

SUMMARY

BUSINESS OVERVIEW

We were the largest domestic intelligent CRM services provider in the PRC with a market share of 15.9% in 2020 in terms of revenue according to the Frost & Sullivan Report. Leveraging our cloud and multi-touch communication (communication network which facilitates the interaction between enterprises and customers in various forms of connection, such as, online, offline, business and social), Artificial Intelligence (the "AI") and Data Intelligence (the "DI") capabilities, we provide our clients with comprehensive intelligent CRM services covering their all channels and entire business cycle and paving the way for their business. Our multi-touch communication capability is capable of facilitating the interaction between enterprises and their customers in various form of connection, such as offline, online, business and social. Additionally, in relation to our AI and DI capabilities, we have developed computer vision related AI recognition engines based in machine learning, deep learning, image segmentation and Optical Character Recognition (the "OCR"), and an intelligent decision algorithm that can be based on DI utilised in AI camera. We are a leader in the intelligent CRM services industry with more than 10 years of history. With decade-long in-depth industry knowledge and expertise, as well as our well developed product development platform, we can quickly respond to the complex and evolving clients' demands and develop new solutions and enhanced features to meet their needs. Our cloud-based solutions are developed by our research and development team. We strive to help our clients to achieve customer acquisition and to enhance the connection between our clients and their customers, and have established our brand reputation especially in Fast Moving Consumer Goods (the "FMCG"), financial, Technology, Media, Telecom (the "TMT") and public utility entities and government organisations (the "Government-related") industries. We were ranked first, first and third in financial, TMT and Government-related industries, respectively, in terms of revenue in 2020 in the intelligent CRM services market in the PRC according to the Frost & Sullivan Report. Our high-quality client base includes leading players across many large scale and high-growth industries, such as FMCG, financial, TMT and Government-related industries. For the FMCG industry, we covered 22 and 20 of the top 100 players^(Note 1) in the food^(Note 2) and beverage segments^(Note 3), and 16 and 10 of the top 100 players^(Note 1) in the commodity and Chinese liquor segments, respectively, in 2020. For the financial industry, we covered 26 of the top 100 players^(Note 1) in the banking segment and 21 of the 138 regulated security companies, respectively, in 2020. For the TMT industry, we covered 21 and 14 of the top 100 players^(Note 1) in the internet and software segments, respectively, in 2020.

Notes:

- (1) Top 100 players refer to top 100 enterprises in terms of revenue in various segments within an industry.
- (2) The food segment covers all aspects of food production and sale.
- (3) The beverage segment covers all aspects of beverage production and sale.

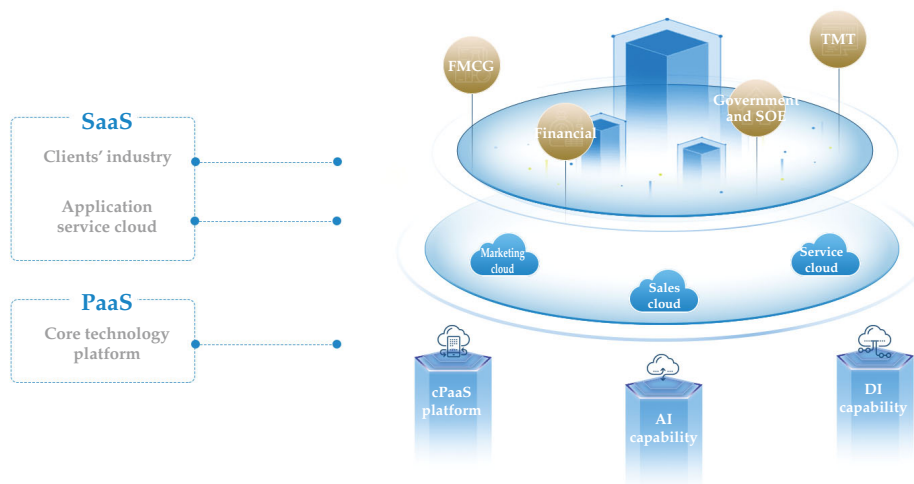
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Our growth opportunity

The market size of the intelligent CRM services market was RMB5.0 billion in 2020 and is expected to reach RMB33.7 billion in 2025. With the development of cloud communication facilities, increasing number of internet users, and strong demand from downstream users, the intelligent CRM services market has experienced tremendous growth in recent years. The total addressable market (the "TAM") of the intelligent CRM services market increased from RMB20.2 billion in 2016 to RMB50.0 billion in 2020, representing a CAGR of 25.5%. In the future, the TAM of the intelligent CRM services market is expected to increase to RMB224.8 billion in 2025, representing a CAGR of 35.1% from 2020. For details, please refer to the section headed "Industry Overview" in this [REDACTED].

Our services and business model

As a leader in the intelligent CRM services industry, we have accumulated in-depth industry experience and expertise, which enable us to develop our comprehensive intelligent CRM services. Our comprehensive intelligent CRM services enable us to accommodate the disparate demands of a broad range of clients across public cloud, private cloud and hybrid cloud (i.e. both public and private cloud), and to capture complex and evolving client demands by developing new services and enhancing features of existing services.



Our comprehensive intelligent CRM services can be grouped into two categories: (i) CRM Platform as a Service (PaaS) services ^(note 1); and (ii) CRM Software as a Service (SaaS) services ^(note 2). We primarily sell and market our intelligent CRM services through our inhouse direct sales forces and we generally charge by usage based fee, platform subscription fee, implementation fee and service fee.

