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OVERVIEW

We were the largest domestic intelligent CRM services provider in the PRC with a market share of 13.8% in 2021 in terms of revenue of domestic intelligent CRM services provider in 2021 according to the Frost & Sullivan Report. In terms of revenue of intelligent CRM services provider in 2021, we were the second largest provider of intelligent CRM services in the PRC. Leveraging our cloud and multi-touch communication, AI and 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. 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.

According to the Frost & Sullivan Report, intelligent CRM services refer to comprehensive CRM services integrated with cloud and communications, AI and DI capabilities, providing both PaaS and SaaS services. Unlike traditional CRM products, intelligent CRM services enable a broad range of clients to manage their critical operations throughout the entire business cycle in a more efficient and effective way. As such, the intelligent CRM services have already been well adopted by several industries, such as FMCG, financial, TMT and Government-related industries.

According to the Frost & Sullivan Report, the penetration rate of the top industries (i.e. financial and TMT) in the intelligent CRM services industry was over 15% in 2021. The market size of the intelligent CRM services market was RMB7.2 billion in 2021 and is expected to reach RMB36.8 billion in 2026. TAM of intelligent CRM services market and CRM-based corporate services in the PRC is expected to reach RMB280.0 billion and RMB890.0 billion respectively in 2026. For details, please refer to the paragraphs headed "Industry Overview — TAM of CRM-based corporate services industry in the PRC" and "Industry Overview — Market size and growth of intelligent CRM services industry in the PRC" in this [REDACTED].

We strive to help our clients to achieve customer acquisition and to enhance the connection between our clients and their customers. Throughout our history, we have established our brand reputation especially in FMCG, financial, TMT and Government-related industries and have been offering our intelligent CRM services to the leading enterprises in these industries. 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 FMCG industry, we covered 28 and 24 of the top 100 players in the food and beverage segments, and 20 and 10 of the top 100 players in the commodity and Chinese liquor segments, respectively, in 2021. For the financial industry, we covered 37 of the top 100 players in the banking segment and 30 of the 138 regulated security companies, respectively, in 2021. For TMT industry, we covered 21 and 15 of the top 100 players in the internet and software segments, respectively, in 2021.

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Our comprehensive intelligent CRM services can be grouped into two categories: (i) CRM PaaS services; and (ii) CRM SaaS services. 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 APIs and SDKs. 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 CRM PaaS and CRM SaaS services help our clients to manage their entire business cycle's operations, i.e. products display, order fulfilment, all-channel marketing, membership programme 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 through public cloud, private cloud and hybrid cloud. During our course of business, we engage cloud service providers for the provision of cloud services. Under the relevant service agreements, the cloud service providers are responsible to provide cloud service platform, account management services, training and technical support, and other general maintenance and support services in case any issues arise. With a stable cloud network and infrastructure provided, we are able to build the underlying platforms of our CRM PaaS services and CRM SaaS services, and thereby offering our clients with stable and quality services. As a result, we have maintained a high client retention rate throughout the Track Record Period.

During the Track Record Period, we continued to achieve significant revenue growth. Our revenue was RMB518.8 million, RMB600.2 million, RMB796.8 million and RMB991.9 million for the four years ended 31 December 2021, respectively, representing a CAGR of 24.1% from 2018 to 2021.

We believe that more enterprises will utilise intelligent CRM services to reduce costs and increase management efficiency, therefore, there will be greater demand and more budget for intelligent CRM services in the future. Large-scale enterprises generally have stronger purchasing power with higher demands of communications and CRM services, as well as a larger customer base, and the number of small- and medium-sized enterprises whom will adopt intelligent CRM services is expected to increase with the digital transformation and rising market acceptance of intelligent CRM services. Based on our leading position and advanced technologies, we believe that our business will be benefited from the strong growth of the intelligent CRM services industry in the PRC, TAM of which is expected to grow at a CAGR of 31.3% from RMB71.8 billion in 2021 to RMB280.0 billion in 2026, according to the Frost & Sullivan Report. We also believe that our leading position and growing core client base would enable us to further strengthen our leading market position in the intelligent CRM services industry in the PRC. For details of our core client, please refer to the paragraph headed "Our services — Operating data" in this section.

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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

According to Frost & Sullivan, we were the largest domestic intelligent CRM services provider in the PRC with a market share of 13.8% in revenue in 2021 while the market size of the intelligent CRM services industry in the PRC amounted to RMB7.2 billion in revenue in 2021.

Recognising the huge market potential in the industry, we have commenced the development of our intelligent CRM services since 2011, long before the influx of capital into the area of mobile internet and building of relevant infrastructures in 2015. We started the initiative in developing the aPaaS platform, a low code platform with high efficiency in integrating our services to accommodate our clients from different backgrounds since 2014, and has been actively developing our AI and DI capabilities since 2016. Our ample knowledge of the industry and resources have placed us in the forefront of the market, and since then we have attracted leading enterprises in their respective industries in the PRC to establish long-term business relationship with us. With the PRC's intelligent CRM market flourishing after 2019, wherein more challenges faced by enterprises have been identified and new solutions have been developed to satisfy the market needs, we have further consolidated our leading position with constant updates and improvements of our services.

We attribute our success and leadership in the industry to our ongoing advancement of intelligent CRM services technology and infrastructure, accumulation of in-depth industry knowledge and expertise, and understanding of our clients' needs over the past years. For details on our technologies, please refer to the paragraph headed "Our technology" in this section. We have demonstrated our leading position in the industry and built strong brand reputation, alongside various successful sales and marketing campaigns and a well-developed service framework to our clients, which have differentiated us from our competitors and laid down a solid foundation for our continuing success. 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 industry according to the Frost & Sullivan Report.

Our leading position in the intelligent CRM services industry has been recognised through numerous awards and accolades since our inception. For example, we were awarded the following:

- 2016 Guangdong Top 10 Internet Innovation Enterprises (2016年度廣東十大互聯網創新企業)

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- Guangdong Provincial Enterprise Technology Centre — November 2019 (廣東省級企業技術中心 — 2019年11月)
- Recognised High-Tech Enterprise (高新技術企業)

For more details of our awards and recognitions, please refer to the paragraph headed "Awards and recognitions" in this section. Our standing and recognition within the industry can be translated into word-of-mouth reputation among our target client groups, which in turn reinforce our clients' loyalty towards our services.

Our comprehensive intelligent CRM services with multi-touch communication capabilities covering clients' all channels and entire business cycle

As a leader in the industry, we have accumulated extensive experience and expertise, which enable us to develop comprehensive intelligent CRM services covering our clients' all channels and entire business cycle.

Our comprehensive intelligent CRM services were built upon cloud and multi-touch communication, AI and DI capabilities. With cPaaS platform as a service at the core, our CRM PaaS services encompass various composable functional modules (e.g. voice and text verification code module, notification text and call module, hidden-number module) to empower our clients with consolidated communication capabilities.

Our CRM SaaS services enable clients to manage their entire business cycle's operations digitally and intelligently, through a unified single back-end platform that serves products display, order fulfilment, all-channels marketing, membership programme management, and business analytics and reporting, which comprises of (i) Marketing Cloud provides clients with digital tool which enables them to market their product to the targeted customers, attract targeted customers' attention and maintain the relationship between them and their customers through enhanced online campaign; (ii) Sales Cloud provides clients with comprehensive sales management solution which helps to simplify and automate their work flow and help them to achieve customer acquisition and enhance their sales performance; and (iii) Service Cloud which enables clients to improve their customer service quality. Our CRM SaaS services also cover clients' all channels, especially our Sales Cloud solutions enable them to distribute their products via online channels (e.g. e-commercial platform, WeChat store) or offline channels (e.g. convenience stores, retail stores, supermarkets) to their end customers. As our SaaS services are cloud-based and can be accessed anytime and anywhere through any network devices or online portals, this helps to reduce the time and costs associated with implementation and upgrading of the system, thus delivering streamlined user experience. For details, please refer to the paragraph headed "Our services" in this section.

We believe our recognised leadership position and comprehensive portfolio of services have positioned us well to adapt to the market dynamics and capitalise on the tremendous growth opportunity in the PRC's emerging and fast-evolving intelligent CRM services industry. During the Track Record Period, we focused on developing our business

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by expanding and retaining core clients, 89.2%, 91.1%, 92.8% and 94.6% of our revenue was contributed by our core clients for the four years ended 31 December 2021. In 2019, 2020 and 2021, our annual net dollar retention rate of our core clients was 99.9%, 113.2% and 102.2%, respectively.

