許可證), covering internet data center business (limited to internet resource collaboration services) and domestic contact center business	June 12, 2019	November 28, 2023
Guanxun Information Technology	VAT License (增值電信業務經營許可證), covering internet data center business (limited to internet resource collaboration services) and domestic contact center business	February 25, 2019	February 25, 2024