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Notes:

- (1) According to the NIST, PaaS is defined as "The capability provided to the consumer is to deploy onto the cloud infrastructure consumer-created or acquired application created using programming languages, libraries, services and tools supported by the provider. The consumer does not manage or control the underlying cloud infrastructure including network, servers, operating systems, or storage, but has control over the deployed applications and possibly configuration settings for the application-hosting environment."
- (2) According to the National Institute of Standards and Technology (the "NIST"), SaaS is defined as "The capability provided to the consumer is to use the provider's applications running on a cloud infrastructure. The applications are accessible from various client devices through either a thin client interface, such as a web browser (e.g., web-based email), or a program interface. The consumer does not manage or control the underlying cloud infrastructure including network, services, operating systems, storage, or even individual application capabilities, with the possible exception of limited user-specific application configuration settings."

With cPaaS platform as a service at the core, our CRM PaaS services encompass various composable functional modules to empower our clients with consolidated communications capabilities mainly in the form of easily-deployed application programming interfaces (the "APIs") and software development kits (the "SDKs"). The various composable functional modules includes voice and text verification code module, notification text and call module, hidden-number module, which allows our clients to access and utilise our communication capabilities in an easy, efficient and flexible way which suits their communications needs without incurring enormous costs in establishing and maintaining their own communication infrastructure. For details, please refer to the paragraph headed "Business — Our services — CRM PaaS services" in this [REDACTED]. Our CRM SaaS services comprise Marketing Cloud solution, Sales Cloud solution and Service Cloud solution, which integrate the traditional CRM functions with cloud, upgraded and encapsulated communication capabilities as well as AI and DI capabilities to offer our client with a one-stop cloud-based intelligent CRM services throughout their entire business cycle, from initial marketing to after-sales services. Our Marketing Cloud solution allows one-stop dissemination of marketing messages across telecommunication and/or social channels (i.e. SMS, MMS, voice message, WeChat message and email) locally and without installing any additional software or APP. It allows clients to access our strong communication capability with low maintenance and installation costs. Our Sales Cloud solution allows clients to monitor their entire sales process, including research and development, production, sales and after-sales processes, which can be translated into actual growth in their brand or products; or to establish all-channel marketing and sales system in multiple respects: Digitalising the sales process, synchronising and managing orders through different channels, monitoring the marketing expenditure in a closed-loop, and promoting sales in a regulated manner, which enables our clients to monitor and control all their sales data, thus sharpens their core competitive edges and boosts their sales growth. Our Services Cloud solution is a centralised interface connected to various customer service channels with intelligent quality inspection function which is developed to enhance the level of service quality by voice recognition, semantic analysis and big data processing technology. This one-stop solution can help enhancing our clients' abilities on cloud-voice related customer service. For details, please refer to the paragraph headed "Business — Our services — CRM SaaS services" in this [REDACTED].

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Our CRM PaaS and CRM SaaS services help our clients to manage their entire business cycle's operation, i.e. products display, order fulfilment, all-channel marketing, membership program management and business analytics and reporting, in a more efficient and effective way. With our comprehensive services matrix and feature-rich solutions, we can accommodate the disparate demands of a broad range of clients across public cloud ^(Note 1), private cloud ^(Note 2) and hybrid cloud ^(Note 3). We develop the underlying platforms of our CRM PaaS services and CRM SaaS services base on the cloud service platform provided by cloud service providers.

Notes:

- (1) Public cloud is cloud computing that's delivered via the internet and shared across different organisations.
- (2) Private cloud is cloud computing that is dedicated solely to one organisation.
- (3) Hybrid cloud is any environment that uses both public and private clouds.

MISSION

Our mission is to empower enterprises to achieve customer-centric digital and intelligent transformation through our intelligent CRM services.

OUR COMPETITIVE STRENGTHS

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

- Leader in the intelligent CRM services industry;
- Our comprehensive intelligent CRM services with multi-touch communication capabilities covering clients' all channels and entire business cycle;
- A highly scalable business model with industry-leading performance;
- Strong product development and technology abilities; and
- Committed, experienced and insightful founders and management team.

For details, please refer to the paragraph headed "Business — Our competitive strengths" in this [REDACTED].

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OUR GROWTH STRATEGIES

We aim to strengthen our position as a leader in the intelligent CRM services industry in the PRC in the face of both existing and new competitors. We seek to continue to increase our market share and brand awareness by implementing the following strategies:

- Develop and expand our client base by ongoing cultivation and vertical expansion in the key industries;
- Strengthening and extending our CRM SaaS services by continuous innovation and iteration;
- Continue to invest in technology and infrastructure; and
- Pursuing strategic investments and acquisitions.

OUR CLIENTS AND SUPPLIERS

Our clients

Our clients primarily consist of companies in the FMCG, financial, TMT and Government-related industries. For the three years ended 31 December 2021, our top five clients accounted for 28.3%, 34.8% and 34.2%, respectively, of our revenue during the same period. For more details, please refer to the paragraph headed "Business — Our clients" in this [REDACTED].