For more details on services which we provide, please refer to the paragraph headed "Our services" in this section.

A highly scalable business model with industry-leading performance

We operate a highly scalable business model with significant potential growth. We aim to serve our clients' needs through their entire business cycle, i.e. from the initial contact with their customers to the after sales service. We are able to scale up our business and grow together with our clients by meeting their growing CRM demands in the course of their business expansion with increasing needs of communication, our comprehensive intelligent CRM services based on robust cloud infrastructure allows us to capture the increasing demands on CRM services emerged from clients' business development. Our diversified services matrix also sets down a solid foundation for our cross-selling opportunities. During the four years ended 31 December 2021, our average price per client was RMB199,700, RMB213,700, RMB296,200 and RMB375,700, respectively. For the four years ended 31 December 2021, the total revenue contributed by the clients which purchased both our CRM PaaS and CRM SaaS services in the same year increased from RMB235.2 million in 2018 to RMB255.1 million in 2019, and to RMB335.9 million in 2020 and further to RMB449.1 million in 2021. For the four years ended 31 December 2021, 306, 345, 357 and 345 of our clients purchased more than one type of services (i.e. cPaaS, Marketing Cloud, Sales Cloud or Service Cloud) which accounted for 11.8%, 12.3%, 13.3% and 13.1%, respectively, of our total number of clients during the same year. During the Track Record Period, our Marketing Cloud is often cross-sold with our CRM PaaS services as the Group has been introducing new service every year since 2019, e.g. Cloud communication, ICC module, IoT (internet of things) and DMP (Data Management Platform), new services expanded the application scenarios of Marketing Cloud, which fuel the stable growth of client base in the Track Record Period.

Apart from maximising the lifetime value of every client, we are also able to rapidly scale our business among new clients within the same industry. As we have been cultivating in FMCG, financial, TMT and Government-related industries for average of ten years, respectively, we have in-depth knowledge about challenges faced by our clients. As we serve more clients from the same industry, we can minimise marginal costs and achieve greater economies of scale by leveraging replicable technology infrastructure and experience. Due to our ability in providing clients with cost effective services, we could capture business opportunities from both large-sized enterprises and small- to medium-sized enterprises. To date, we have accumulated extensive experience in serving enterprises from various industries, including FMCG, financial, TMT and Government-related industries. For FMCG industry, we covered 28 and 24 of the top 100 players in the food and beverage segments, and 20 and 10 of the top 100 players in the commodity and Chinese liquor segments, respectively, in 2021. For the financial industry, we covered 37 of the top 100 players in the banking segment and 30 of the 138 regulated security companies, respectively, in 2021. For TMT industry, we covered 21 and 15 of the

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top 100 players in the internet and software segments, respectively, in 2021. By serving the leading enterprises from various industries, we enter into a virtuous cycle wherein we accumulate our experiences, resources and reputation, which helps us not only maintain our advantage in serving leading enterprises but also set good practice for serving small- and medium-sized enterprises from these industries. For details on our experiences on serving leading enterprises, please refer to the paragraph headed "Our services" in this section.

Strong product development and technology abilities

We believe that continuous development and by rolling out new features, functions, modules and solutions which are tailored to the needs of our clients would enable us to compete successfully and to distinct us from other market competitors in the industry. Therefore, continuous research and development is crucial to our future success. Our research and development team closely collaborates with our client-facing sales team on collecting and analysing client feedbacks on our existing services, and to reflect our clients' feedback or satisfy our clients' need by designing new solutions or adding advanced or enhanced features into the existing solutions.

We have developed the aPaaS platform, a low code development platform, which supports the efficient and highly integrated development of the system for our solutions to our clients according to their distinct industry needs. Through our aPaaS platform, we can save development costs and enjoy more reliable quality during development as compared with traditional development. Furthermore, we have developed a computer vision related AI recognition engines based on machine learning, deep learning, image segmentation ^(Note 1) and Optical Character Recognition ^(Note 2) ("OCR"), and an intelligent decision algorithm ^(Note 3) based on DI, i.e. utilised in AI camera installed in vending machines which enable us to process over 1,000 AI recognition and DI decisions per day. By leveraging our data technologies, we can help our clients to formulate complete profiles of distributors, terminal stores and target customer to achieve targeted marketing. We are currently capable of recognising over four million photos per day. We believe by applying these advanced technologies, we could provide stable and reliable intelligent CRM services to our clients, which enable them to save a tremendous amount of labour costs, and improve communication efficiency and experience, as well as management and operation efficiency.

Our research and development abilities have been recognised by the competent regulatory authorities. For example, Xuan Wu, one of our Consolidated Affiliated Entities, has been accredited with "National High and New Technology Enterprise Certificate (國家高新技術企業證書)" and "National Torch Plan Key High and New Technology Enterprise Certificate (國家火炬計劃重點高新技術企業證書)". Our track record of product and technology innovation is supported by our strong research and development team, consisting of 268 employees as at the Latest Practicable Date, representing 36.2% of our total number of employees, and our research and development expenses amounted to RMB40.8 million, RMB50.6 million, RMB53.0 million and RMB66.1 million for the four years ended 31 December 2021 respectively. As at the Latest Practicable Date, we had 199 registered invention patents and computer software copyrights relating to AI, DI and our other intelligent CRM services.

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Committed, experienced and insightful founders and management team

We are led by an insightful and experienced founder team and a senior management team, both of whom are committed to providing digital and strategic transformation of CRM systems through technology innovation to our clients. They have extensive industry and management experiences, knowledge of market trends and policies, and proven execution ability.

Notes:

- (1) Image segmentation is a technology of dividing an image into several regions with unique properties, which is a key step from image processing to image analysis.
- (2) Optical Character Recognition is a technology examining the text of a document and translating the characters into code that can be used for data processing.
- (3) Intelligent decision algorithm means analysing and organising the data retrieved from the camera with super model and video recognition algorithm placed based on image recognition technology and DI, to assist the management in making market decisions.

Our insightful founders, Mr. Chen Yonghui, Mr. Huang Fangjie and Mr. Li Hairong have, on average, around 20 years of experience in the industry and management field, and all of them have dedicated to our Group since its inception in 2010. Under their leadership, we established a senior management team which has on average over 19 years of experience in the information and communication technology industry and the CRM services industry. For details on the background, experience and qualification of our founders and senior management team, please refer to the section headed "Directors and Senior Management" in this [REDACTED].

We believe that our founder team and senior management team have been crucial to our success. With their strategic foresight, strong execution abilities and in-depth industry knowledge and experience, they are indispensable to the formulation and implementation of sound business strategies as well as the capturing growth opportunities. We also value our employees in different roles and strive to provide compensation scheme which creates incentives and motivation.

OUR GROWTH STRATEGIES

We intend to continuously innovate and expand our solutions to empower digital transformation and enhance operational productivity and user experience for our clients. To this end, we intend to leverage our existing strengths and pursue the following strategies.

Develop and expand our client base by ongoing cultivation and vertical expansion in the key industries

According to the Frost & Sullivan Report, the top industries in the intelligent CRM services are financial and TMT with penetration rate of 16.0% in 2021, which is expected to increase to 25.0% in 2026. During our 10 years of practices, we have been serving our clients in FMCG, financial, TMT and Government-related industries and we have

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established ourselves as a leading services provider in the intelligent CRM services industry specialising in these industries. Leveraging our accumulated industry expertise, we will continue to cultivate and expand our presence in the key industries and we intend to serve more clients from other industries with similar characteristics to lower the additional costs in industry-related customisation as we scale (i.e. healthcare and manufacturing industries). We intend to achieve this by increasing our marketing expenses to enhance our brand awareness through organising a range of industry campaigns, such as launch of events, exhibitions, visits to industry leading enterprises, seminars and conferences to promote our CRM services and to identify potential clients within different industries. We plan to enlarge our sales team by recruiting more talents with industry expertise and to strengthen business relationships and network. We also plan to leverage our success and experience in existing verticals and expanding into new key industries. For details, please refer to the paragraph headed "Future Plans and [REDACTED] — [REDACTED]" in this [REDACTED].

Apart from cultivating in industry leading clients, we also intend to expand to small- to medium-size enterprises, especially enterprises from FMCG industry. We intend to achieve this by enhancing our Sales Cloud functions and expect a higher gross profit margin. For details, please refer to the paragraph headed "Our growth strategies — Strengthening and extending our existing CRM SaaS services by continuous innovation and iteration" in this section.