Our suppliers

Our suppliers mainly consist of major telecommunication network operators and suppliers of cloud computing servers. For the three years ended 31 December 2021, our top five suppliers accounted for 81.6%, 85.7% and 86.1%, respectively, of our cost of sales during the same periods. For details, please refer to the paragraph headed "Business — Our suppliers" in this [REDACTED].

OVERLAPPING CLIENTS AND SUPPLIERS

During the Track Record Period, three of our top five clients were also our suppliers and five of our top five suppliers were also our clients. None of our Directors, their respective close associates, or any Shareholder who, to the best knowledge of our Directors, owns more than 5% of our issued capital nor did they have any interest in each of these overlapping clients and suppliers during the Track Record Period. For further details, please refer to the section headed "Business — Overlapping clients and suppliers" in this [REDACTED].

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SEASONALITY

Our business is subject to seasonality and we typically record lower revenue during the first quarter of the year as compared to the remaining of the year. As advised by Frost & Sullivan, the intelligent CRM services industry in the PRC is subject to the seasonality of consumer spending and corresponding marketing trends. Intelligent CRM services providers typically generate lower revenue in the first quarter than other quarters, mainly due to slower and postponed spending or purchase of intelligent CRM products and services as a result of holidays such as Chinese lunar new year in the first quarter.

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in "Risk Factors" in this [REDACTED]. You should read that section in its entirety carefully before you decide to invest in our Shares. The following is a non-exhaustive list of some of the major risks we face:

- we rely on major telecommunication network operators for their provision of telecommunication resources. If we fail to maintain our collaborations with these telecommunication network operators or they keep increasing their service fees level, our business, results of operations and financial condition will be materially and adversely affected;
- we have experienced an increase in our costs of telecommunication resources, our actual pricing may vary from our estimations due to unexpected circumstances, thereby affecting our pricing ability, business, results of operations and financial conditions;
- if we fail to manage the growth and expansion of our business and operations, our business, results of operations and financial condition may be materially and adversely affected;
- if we fail to improve and enhance the functionality, performance, reliability, design, security, and scalability of our services and solutions to suit our clients' evolving needs, our clients may not repurchase our services and/or solutions, which, in turn, will have a material and adverse impact on our business, results of operation and financial condition;
- we depend on 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;
- our services involve transmission of certain information belonging to the end customers of our clients and may be subject to complex and evolving laws and regulations regarding privacy and data protection. If we fail to comply with privacy and data protection laws and regulations, our business, results of operations and financial condition may be adversely affected;

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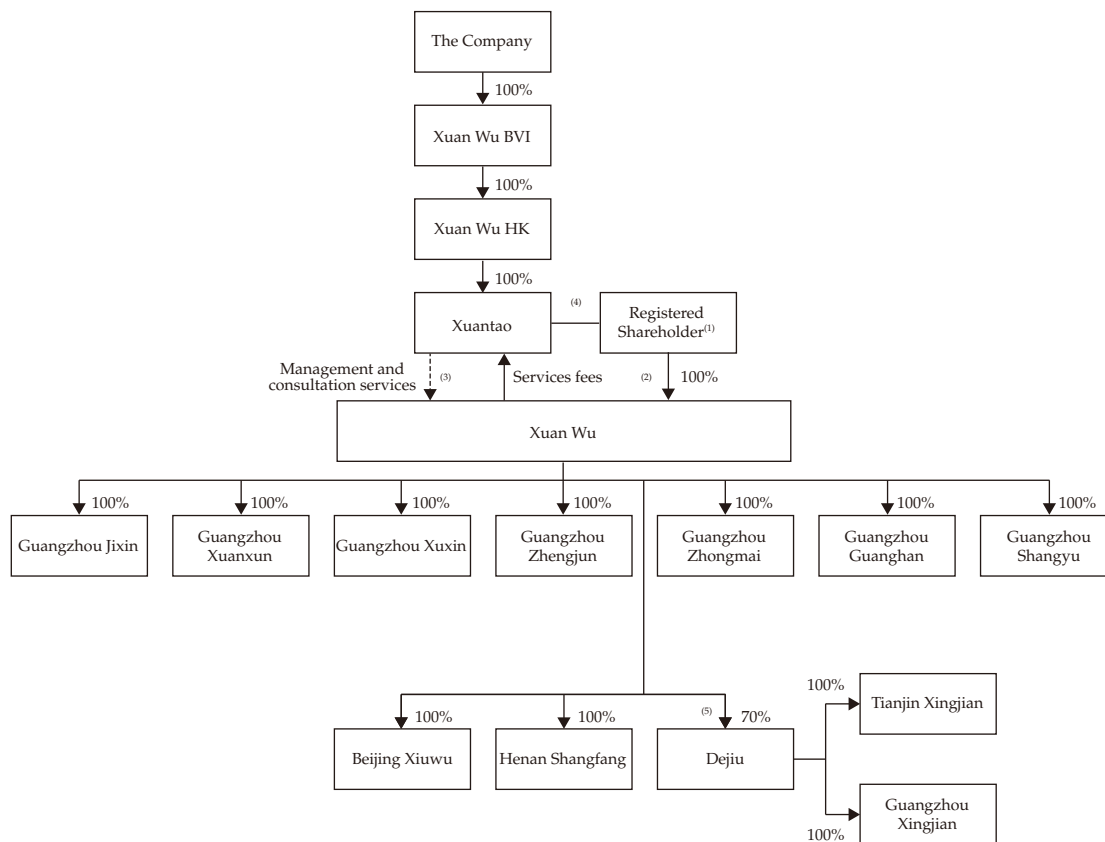
- regulatory, legislative or self-regulatory developments for provision of intelligent CRM services, including privacy and data protection regimes, are expansive, not clearly defined and rapidly evolving. These laws and regulations could create unexpected costs, subject us to enforcement actions for compliance failures, or restrict portions of our business or cause us to change our technology platform or business model;
- our future business growth and expansion is dependent on the continued development of our services and our target clients' need for intelligent CRM services;
- we face competition in the markets where we operate and may not be able to compete successfully against our existing and future competitors;
- security breaches and attacks against our systems and network, and any potentially resulting breach of or failure to protect personal, confidential and proprietary information, could damage our reputation and negatively impact our business, as well as materially and adversely affect our financial condition and results of operations; and
- our contractual arrangements may not be as effective in providing operational control as direct ownership. Any failure by any Consolidated Affiliated Entity or its shareholders to perform the obligations under the Contractual Arrangements would have a material adverse effect on our business, results of operations and financial condition.