Strengthening and extending our existing CRM SaaS services by continuous innovation and iteration

We will continue to strengthen and extend our existing CRM SaaS services to cater with evolving clients' needs. Leveraging our extensive industry experience and expertise accumulated over the past 10 years, we will further our understanding of business models of participants in various industries to develop respective advanced and innovative solutions, which is critical to consolidate our competitiveness. We plan to extend our existing services by enriching the features, functions and interfaces, as well as improving the abilities of our services, by way of continuous innovation iteration.

We intend to focus on improving our AI and DI capabilities and incorporate these to further improve the operational productivity and user experience for clients who opt for our CRM SaaS services amidst the evolving business realities by expanding and enhancing the performance of our solutions in different business scenarios.

This growth strategy will fully cover our three clouds of applications:

- *Marketing Cloud:* We will develop and improve continuously in our data storage capacity and real-time ability with an aim to provide our clients with an accurate and automatic marketing service;
- *Sales Cloud:* We will develop and expand our business scenario coverage and to invest and develop AIoT equipment and related application infrastructure with an aim to improving our clients' sales efficiency; and

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- *Service Cloud:* We will enhance our AI capability to be applied to our Service Cloud solution with an aim to benefiting our clients from increased satisfactory level of after sales service provided to their customers.

Continue to invest in technology and infrastructure

According to Frost & Sullivan, continuous technological developments in the fields of AI, DI and cloud computing will be the key to the growing opportunities for the intelligent CRM services industry and market players equipped with strong technological capability will be able to acquire new clients and retain existing clients. We intend to continue to invest in research and development in order to remain at the forefront of the intelligent CRM services industry, and drive the digital and intelligent transformation of our clients' business systems. In this respect, we plan to bring in more expertise to develop more productive and controllable aPaaS and cPaaS platforms. We will also focus on AI and DI capabilities and incorporate these technologies to provide integration of our capabilities and solutions into our clients' business systems. We will also bring in more expertise in (a) computer vision, natural language processing, edge computing and algorithm engineering to provide AI capability to our clients; and (b) big data structure, data analysis/modeling, machine learning and data intelligence to develop innovative DI capability for our clients, thus maintaining our competitiveness in the industry. Ultimately, we strive to build up a rigid, efficient CRM SaaS service engine with all three capabilities (i.e. communication, AI and DI) equipped in it, thus facilitating the needs of various industries in the PRC. In order to attract and retain top talents for the continuous innovation of our business, we intend to continue to invest in and expand our research and development team, to recruit more talents in various areas. For details, please refer to the paragraph headed "Future Plans and [REDACTED] — [REDACTED]" in this [REDACTED].

Pursuing strategic investments and acquisitions

We will continue to selectively pursue strategic investments and acquisitions that would enable us to enrich our solutions, strengthen our technologies and expand our client base. As such, we intend to initiate strategic investments and acquisitions that create synergies with the provision of our intelligent CRM services, benefiting us in cultivation and vertical expansion into new clients' industries and providing us with technologies in assisting our clients with their entire business cycle management. As at the Latest Practicable Date, we had not identified any strategic partnerships or acquisition targets. For details, please refer to the paragraph headed "Future Plans and [REDACTED] — [REDACTED]" in this [REDACTED].

VALUE PROPOSITIONS

We connect our suppliers and clients by consolidating their supply and demand

As the telecommunications network operators in the PRC typically operate in separate entities, through several provincial branches, it is timely and costly for our clients to directly manage the telecommunication services provided by various entities of

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the telecommunication network operators on their own. We have been collaborating with the major telecommunication network operators and established a platform that consolidated the telecommunication resources provided by different telecommunication network operators located in various provinces in the PRC. Thus, we can offer one-stop services for our clients to access and manage the consolidated telecommunication resources through our platform. Similarly, we consolidated the demand for communication services from vast end customers of various size. The telecommunication network operators can engage us instead of conducting business with and serving thousands of clients in the course of providing their telecommunication resources.

We create communication demands by offering innovative CRM tools

Traditional CRM services typically can only cater users' general needs and have low operating efficiency as they are lack of advanced data base and strong storing, computing and modelling abilities. As opposed to the traditional CRM services, we offer our clients with diversified range of services with customisation option powered by aPaaS platform, which can fit and address clients' needs and help clients in achieving their goals or objectives. We believe that our ability in providing our clients with customised services that they can deploy easily, rapidly and cost efficiently, which differentiated us from our competitors.

Our intelligent CRM services are designed for easy deployment and management across multiple locations and on multiple devices. Our clients can get access to our scalable and reliable services without making large and risky upfront investment in installing or maintaining servers, network equipments, security products or other infrastructure hardware and software necessary. Moreover, all upgrades are implemented on our servers so that all our clients would benefit from the upgrades immediately. We believe the average time required to deploy our intelligent CRM services is significantly shorter than that required for deployment of traditional CRM software, while our clients can enjoy the improvement from sales automation, better customer service and support and more efficient marketing processes by leveraging our intelligent CRM services.

Furthermore, our comprehensive portfolio of services, featuring various APIs and SDKs, enable voice and messaging functions that can be readily integrated into our clients' business systems and applications on a quick and seamless way, and thus save our clients the hassle of seeking multiple providers for different communications needs. Our customisable options and multi-touch intelligent CRM services also allow our clients in different industries to manage their entire business cycle's operations digitally and intelligently through a single back-end platform that serves products display, order fulfilment, all-channel marketing, membership programme management, and business analytics and reporting. Ultimately, our clients could enjoy great flexibility, selecting communication functions based on their specific needs, which improved their flexibility of without having to purchase pre-packaged bundle of services.

Lastly, we are well equipped with capabilities in providing targeted solutions to our clients from different industries. For our FMCG clients, we offer them business supports throughout their sales cycle via the application of AI capabilities. For our financial clients, we offer them with secured and integrated communication services for their intra- and

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extra-organisational purposes. For our TMT clients, we offer them with a centralised communication infrastructure platform for their intra- and extra-organisational purposes. For our Government-related clients, we offer them with secured communication services with localised deployment.

We offer a secured and reliable platform for our clients and their customers to interact on

We offer an extensive portfolio of intelligent CRM services that meet the needs of businesses of any size. Our services support three key functional areas within CRM — marketing, sales and customer service and support, covering clients' entire business cycle. Furthermore, we offer highly compatible and scalable services which can be accessed through a variety of devices, including laptop computers, cell phones and other wireless devices. These services are protected by our comprehensive security system, including firewalls, intrusion detection systems and encryption for transmissions over the internet. We have an independently developed Alarm and Maintenance System ("AMS") platform (a platform that supports deployment of public cloud, private cloud and hybrid cloud) enables our clients to (i) monitor and maintain their basic infrastructure, software and business operation system on an ongoing basis; and (ii) determine the scope of monitoring which can be shown on an interface. Our AMS platform would not only trigger alerts when incidents occur, but also able to diagnose anomalies and support system maintenance during contingency such as system reboot and network recovery, which ensures the reliability and sustainability of our client's business operation system. With both the AMS platform and our policy of segregating our clients' data therein, we are confident that this secured platform can foster protection of data privacy. For details on our policies regarding data privacy and data security, please refer to the paragraph headed "Data privacy and data security" in this section. Last but not the least, our services are highly configurable, enabling our clients to tailor the appearance, standard settings, workflow and other characteristics in their systems without the use of excessive IT resources or consultants.

We help telecommunication network operators to better serve their end customers

Since the telecommunication network operators may from time to time not being able to cover the needs of our clients and their customers, as they mainly focus on providing telecommunication resources, i.e. traffic, but not other CRM services, we are required to provide CRM PaaS services or CRM SaaS services while they provide telecommunication resources to our client and their customers, as such we would have to cooperate and serve our clients and their customers (the "Mutual Clients") and to help the telecommunication network operators to develop their business. In light of our cooperation, we, as a leading CRM services provider in the PRC, would enable the telecommunication network operators to achieve customers' recognition and increase their business volume by providing reliable and high-quality services and solutions to the Mutual Clients. For details of our cooperation with major telecommunication network operators, please refer to the paragraph headed "Telecommunication services" in this section.