CONTRACTUAL ARRANGEMENTS

The businesses which we currently operate are subject to foreign investment restrictions under the current PRC laws and regulations. In particular, the provision of CRM PaaS and CRM SaaS services involves the provision of value-added telecommunication services. After consultation with our PRC Legal Advisor, we determined that it was not viable for our Company to hold Xuan Wu and its subsidiaries directly through equity ownership. Instead, we decided that, in line with common practice in industries subject to foreign investment restrictions in the PRC, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated through the Contractual Arrangements among Xuantao, Xuan Wu and its subsidiaries and the Registered Shareholders. The following simplified diagram

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illustrates the flow of economic benefits from our Consolidated Affiliated Entity to our Group stipulated under the Contractual Arrangements:



Notes:

1. Registered Shareholders refer to the registered shareholders of Xuan Wu, namely together with their shareholding in Xuan Wu, Mr. Chen (holding 19.1980%), Mr. Song (holding 16.9416%), Mr. Huang (holding 12.6085%), Mr. Li (holding 10.4867%), Guangzhou Xuandong (holding 5.9894%), Guangzhou Xuanxi (holding 3.4225%), Guangzhou Xuannan (holding 2.5669%), Guangzhou Xuanbei (holding 2.5669%), Shanghai Fosun (holding 5.9728%), Mr. Xie (holding 4.8312%), GF Qianhe (holding 3.3274%), Mr. Guo Haiqiu (holding 2.5669%), Guangzhou Zhengxin (holding 2.2817%), GL Venture Capital (holding 1.9014%), SZR Investment (holding 0.9602%), Mr. Chen Zhengxu (holding 0.9583%), Mr. Wu Fugui (holding 0.9583%), GF Securities (holding 0.9469%), Chengda Coastal (holding 0.5894%), Mr. Zhang Wei (holding 0.4259%), CITIC Securities (holding 0.3803%), Zhuhai Qingshi (holding 0.0608%), Mr. Zhang Boxiao (holding 0.0378%), Mr. Tang Bin (holding 0.0164%) and Mr. Sun Junwen (holding 0.0038%).
2. "→" denotes legal and beneficial ownership in the equity interest.
3. "----->" denotes contractual relationship among Xuantao and Xuan Wu and its subsidiaries.
4. "———" denotes the control by Xuantao over the Registered Shareholders and Xuan Wu through (1) powers of attorney to exercise all shareholders' rights of the Registered Shareholders in Xuan Wu, (2) exclusive options to acquire all or part of the equity interests of in Xuan Wu from the Registered Shareholders; and (3) equity pledges over the equity interests of the Registered Shareholders in Xuan Wu.
5. The remaining 30% equity interest in Deju is held by Mr. Luo Zhijian (羅志堅).

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On 27 December 2021, the NDRC and the MOFCOM published the latest Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (the "2021 Negative List"). Article 6 of the Interpretation Note of the 2021 Negative List ("Article 6") provides that "where a domestic enterprise engaged in the business in the prohibited areas of the Negative List on Access to Foreign Investment seeks to issue and list its shares overseas ("Overseas Issuance and Listing by a Domestic Enterprise under 2021 Negative List"), it shall complete the examination process and obtain approval of the relevant competent authorities of the State, the foreign investor shall not participate in the operation and management of the enterprise, and its shareholding percentage shall be subject to the relevant provisions on the administration of domestic securities investment by foreign investors." For more details, please refer to the paragraphs headed "Regulatory Overview — Laws and regulations relating to foreign investment" and "Contractual Arrangement — Development in the PRC legislation on personal information protection" in this [REDACTED].

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Chen, Mr. Huang and Mr. Li will indirectly hold [REDACTED]%, [[REDACTED]% and [REDACTED]%, through Mr. Chen's controlled limited partnerships, namely Guangzhou Xuannan, Guangzhou Xuanxi and Guangzhou Xuanbei, and their respective wholly-owned intermediary entities, namely Zhenghao Global, Honghan Worldwide and Double Winner, of the issued share capital of our Company respectively. Mr. Chen, Mr. Huang and Mr. Li have been acting in concert with each other in line with an acting in concert agreement among them. Accordingly, each of Mr. Chen, Mr. Huang, Mr. Li, Zhenghao Global, Honghan Worldwide, Double Winner, Guangzhou Xuannan, Guangzhou Xuanxi and Guangzhou Xuanbei is considered as a Controlling Shareholder of our Company under the Listing Rules. For more details, please refer to the section headed "Relationship with Our Controlling Shareholders" in this [REDACTED].