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OUR SERVICES

Our comprehensive intelligent CRM services can be grouped into two categories: (i) CRM PaaS services; and (ii) CRM SaaS services both of which are built on and share the same technological infrastructure:

- Our CRM PaaS services comprise cPaaS platform and AI and DI capabilities. Our cPaaS platform encompasses various composable functional modules (e.g. voice and text verification code module, notification text and call module, hidden-number module) to empower our clients with consolidated communication capabilities mainly in the form of easily-deployed APIs and SDKs, thus enabling them to utilise our communication capabilities as a service in an easy, efficient and flexible way. Our CRM PaaS services are also integrated with AI and DI capabilities which we have developed for the purposes of our intelligent CRM services.
- Our CRM SaaS services comprise Marketing Cloud, Sales Cloud and Service Cloud, which integrate the traditional CRM functions with cloud, upgraded and encapsulated communication capabilities as well as AI and DI capabilities to offer our clients a one-stop intelligent CRM services throughout their entire business cycle, from initial marketing to after-sales services. CRM PaaS services provide underlying communication, AI, and DI capabilities for CRM SaaS services, facilitating and enhancing the functions of Marketing Cloud, Sales Cloud, and Service Cloud. For example, a manufacturer client of Sales Cloud would further benefit from leveraging our AI & DI capability to improve sales efficiency and better utilise sales data. On the other hand, our CRM SaaS services increase the usage of CRM PaaS capabilities through providing more application scenarios. For example, a local bank in PRC was initially a client of our cPaaS services while subsequently purchased our Marketing Cloud solution, which help promote their products or services to targeted audiences precisely, and eventually contributed to a higher volume of message sent by the client and more revenue for our cPaaS service.

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The following tables set out our revenue, cost of sales, gross profit and gross profit margin breakdown by type of services we rendered and operating data during the Track Record Period:

	For the year ended 31 December							
	2018		2019		2020		2021	
	% of total		% of total		% of total		% of total	
	Revenue	revenue	Revenue	revenue	Revenue	revenue	Revenue	revenue
	<i>RMB'000</i>		<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>
CRM PaaS services	201,436	38.8	301,518	50.2	460,847	57.8	554,643	55.9
CRM SaaS services	317,399	61.2	298,683	49.8	335,915	42.2	437,298	44.1
Total	518,835	100.0	600,201	100.0	796,762	100.0	991,941	100.0

	For the year ended 31 December							
	2018		2019		2020		2021	
	% of total		% of total		% of total		% of total	
	Cost of	cost of	Cost of	cost of	Cost of	cost of	Cost of	cost of
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CRM PaaS services	142,076	42.6	226,448	56.1	396,863	65.8	494,056	65.0
CRM SaaS services	191,258	57.4	177,059	43.9	206,106	34.2	265,493	35.0
Total	333,334	100.0	403,507	100.0	602,969	100.0	759,549	100.0

	For the year ended 31 December							
	2018		2019		2020		2021	
	Gross		Gross		Gross		Gross	
	Gross	profit	Gross	profit	Gross	profit	Gross	profit
	<i>RMB'000</i>	margin	<i>RMB'000</i>	margin	<i>RMB'000</i>	margin	<i>RMB'000</i>	margin
		(%)		(%)		(%)		(%)
CRM PaaS services	59,360	29.5	75,070	24.9	63,984	13.9	60,587	10.9
CRM SaaS services	126,141	39.7	121,624	40.7	129,809	38.6	171,805	39.3
Total	185,501	35.8	196,694	32.8	193,793	24.3	232,392	23.4

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Operating data

	For the year ended 31 December			
	2018	2019	2020	2021
Number of clients	2,598	2,809	2,690 ^(Note 6)	2,640 ^(Note 7)
Number of core clients ^(Note 1)	199	231	266	325
Average price per clients ^(Note 2)	RMB199,700	RMB213,700	RMB296,200	RMB375,700
Average price per core clients ^(Note 1 and 2)	RMB2,325,000	RMB2,366,200	RMB2,780,700	RMB2,887,400
Clients' retention rate ^(Note 3)	NA	73.3%	68.5% ^(Note 6)	66.6% ^(Note 7)
Core clients' retention rate ^(Note 1 and 3)	NA	95.0%	91.3% ^(Note 6)	86.1% ^(Note 7)
Clients' net dollar retention rate ^(Notes 4 and 5)	NA	107.0%	123.1%	109.4% ^(Note 7)
Core clients' net dollar retention rate ^(Notes 1 and 4)	NA	99.9%	113.2%	102.2% ^(Note 7)
% of revenue contribution by core clients ^(Note 1)	89.2%	91.1%	92.8%	94.6%

Notes:

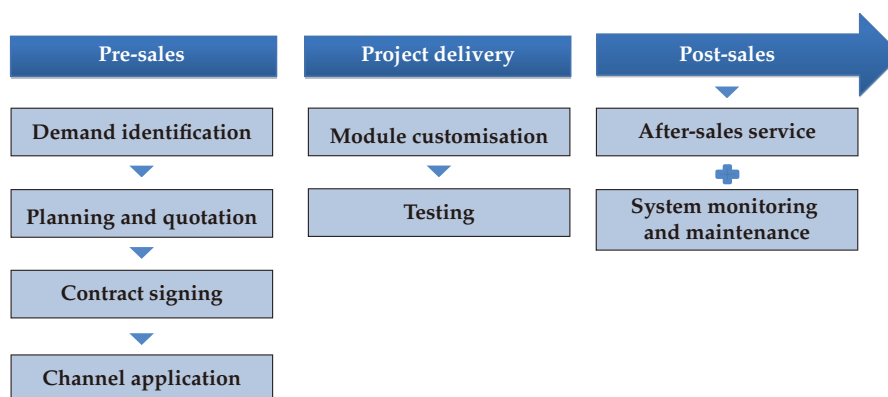
- (1) For the four years ended 31 December 2021, core clients are defined as clients contributing RMB300,000 or above of revenue for the relevant year.
- (2) For the four years ended 31 December 2021, the average price per client refers to the average revenue generated per client for the year.
- (3) For the four years ended 31 December 2021, clients' or core clients' retention rate refers to the percentage of clients or core clients for the immediately preceding year which remained to be our clients or core clients for the current year.
- (4) For the four years ended 31 December 2021, core clients' net dollar retention rate refers to the ratio of revenue contribution of the core clients in the immediately preceding year to the revenue contribution of the same group of clients for the current year. The clients' net dollar retention rate for the current year is calculated by using the revenue attributable to the identified group of clients in the current year as the numerator and the revenue attributable to the same group of clients in the immediate preceding year as the denominator.
- (5) For the four years ended 31 December 2021, clients' net dollar retention rate refers to the ratio of revenue of clients in the immediately preceding year to the that for the current year.
- (6) Due to the optimisation of our client portfolios and revenue mix in CRM PaaS services and our strategic focus on our CRM SaaS services and expanding our CRM SaaS client base, our number of clients, clients' retention rate and core clients' retention rate decreased from 2019 to 2020.
- (7) Due to the optimisation of our client portfolios and revenue mix in CRM PaaS Services and structural adjustment of client portfolios in Service Cloud, our number of clients, clients' retention rate, core clients' retention rate, clients' net dollar retention rate and core clients' net dollar retention rate decreased from 2020 to 2021 while maintaining growth in terms of average price per clients and per core clients respectively. In addition, clients' net dollar retention rate is calculated by total revenue contribution of retained clients in the current year divided by the total revenue contribution of the same group of clients in the immediately preceding year. Due to the optimisation of our client portfolios and revenue mix as mentioned herein, total revenue attributable to the identified group of clients decreased in 2021 compared to the total revenue attributable to the same group of clients in 2020. For details, please refer to the paragraphs headed "Financial Information - Description of major components of our results of operations — Revenue — CRM PaaS services" and "Financial Information — Description of major components of our results of operations - Revenue — CRM SaaS services" in this [REDACTED].

BUSINESS

CRM PaaS services

With cPaaS platform as a service at the core, our CRM PaaS services encompass various composable functional modules (e.g. voice and text verification code module, notification text and call module, hidden-number module) to empower our clients with consolidated communication capabilities mainly in the form of easily-deployed APIs and SDKs. Our cPaaS platform 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.

Our CRM PaaS services are also integrated with AI and DI capabilities which we have developed for the purposes of our intelligent CRM services. We believe the convenience of our consolidated multi-touch communication capabilities and AI and DI capabilities has resulted in clients' stickiness to our CRM PaaS services and have been translated into actual revenue.