[REDACTED] INVESTORS

Since the establishment of our Company, we have received two rounds of investment from our [REDACTED] Investors, namely GF Qianhe, GL Venture Capital, Chengda Coastal, Zhuhai Qingshi and Guangzhou Zhengxin. For details of the identity and background of the [REDACTED] Investors, and the principal terms of the [REDACTED] Investments, please refer to the paragraph headed "History and Reorganisation — The [REDACTED] investments" in this [REDACTED].

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SUMMARY OF KEY FINANCIAL INFORMATION

The tables below set forth a summary of the financial information from our consolidated financial information for the Track Record Period, extracted from the Accountant's Report set out in Appendix I.

Summary of consolidated statements of comprehensive income

	For the year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	600,201	796,762	991,941
Cost of sales	<u>(403,507)</u>	<u>(602,969)</u>	<u>(759,549)</u>
Gross profit	196,694	193,793	232,392
Selling and distribution expenses	(93,430)	(77,149)	(91,024)
Administrative expenses	(45,819)	(39,754)	(68,515)
Research and development expenses	(50,580)	(53,022)	(66,126)
Net impairment losses on financial assets	(2,888)	(4,342)	(5,370)
Other income	7,378	9,671	12,557
Other gains – net	<u>601</u>	<u>466</u>	<u>393</u>
Operating profit	11,956	29,663	14,307
Finance income	379	706	750
Finance costs	<u>(1,754)</u>	<u>(3,011)</u>	<u>(2,577)</u>
Finance costs – net	<u>(1,375)</u>	<u>(2,305)</u>	<u>(1,827)</u>
Profit before income tax	10,581	27,358	12,480
Income tax credit	<u>2,897</u>	<u>1,949</u>	<u>2,871</u>
Profit and total comprehensive income for the year	<u><u>13,478</u></u>	<u><u>29,307</u></u>	<u><u>15,351</u></u>
Profit/(loss) and total comprehensive income/(loss) for the year is attributable to:			
– Owners of the Company	14,398	27,748	14,513
– Non-controlling interests	<u>(920)</u>	<u>1,559</u>	<u>838</u>
	<u><u>13,478</u></u>	<u><u>29,307</u></u>	<u><u>15,351</u></u>

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Non-HKFRS measures

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also use adjusted net profit (non-HKFRS measures and defined as loss for the year or period and adding back [REDACTED] expenses) as an additional financial measure, which is not required by, or presented in accordance with HKFRS. We believe that the presentation of this non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as [REDACTED] expenses. We believe that this measure provides useful information to investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they do for our Group's management. However, the use of non-HKFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under HKFRS. In addition, the non-HKFRS financial measure may be defined differently from similar terms used by other companies.

The following table set forth the reconciliations of our non-HKFRS financial measure for the fiscal years ended 31 December 2019, 2020 and 2021 to the nearest measure prepared in accordance with HKFRS.

	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net profit	13,478	29,307	15,351
Adjust for:			
[REDACTED] expenses	-	-	[REDACTED]
Adjusted net profit (non-HKFRS measures)	13,478	29,307	[REDACTED]

Despite we recorded a decrease of net profit for the year ended 31 December 2021 which was primarily attributable to the one-off [REDACTED] expenses, we recorded an adjusted net profit (non-HKFRS measures) of [REDACTED] million during the year ended 31 December 2021 and we believe the following information on our adjusted net profit (non-HKFRS measures) will be more useful to investors in understanding and evaluating our Group's financial performance. During the three years ended 31 December 2021, we recorded adjusted net profit (non-HKFRS measures) of RMB13.5 million, RMB29.3 million and [REDACTED] million, respectively. Our adjusted net profit remained stable for 2020 and 2021 while the increase from 2019 to 2020 was primarily attributable to decrease in our selling and distribution expenses due to structure optimisation of our selling and distribution team and decrease in marketing and promotion expenses and travel and entertainment expenses as a result of COVID-19 in 2020.

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Our gross profit decreased from RMB196.7 million for the year ended 31 December 2019 to RMB193.8 million for the year ended 31 December 2020 which was primarily due to the substantial increase in costs of telecommunication resources resulting from our business growth and the general increase of service fee charged by telecommunication network operators during the same period. Our selling and distribution expenses decreased by 17.5% from RMB93.4 million for the year ended 31 December 2019 to RMB77.1 million for the year ended 31 December 2020 primarily due to decrease in the number of employees in selling and marketing function due to structure optimisation of our selling and distribution team and decrease in both marketing and promotion expenses and travel and entertainment expenses attributable to the impact of COVID-19 in 2020. Our administrative expenses decreased by 13.1% from RMB45.8 million for the year ended 31 December 2019 to RMB39.8 million for the year ended 31 December 2020 primarily attributable to decrease in the number of employees in administrative function and partial exemption of social security expenses by the relevant PRC government authorities due to impact of COVID-19 in 2020. Our research and development expenses increased slightly by 4.7% from RMB50.6 million for the year ended 31 December 2019 to RMB53.0 million for the year ended 31 December 2020 primarily attributable to the expansion of our research and development team as we continued our investment in research and development so as to expand our CRM SaaS services and improve the service quality of our CRM PaaS and CRM SaaS services, including the continuous development of our ICC module and the development of our Smart Sales 100 module. As a result of the foregoing, our net profit increased from RMB13.5 million for the year ended 31 December 2019 to RMB29.3 for the year ended 31 December 2020.