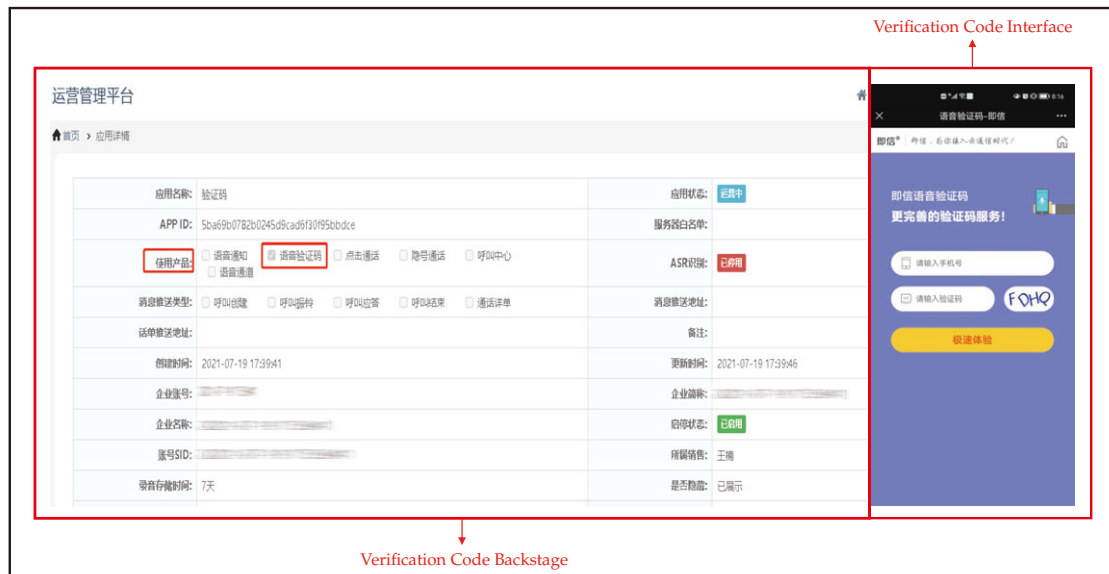
The above flow chart illustrates the standard business process for our CRM PaaS services. Before formulation of our plans and quotations, we would conduct research and attend to discuss with our clients to identify their needs. After formulating plan and quotation, we would sign contracts with our clients and apply for the relevant channel resources. We may need to customise our existing modules as per our clients' demands, and to run test before delivery. After delivery of our CRM PaaS services to our clients, we would continue to monitor and maintain the systems as well as to provide after sales services, including providing training sessions, and to provide constant updates to the systems.

BUSINESS

cPaaS platform

Our clients typically have large volume of demands for intra- and extra-organisational communications, which are not often addressed effectively under their own arrangements with telecommunication network operators in the PRC. According to Frost & Sullivan, provincial branches of major telecommunication network operators in the PRC typically conduct business as separate entities, which means our clients with nationwide business operations often have to work with a number of the provisional branches concurrently, which increase their costs in communication. By collaborating with the telecommunication network operators in the PRC and having entered into business agreements with their provincial branches covering major geographical areas in the PRC, we are able to consolidate our communication resources and enable our clients to access and utilise our resources via our cPaaS platform, which is a combination of our voice channel resources, communication network, and call and message functions. We have several feature-rich functional modules offered under our cPaaS platform, thus our clients can integrate the module(s) according to their needs in the form of APIs and SDKs, into their business systems. As such, our cPaaS platform 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.

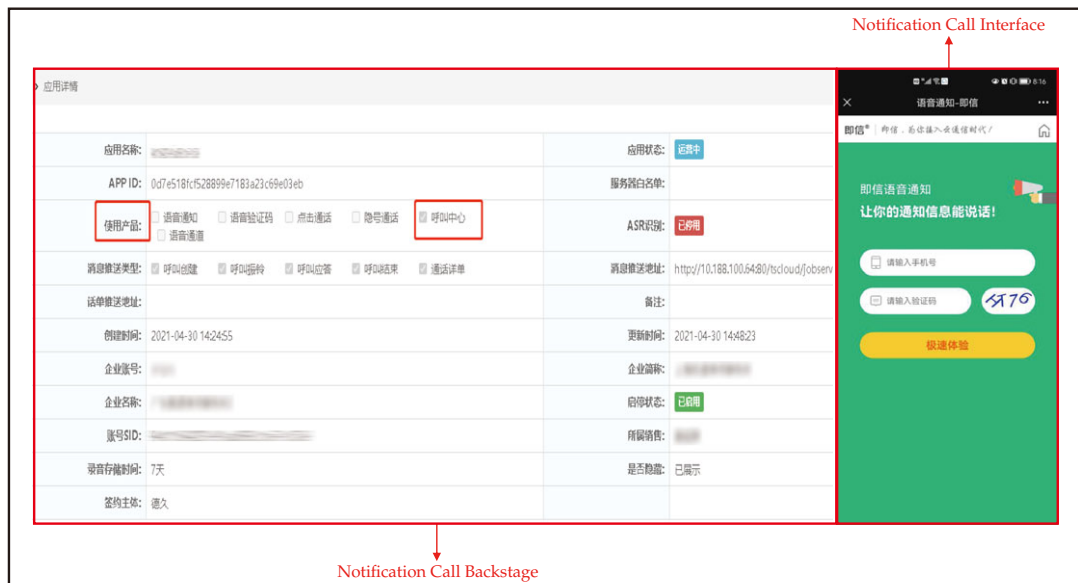
Verification code module



BUSINESS

We offer our verification code module to our clients to improve their efficiency by reducing the chance of not being able to reach their end customers. This module can be readily integrated into our clients' PC ends and mobile APPs or directly deployed in our cloud-based CRM platform. For example, an end customer may not receive his/her SMS verification code when logging into the online bank account due to the issue with his/her own telecommunication network operator's messaging channel. Our voice verification code module can solve this issue for our banking clients and their end customers, as the end customers of our banking clients can receive their verification codes via an automated voice phone call and complete their log-in steps with voice verification code modules.

Notification module



Our notification module is an automation function which can be triggered in certain scenarios. This module will detect the applicable scenario by following the algorithm which we customise for our clients. By integrating this module, the system we establish for our client will initiate phone calls and text messages automatically to notify the end customers with certain content designated by our clients. For example, food delivery platform operators can inform their customers when the orders are in transit or pending for delivery by way of notification calls and/or text messages. This module would not only enable our clients to facilitate the communication between them and their customers during the course of delivery, but it would also help reduce the number of complaints in relation to missing orders or items from the end customers as the end customers would be able to learn about their order status throughout the process.

BUSINESS

Hidden-number module



Privacy is a fundamental and indispensable concern in the modern society. To cater for such concern, the hidden-number module developed by us has been selected by many of our clients from the transportation and logistics industry. For example, driver and passenger may utilise the call function in the ride-hailing application for the purposes of exchanging information regarding the pick-up location and routes. Once an order has been placed, a virtual phone number would be created and allocated to the said order. The driver can then contact his passenger, or vice versa, through the virtual phone number, to preserve their privacy without compromising efficient communication. This module creates a temporary communication channel between the driver and passenger during the whole trip, and neither parties would be able to contact each other further through the virtual number upon completion of the journey.

Channel resource module

We provide three types of channel resources to our clients, namely the “95xxx” channel for corporate service hotlines, the DID (Direct Inward Dialling) channel mainly for financial services companies, and the channel for the hidden-number module and marketing campaigns. The five-digit service line, started with “95” which is a unique telecommunication resource commonly used by state-owned banks in the PRC. As such, with the corporate service hotline “95xxx” provided by us, our clients can increase their corporate image and credibility upon calling their end customers, making their end customers more willing to answer their marketing or sales calls.

AI and DI capabilities

Leveraging our comprehensive multi-touch communication capabilities which are essential for real-time data transmission, we have developed our AI and DI capabilities with self-learning and analysis abilities for the purposes of our intelligent CRM services.

BUSINESS

Our AI and DI modules can be easily integrated into our solutions as part of our intelligent CRM services. For instance, the AI module can be provided to our client who requires image recognition function (such as monitoring the goods display), and the Group uses IoT technology to connect all devices linked to clients' systems. Once the AI module begins its scanning and recognition process, the image information of the goods will be transferred real-time back to our clients' CRM SaaS systems for further analysis. Our AI module includes two self-developed computer visual recognition engines called "RetailVision" and "ManuVision" (the "**Vision Engines**"), covering retail and production scenario applicable to enterprises of various industries and they allow our clients to utilise these Vision Engines together with other DI related modules to improve their sales management as well as retail store management. The analysed data could also help our clients to assess the effectiveness of their sales and marketing strategy.