Our gross profit increased from RMB193.8 million for the year ended 31 December 2020 to RMB232.4 million for the year ended 31 December 2021, which was attributable to the increase in CRM SaaS revenue due to clients' rising demand for our CRM SaaS services and enhanced features in solutions provided by us. Our selling and distribution expenses increased by 18.0% from RMB77.1 million for the year ended 31 December 2020 to RMB91.0 million for the year ended 31 December 2021 which was mainly resulting from the expansion of our business, increase in number of clients and reduction in the amount of exemption of social security expenses by the relevant PRC government authorities granted in 2020 due to the impact of COVID-19. Our administrative expenses increased by 72.1% from RMB39.8 million for the year ended 31 December 2020 to RMB68.5 million for the year ended 31 December 2021 primarily due to incurrence of [REDACTED] expenses, increase in the number of employees in administrative function and reduction in the amount of exemption of social security expenses granted in 2020 due to the impact of COVID-19. Our research and development expenses increased by 24.7% from RMB53.0 million for the year ended 31 December 2020 to RMB66.1 million for the year ended 31 December 2021 primarily due to increase in the number of employees in research and development function, as we continued investment in research and development in order to enhance our competitiveness and meet the everchanging demand from our clients. As a result of the foregoing, we recorded a net profit of RMB15.4 million for the year ended 31 December 2021.

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For details of the period-to-period comparison, please refer to the paragraph headed “Financial Information — Period-to-period comparison of results of operations” in this [REDACTED].

Business segments

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

	For the year ended 31 December					
	2019		2020		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
CRM PaaS services	301,518	50.2	460,847	57.8	554,643	55.9
CRM SaaS services	298,683	49.8	335,915	42.2	437,298	44.1
Total	600,201	100.0	796,762	100.0	991,941	100.0

For details, please refer to the paragraph headed “Description of major components of our results of operations — Revenue” in this [REDACTED].

Summary of consolidated statements of financial position

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total non-current assets	37,843	33,636	63,240
Total current assets	291,553	434,603	484,727
Total non-current liabilities	6,341	382	24,268
Total current liabilities	142,775	196,088	236,545
Net current assets	148,778	238,515	248,182
Non-controlling interests	(644)	915	1,753
Total equity	180,280	271,769	287,154

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The following table sets out details of our current assets and current liabilities as at the dates indicated:

	As at 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets			
Contract fulfilment costs	7,787	7,624	5,587
Contract assets	120	361	95
Financial assets at fair value through profit or loss	–	30,200	21,476
Trade, bill and other receivables and prepayments	240,567	299,303	369,312
Restricted cash	9	38	1
Cash and cash equivalents	43,070	97,077	88,256
	<u>291,553</u>	<u>434,603</u>	<u>484,727</u>
Current liabilities			
Borrowings	39,935	39,512	58,480
Contract liabilities	29,278	34,021	31,924
Trade and other payables	66,352	115,071	138,375
Lease liabilities	7,129	7,391	7,644
Current income tax liabilities	81	93	122
	<u>142,775</u>	<u>196,088</u>	<u>236,545</u>
Net current assets	<u>148,778</u>	<u>238,515</u>	<u>248,182</u>

Our net current assets increased from RMB148.8 million as at 31 December 2019 to RMB238.5 million as at 31 December 2020, primarily due to the increase of RMB58.7 million in our trade, bill and other receivables and prepayments generally in line with our growth in credit sales and business expansion and the increase of RMB54.0 million in our cash and cash equivalents, which was partially offset by the increase of RMB48.7 million in our trade and other payables primarily due to (i) the increase in telecommunication expenses payable resulting from our increased procurement in line with our business expansion and (ii) the extension of reconciliation cycle of certain telecommunication network operators by one month in December 2020. Our net current assets remained relatively stable at RMB238.5 million and RMB248.2 million, respectively as at 31 December 2020 and 31 December 2021.

For details of our discussion of our financial position, please refer to the paragraph headed "Financial Information — Discussion of certain key balance sheet items" in this [REDACTED].

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Summary of consolidated statements of cash flows

	Year ended 31 December		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating cashflows before movements in working capital	27,005	45,911	32,969
Movements in working capital	(67,176)	(9,656)	(51,079)
Interest received	379	706	750
Income tax paid	(101)	(12)	(99)
Net cash (used in)/generated from operating activities	<u>(39,893)</u>	<u>36,949</u>	<u>(17,459)</u>
Net cash generated from/(used in) investing activities	<u>23,209</u>	<u>(33,593)</u>	<u>2,977</u>
Net cash (used in)/generated from financing activities	<u>(14,424)</u>	<u>50,651</u>	<u>5,661</u>
Net (decrease)/increase in cash and cash equivalents	(31,108)	54,007	(8,821)
Cash and cash equivalents at beginning of the year/period	<u>74,178</u>	<u>43,070</u>	<u>97,077</u>
Cash and cash equivalents at the end of the year/period	<u>43,070</u>	<u>97,077</u>	<u>88,256</u>

We recorded negative cash flows from operating activities for the year ended 31 December 2019 and the year ended 31 December 2021. The negative cash flow from operating activities for the year ended 31 December 2019 was primarily attributable to our trade receivables while the negative cash flow from operating activities for the year ended 31 December 2021 was primarily attributable to decrease in trade and other payables and the increase in our trade, bill and other receivables and prepayments. To improve our net operating cash outflows position, we intend to adopt measures such as (1) to expedite the cycle of recovering trade receivables and to lift up the amount of prepayments payable by our clients; (2) to optimise our revenue structure by increasing the proportion of revenue derived from CRM SaaS services; and (3) to obtain more prepayments from clients as we increase our sales in Sales Cloud solutions in which generally prepayments will be charged for such services. For details, please refer to the paragraph headed "Financial Information — Liquidity and capital resources" this [REDACTED].

SUMMARY

Key financial ratios

	For the year ended 31 December		
	2019	2020	2021
	%	%	%
Revenue growth:			
CRM PaaS services	49.7	52.8	20.4
CRM SaaS services	(5.9)	12.5	30.2
Total	15.7	32.7	24.5
Gross margin:			
CRM PaaS services	24.9	13.9	10.9
CRM SaaS services	40.7	38.6	39.3
Total	32.8	24.3	23.4
Net profit margin	2.2	3.7	1.5
Adjusted net profit margin (non-HKFRS measure)	2.2	3.7	3.1

The decrease of our overall gross profit margin from 32.8% in 2019 to 23.4% in 2021 was a result of (i) higher growth rate of cost of sale in comparison to that of revenue and (ii) change in our revenue mix as we generate larger portion of revenue from CRM PaaS with relatively lower gross profit margin. In particular, our gross profit margin in CRM PaaS services decreased from 24.9% in 2019 to 13.9% in 2020, primarily due to the general increase of service fees charged by telecommunication network operators commenced in the fourth quarter of 2019, which resulted in a relatively larger decrease in 2020. Our gross profit margin in CRM SaaS services remained relatively stable of 40.7% in 2019, 38.6% in 2020 and 39.3% in 2021.

We recorded net profit margins of 2.2%, 3.7% and 1.5% for the three years ended 31 December 2021. After adding back [REDACTED] expenses which are one-off in nature, our adjusted net profit margin (non-HKFRS measures) for the year ended 31 December 2021 was 3.1%.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent development

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have entered into (i) a service agreement with a new financial institution client which we will be providing CRM PaaS services; and (ii) a sale and purchase agreement with a new client who engages in the production of pickled mustard, in which we will be developing a software relating to channel digitalisation which will contribute to our future Sales Cloud revenue. We believe such cooperation will serve as a benchmark of strengthening our products' credibility in the financial and FMCG industry.

SUMMARY

1. *Laws and Regulations on the Protection of Personal Information*

The PRC government has in recent years enacted a series of laws and regulations on the protection of personal information, including but not limited to the Civil Code of the People's Republic of China (the "**Civil Code**"), the Cybersecurity Law of the People's Republic of China (the "**Cybersecurity Law**"), the Data Security Law of the People's Republic of China (the "**Data Security Law**"), the Personal Information Protection Law of the People's Republic of China (the "**Personal Information Protection Law**"). The aforesaid laws and regulations provide the definition of personal information, the basic principles for personal information collection and use, personal information processors' obligations on data security and personal information protection, etc.

The Group's current data processing activities would not affect national security, and the current personal protection measures currently adopted by the Group has complied with the applicable requirements of the New Cybersecurity Regulations in all material aspects. Our PRC Legal Advisor, the PRC Legal Advisor to the Sole Sponsor and the Sole Sponsor conducted a follow-up telephone consultation with the China Cyber Technology and Certification Center (the "**Centre**") on 8 February 2022, during which our Company's identity was disclosed and the Centre was requested to give a written confirmation on the application of the New Cybersecurity Regulations. While the Centre refused to give any written confirmation regarding the application of the New Cybersecurity Regulations, it confirmed our PRC Legal Advisor's understanding of the New Cybersecurity Regulations orally and it also agreed that it is not compulsory for our Company to apply for a cybersecurity review under the New Cybersecurity Regulations in relation to our [REDACTED].

During the course of business, we handle and process clients' data which is stored on the cloud platform. Other than sending text messages via the phone number provided by our clients, we do not collect or utilise the data and only provide reports or analysis subject to clients' demands. As such and as advised by our PRC Legal Advisor, we have never been subjected to any penalties or claims for violating applicable data security or cybersecurity laws. In addition, as (i) the Cybersecurity Law and the Cybersecurity Review Measures have not directly affected our business and we have not been involved in any investigations on cybersecurity review made by the relevant authorities and has not received any inquiry, notice, warning, or sanctions in such respect; and (ii) we have not received any inquiry, notice, warning, or sanctions regarding this [REDACTED] from the CSRC or any other PRC government authorities as at [the date of this [REDACTED]], our Directors are of the view that, [as at the date of this [REDACTED]], the current applicable PRC laws on cybersecurity and the Opinions on Strictly Cracking Down on Illegal Securities Activities would not have a material adverse impact on our Group's business.