The "RetailVision" is a visual recognition engine applied to detect the position of the target product by obtaining the display image and extracting the position information of the product from the image. It is mainly used to determine the prime display position of products on store shelves, refrigerators and stacks. The display position of the product in the retail store is closely related to the sales volume of FMCG. Products displayed in the "golden position" generally sell quicker than the others. Therefore, FMCG manufacturers need to monitor their products' display positions and sales in real time in order to adjust the display position of their products based on the actual sales volume. The "ManuVision" on the other hand is a visual recognition engine used to identify quantity and quality of inventory. It is used to collect inventory related data (e.g. product name, category and quantity) and storage related data (e.g. storage saturation rate and empty storage space) in a systematic way. The data will be transmitted in real time to our system platform for reporting and further analysis. In addition, these Vision Engines are able to profile 10 million items per day, produce recognition results of an accuracy rate up to 99% within one second. With such Vision Engines, we can offer clients with intelligent decision algorithm based on DI that can be utilised in AI camera in vending machines to recognise goods display and change and record sales directly when end customers pick up any goods therefrom.

We are also capable of data integration, development, visualisation and analysis to improve our clients' operational efficiency. Our DI capabilities can be accessed through private cloud, public cloud or hybrid cloud and integrated into our solutions as part of our intelligent CRM services. During the daily business operation, our clients accumulate an enormous amount of data which is disorganised and messy. Our DI capability can assist in organising the data provided by our clients and generating visualised DI reports which can demonstrate the operating data through a highly customised graphic interface. In order to generate DI reports, clients' operating data is uploaded and synchronised from their OA system. We then process, transform and load the data onto our analytic model, which can analyse the data collected and export reports which contain all relevant data of the indicators required by clients. Leveraging our data processing capability, we offer not only sales data analysis, i.e. analysis of sales of specific product, effectiveness of a marketing event and analysis of sales conducted via distributors and online sales channels, but also a comprehensive analysis which covers data sourced from the client's entire sales cycle and all aspects within their business operation model for instance, human resources data, terminal store data, supply chain data, cost data, capital data, and

BUSINESS

other business data. We believe our clients can generate customised and visualised DI reports that suit their distinct business need, which empowers them to adjust or optimise their sales and marketing strategies in a timely manner based on the latest market and sales data available.

Operating data

CRM PaaS services	For the year ended 31 December			
	2018	2019	2020	2021
Number of clients	1,933	1,871	1,632 ^(Note 5)	1,438 ^(Note 6)
Number of core clients ^(Note 1)	94	110	130	146
Average price per client ^(Note 2)	RMB104,200	RMB161,200	RMB282,400	RMB385,700
Average price per core clients ^(Note 1 and 3)	RMB1,811,100	RMB2,496,700	RMB3,343,700	RMB3,627,900
Core clients' retention rate ^(Note 1 and 3)	NA	95.7%	89.1% ^(Note 5)	83.1% ^(Note 6)
Core clients' net dollar retention rate ^(Note 1 and 4)	NA	135.7%	94.2% ^(Note 5)	99.0%
% of revenue contribution by core clients ^(Note 1)	84.5%	91.1%	94.3%	95.5%

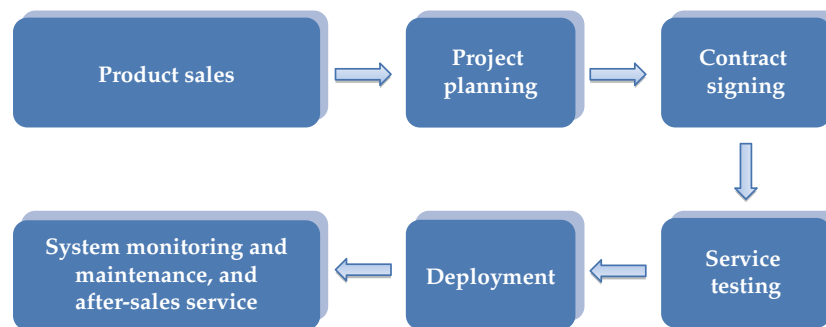
Notes:

- (1) For the four years ended 31 December 2021, core clients are defined as clients contributing RMB300,000 or above of revenue for the relevant year.
- (2) For the four years ended 31 December 2021, the average price per client refers to the average revenue generated per client for the year.
- (3) For the four years ended 31 December 2021, core clients' retention rate refers to the percentage of core clients for the immediately preceding year which remained to be our core clients for the current year.
- (4) For the four years ended 31 December 2021, core clients' net dollar retention rate refers to the ratio of revenue contribution of the core clients in the immediately preceding year to the revenue contribution of the same group of clients for the current year. The clients' net dollar retention rate for the current year is calculated by using the revenue attributable to the identified group of clients in the current year as the numerator and the revenue attributable to the same group of clients in the immediate preceding year as the denominator.
- (5) Due to our optimisation of client portfolio and revenue mix in CRM PaaS services (i.e. to adjust the volume of business with clients in order to improve the overall profitability), our number of clients, core clients' retention rate and core clients' net dollar retention rate decreased from 2019 to 2020 while maintaining growth in terms of average price per clients and per core clients respectively. In addition, core clients' net dollar retention rate is calculated by total revenue contribution of retained core clients in the current year divided by the total revenue contribution of the same group of core clients in the immediately preceding year. Due to the optimisation of our client portfolios and revenue mix as mentioned herein, total revenue attributable to the identified group of core clients decreased in 2020 compared to the total revenue attributable to the same group of core clients in 2019. For details, please refer to the paragraph headed "Financial Information — Description of major components of our results of operations — Revenue — CRM PaaS services" in this [REDACTED].
- (6) Due to our optimisation of client portfolio in CRM PaaS services (i.e. to adjust the volume of business with clients in order to improve the overall profitability), our number of clients and core clients' retention rate decreased from 2020 to 2021. For details, please refer to the paragraph headed "Financial Information — Description of major components of our results of operations — Revenue — CRM PaaS services" in this [REDACTED].

BUSINESS

CRM SaaS services

Modern enterprises often seek to enhance their market competitiveness by expanding product sales channels, increasing productivity of their employees, reaching and interacting with their customers in a more efficient way, reducing operating costs and improving customer service quality. Our CRM SaaS services comprise three cloud services, namely Marketing Cloud, Sales Cloud and Service Cloud, which integrate the traditional CRM functions with cloud, upgraded and encapsulated communication capabilities as well as AI and DI capabilities to offer our clients a one-stop intelligent CRM services throughout their entire business cycle, from initial marketing to after-sales services. With cloud structure, our clients can access and utilise our capabilities through network. We believe that our ability in covering clients' all channels and entire business cycle have resulted in clients' stickiness to our services and have been translated into actual revenue.



The above flow chart illustrates the standard business process for our CRM SaaS services. After commencing sales to our clients, we would conduct research and attend to discuss with our clients to identify their needs for the purpose of plans formulation. After formulation of plans and signing of contracts, we will run the service testing and thereafter our clients would perform deployment with their own business systems. After delivering our CRM SaaS services to our clients, we would continue to monitor and maintain the system as well as to provide after sales services, including providing training sessions.

Our CRM SaaS services are provided with customised plug-ins and features that can be tailored to address our clients' needs and they can be integrated into an interface without the clients' need to further integrate the API or SDK into their business systems. Marketing Cloud offers digital tools to clients for promoting their products or services to targeted audiences precisely, seeking their audiences' attention by optimising the effects of online marketing activities and maintaining relationships between clients and their end customers. Sales Cloud provides a comprehensive suite of sales management modules to our clients which help improve their customer acquisition ability and achieve higher sales efficiency by introducing a streamlined operation model and automated workflow to clients' sales management cycle. Service Cloud provides our clients with a range of post-sales customer services-related modules to enhance their abilities on cloud-voice related service by not only migrating the traditional customer services related process onto the cloud platform, but also offering an advanced technological solution to help improve the quality of services provided.