SUMMARY

2. *Laws and Regulations on [REDACTED]*

On 24 December 2021, the CSRC, together with other relevant government authorities in China issued the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)), and the Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (境內企業境外發行上市備案管理辦法(徵求意見稿)) (collectively the "**Draft Listing Regulations**"). The Draft Listing Regulations, if adopted in their current forms, will regulate both direct and indirect overseas [REDACTED] and [REDACTED] of PRC domestic companies' securities by adopting a filing-based regulatory regime. As of the Latest Practicable Date, the Draft Listing Regulations were in draft form and had not come into effect.

Our PRC Legal Advisor has conducted a full legal due diligence for the purpose of examining whether the Company is able to comply with the Draft Listing Regulations if they are implemented in their current forms. On the basis of the foregoing, we and our PRC Legal Advisor do not foresee there would be any material legal obstacles for us to comply with each provision of the Draft Listing Regulations after they are implemented in their current forms and the Draft Listing Regulations would not have any material adverse impact on the Company, the VIE structure of the Group and the proposed [REDACTED].

No material adverse change

Our Directors confirm that, as at the date of this [REDACTED], there has been no material adverse change in our financial or trading position or prospects since 31 December 2021, being the latest date of our consolidated financial statements as set out in the Accountant's Report in Appendix I to this [REDACTED], and there is no event since 31 December 2021 that would materially affect the information as set out in the Accountant's Report in Appendix I to this [REDACTED].

Prospective investors should be aware of the impact of the non-recurring [REDACTED] expenses on the financial performance of our Group for the year ended 31 December 2021, which is partly recognised as expenses in our consolidated statements of comprehensive income. For further details, please see the paragraph headed "[REDACTED] expenses" in this section and the paragraph headed "Financial Information — [REDACTED] expenses" in this [REDACTED]. Save as discussed above, our Directors confirm that, as of the date of this [REDACTED], there has been no material adverse change in our financial or trading position or prospects of our Group since 31 December 2021, the end of the period reported on in the Accountant's Report set out in Appendix I to this [REDACTED].

SUMMARY

LEGAL PROCEEDINGS AND NON-COMPLIANCE

As at the Latest Practicable Date, we were not engaged in any material legal, arbitration or administrative proceedings, regulatory inquiries or investigations, nor to our Directors' knowledge are any pending or threatened against us. During the Track Record Period, we were involved in various non-compliance incidents which were mainly related to our manner and level of contribution to employees' social insurance and housing provident funds in the PRC. For further details, please refer to the paragraph headed "Business — Legal proceedings and non-compliance" in this [REDACTED].

[REDACTED] STATISTICS

	Based on the minimum indicative [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on the maximum indicative [REDACTED] of HK\$[REDACTED] per [REDACTED]
Number of [REDACTED]	[REDACTED]	[REDACTED]
Number of [REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
	shares	shares
[REDACTED] ^(Note 1)	[HK\$[REDACTED]	[HK\$[REDACTED]
	million]	million]
[REDACTED] adjusted net tangible assets of the Group attributable to the owners of the Company per Share ^(Note 2)	[HK\$[REDACTED]]	[HK\$[REDACTED]]

Notes:

- (1) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised). The calculation is based on the indicative [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED].
- (2) The [REDACTED] adjusted consolidated net tangible asset of our Group attributable to the owners of our Company per Share is calculated based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised). The calculation is based on the indicative [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED]. Please refer to "[REDACTED] Financial Information" set out in Appendix II to this [REDACTED] for details.

SUMMARY

[REDACTED] EXPENSES

Based on the mid-point [REDACTED] of HK\$[REDACTED] and assuming [REDACTED] not exercised, the total estimated [REDACTED] expenses in relation to the [REDACTED] is RMB[REDACTED] million (representing [REDACTED]% of the estimated gross [REDACTED] from the [REDACTED]). During the Track Record Period, [REDACTED] expenses of RMB[REDACTED] million were incurred of which RMB[REDACTED] million were charged to our consolidated statements of comprehensive income and RMB[REDACTED] million were recognised to our consolidated statements of financial position. We estimate that we will further incur [REDACTED] expenses of RMB[REDACTED] million of which RMB[REDACTED] million will be charged to our consolidated statements of comprehensive income and RMB[REDACTED] million, which mainly includes [REDACTED] commission, is expected to be accounted for as a deduction from equity upon the completion of [REDACTED] and the [REDACTED].

FUTURE PLANS AND [REDACTED]

We estimated that the aggregate [REDACTED] of the [REDACTED] (after deducting [REDACTED] fees and estimated [REDACTED] payable by us in connection with the [REDACTED]) based on the [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) will be approximately HK\$[REDACTED] million assuming that no [REDACTED] is exercised. We currently intend to apply such [REDACTED] as follows:

- [REDACTED]% or HK\$[REDACTED] million will be used for improving our cPaaS technology infrastructure and enhancing our research and development ability on AI and DI;
- [REDACTED]%, or HK\$[REDACTED] million will be used for strengthening and extending our CRM SaaS services by continuous innovation;
- [REDACTED]%, or HK\$[REDACTED] million will be used for investment in improving sales and marketing abilities;
- [REDACTED]%, or HK\$[REDACTED] million will be used for pursuing strategic investments and acquisitions to expand and enrich our existing CRM SaaS services, strengthening our technologies and expanding our client base; and
- [REDACTED]%, or HK\$[REDACTED] million will be used for working capital and general corporate use.