BUSINESS

The following table sets out our revenue breakdown by CRM SaaS services during the Track Record Period:

	For the year ended 31 December			
	2018	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CRM SaaS services				
Marketing Cloud	261,685	233,234	256,684	347,618
Sales Cloud	28,820	30,998	44,664	66,163
Service Cloud	26,894	34,451	34,567	23,517
	<hr/>	<hr/>	<hr/>	<hr/>
Total	317,399	298,683	335,915	437,298
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Marketing Cloud

We provide a range of modules under our Marketing Cloud, e.g. UMP solution — a private cloud-based solution that allows dissemination of marketing messages across telecommunication and social channels; MOS solution — a public cloud-based solution that allows dissemination of marketing messages across telecommunication network; and ICC solution — a solution that allows clients to manage comprehensive communication channels for intra- and extra-organisational purposes.

Our Marketing Cloud solutions have been providing exceptional experience to our clients by carrying out marketing activities through innovative one-stop solutions. They offer three key advantages:

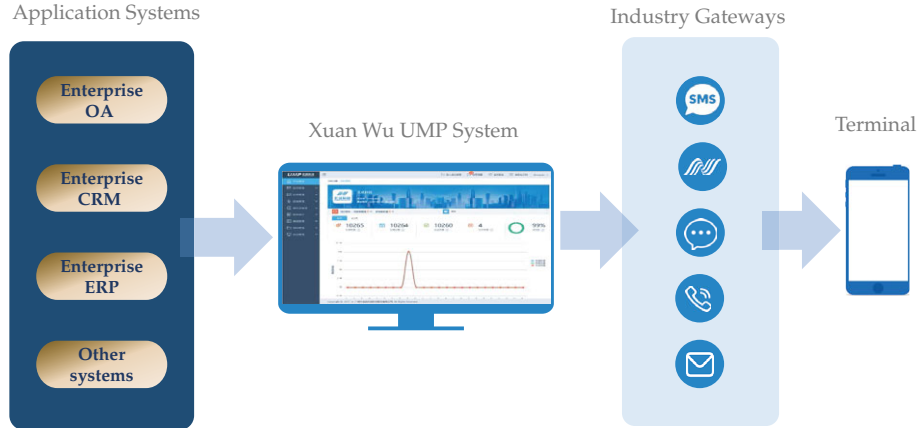
Cloud structure. Our solutions can be adapted to public cloud, private cloud and hybrid cloud which give higher flexibility to clients.

High stability and security. We deploy relevant infrastructures in different locations to support business contingency plans with our self-developed AMS platform, which ensures ongoing monitoring of the system load and performance status. We also provide our clients with a secured data transmitting platform with confidentiality protocol, two-factor authentication, anti-leakage and regular data cleaning mechanisms.

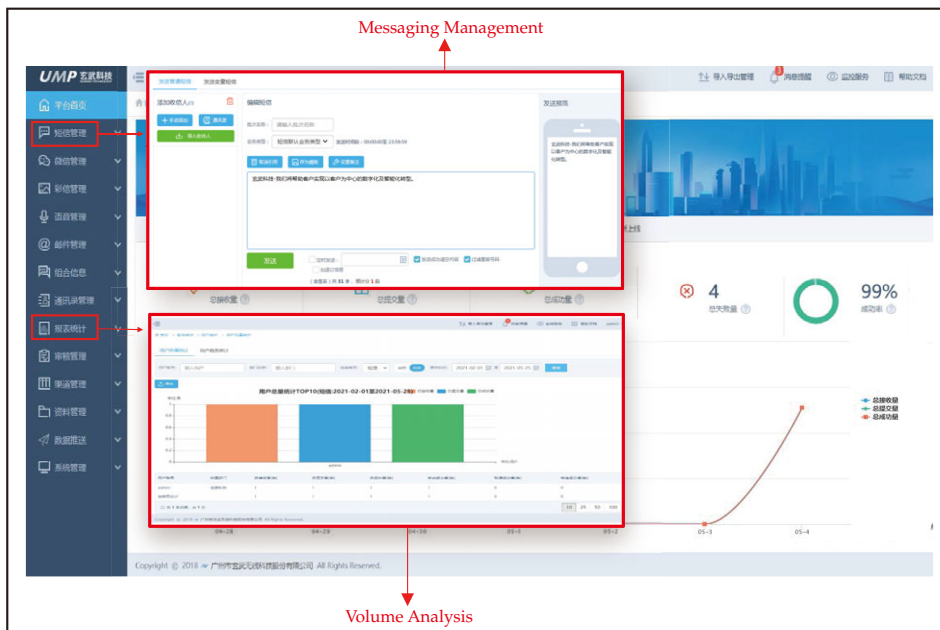
Broad outreach. The messages delivered via our Marketing Cloud solutions would be categorised by their natures or purposes, and sent with different priorities to ensure a high success rate in delivering the key messages. In addition, we have close and long-established relationship with the major telecommunication network operators which accounted for 99.0% of the market share in terms of revenue of telecommunication services in the PRC in 2020, for an average of eight years. By our ongoing cooperation, our clients are provided with broad telecommunication coverage which can further enhance the success rate in message delivery.

BUSINESS

Marketing Cloud — UMP



Our UMP module, which is a private cloud-based solution, is a new generation messaging module that can simultaneously process millions of messages. Our UMP module can connect with our clients' Office Automation ("OA"), CRM, ERP and database systems without locally installing any additional software or APP. We disseminate verification, points redemption, billed payment notification, marketing campaign, promotional and other messages to clients' end customers through SMS, MMS, voice message, WeChat message and email. Founded on secured infrastructure, together with strong compatibility and low maintenance costs, UMP becomes an excellent one-stop module for marketing message management across telecommunication and social channels for our medium-sized clients from various industries, e.g. TMT, financial, e-commerce, education and logistics.



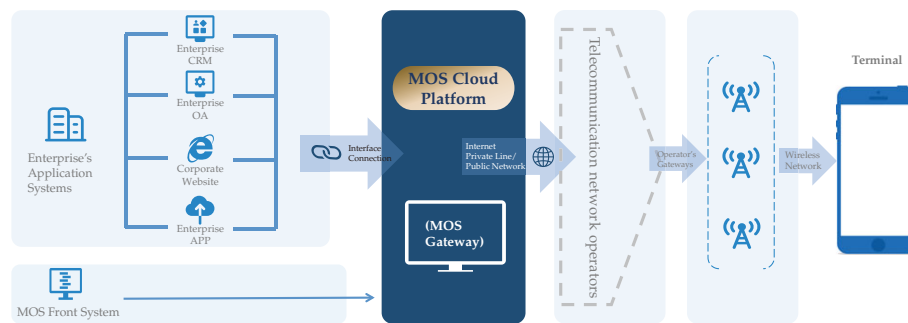
BUSINESS

Case study

Background. Our client is a Chinese-foreign joint venture bank in the PRC operating more than 100 subsidiaries and/or branch offices across the PRC, Hong Kong and Macau, as such, it has to establish a unified platform for (a) management and maintenance of customers' data and accounts for messaging purpose; and (b) delivery of information to customers in a timely and effective manner, thereby increasing system stability and lowering maintenance cost, encountered information delays and failed deliveries.

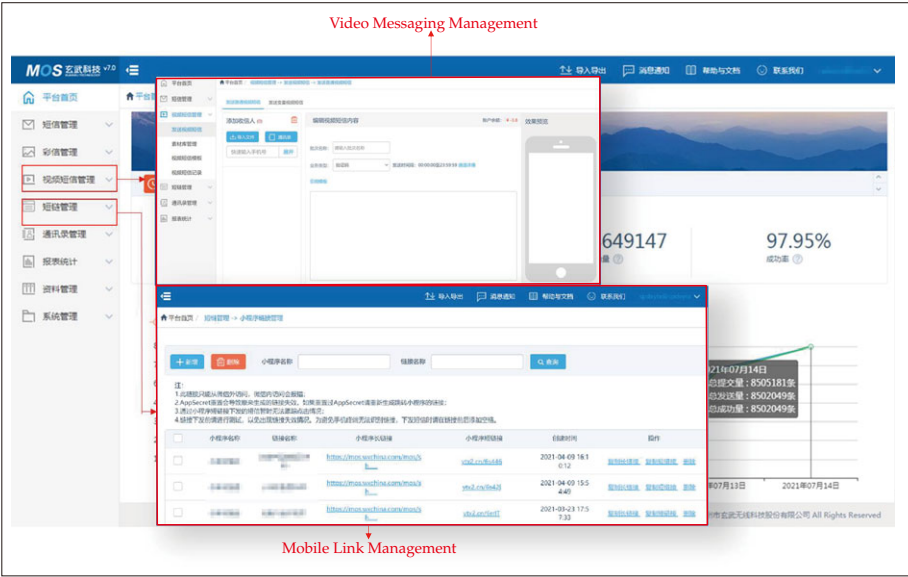
Solution. Our UMP module imports, creates and synchronises the customers' data to a unified messaging platform, and allows staff from headquarters and branches to apply for sending of messages via the same platform. We also prepared the "10690/10691" channels for our client to disseminate marketing campaign messages. After the implementation of our UMP module, our client experienced tremendous increase in premium customers account from October 2016 to June 2018.

Marketing Cloud — MOS



Our MOS module is a public cloud-based instant messaging platform that linked our clients' APP, OA, CRM systems and websites on the one hand, and internet and channels of telecommunication providers on the other hand without locally installing any additional software or APP. With the application of MOS, it allows messages to be disseminated through various channels including SMS, MMS, as well as rich media video messaging service through the telecommunication network, covering a wide scope of purposes for instance, identity verification, payment authentication, customer notification and marketing campaign. Our MOS module enables our clients to carry out their CRM activities in a more intelligent, efficient and effective manner and as a result, reduces our clients' costs on marketing campaigns and improves the effectiveness of such campaigns.

BUSINESS

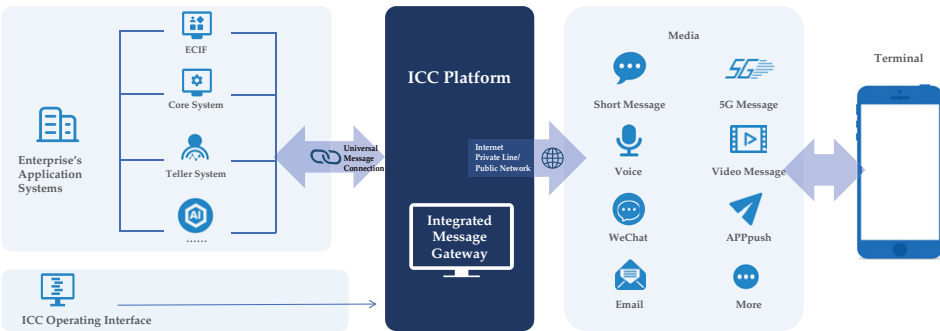


Case study

Background. Our client is a professional virtual technology and video game developer in the PRC. It has been operating in the gaming industry for more than 20 years, and was looking for a proper communication channel to retain existing gamers and acquire new customers for their new products.

Solution. We tailored a cloud instant messaging service solution for them, which served multiple purposes to address every aspect of needs from our client. The main objective was to help our clients establish an efficient and reliable communication platform to convey key messages to their target customers, which included announcement of new product launch, promotional information, security notification, account authentication, etc. Through our MOS module, our client was able to enhance messages' outreach as well as to enrich the content of messages. Our platform was able to achieve an industry-benchmarking standard of assuring the security code to be received by the end-user within 5 seconds, which provided a better log in or registration experience for gamers.

Marketing Cloud — ICC



BUSINESS

The following table sets out the key differences between MOS and UMP:

MOS	UMP
<ul style="list-style-type: none">• Deployment of public cloud	<ul style="list-style-type: none">• Deployment of private cloud
<ul style="list-style-type: none">• As it deploys public cloud which is shared between clients, clients are provided with standardised services	<ul style="list-style-type: none">• As it deploys private cloud which is not shared between clients, clients are provided with customised services via a platform that is comparatively safe, secure and stable
<ul style="list-style-type: none">• Suitable for clients with no customisation or enhanced security need	<ul style="list-style-type: none">• Suitable for clients with customisation or enhanced security need

The following table sets out the key differences between UMP and ICC:

UMP	ICC
<ul style="list-style-type: none">• Covers limited communication channels	<ul style="list-style-type: none">• Covers various communication channels including SMS, email, 5G SMS, WeChat, Weibo and Douyin
<ul style="list-style-type: none">• Limited data analytic capability	<ul style="list-style-type: none">• Enhanced data analytic function enabling client to optimise their marketing resources and achieve targeted marketing effects by utilising different data tags provided (which includes but not limited to salary level, occupation, hobby, spending preference and spending habit)

Sales Cloud

U-Client 100 and Smart Sales 100 are sales management modules with AI and DI capabilities offered under our Sales Cloud.

Our Sales Cloud solution has been providing exceptional experience to our clients by carrying out their sales campaigns through innovative one-stop solutions. They offer three key advantages:

All-channel marketing management. Our Sales Cloud solutions provide all-channel marketing management to clients, through which our clients are able to manage clients' sales cycle via online (i.e. WeChat store) and offline channels (i.e. terminal stores).

BUSINESS

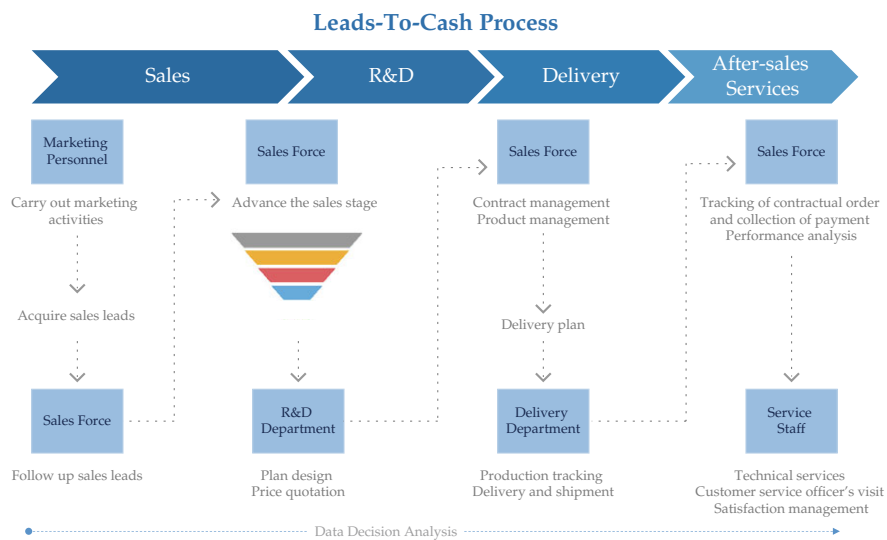
AI and DI capabilities. Through the integration of AI and DI capabilities, our clients are empowered with image recognition, and data collection and analytic capabilities. By shortening the time and effort required for data collection and data analysis, it would help clients to reduce their sales expenses, thereby increasing their operational efficiency.

Continuous development in business scenario based on evolving clients' needs. We have been cultivating in FMCG industry for more than 10 years. Leveraging our extensive industry experience and expertise, we are able to develop and expand business scenario coverage continuously, and thereby enabling our clients to improve their competitiveness.

Sales Cloud — U-Client 100

Our U-Client 100 module empowers our clients to adapt to ever-changing market trends, founded on the LTC sales management model with DI capabilities. It empowers our 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.

Our U-Client 100 module would enable our clients to identify and obtain new business opportunities through analysing the market trends and consolidating the business data and information of their end customers, which create a full customer portrait in the CRM system. The customer portrait shows all-rounded information (including the basic information, historical quotation, historical contract and payment history), by one simple click and customised tags can also be added to the portrait if needed. The creation of customer profile will help facilitate the formulation of sales and marketing plan as client can set up several standardised plans (i.e. different quotation strategies and different level of resources input) for each group of end customers. Clients' sales teams can contact the potential end customers by utilising the contact person information available on the customers' profile in the CRM system.



BUSINESS

Our LTC model is implemented as follows:

Research and development, and production: After understanding and analysing customers' demand and market trends, our clients would utilise their CRM systems to facilitate the communication between their research and development, sales, marketing, procurement and production departments in reaching a design of tailor-made products for their end customers, and thereafter, their sales team, technician, procurement team and budget team will collaborate on quotation. Our U-Client 100 module would also help with the generation and storage of contract and purchase order on the cloud.

Sales and delivery: When the products are ready for delivery, upon clients' salespersons' application for delivery in the CRM systems, the delivery information will be available in the CRM system and clients' end customers would also get message notification of the delivery information. Throughout the sales cycle, our clients are able to (i) exchange information with their end customer, including sending real time notification to the end customers and sending or receiving after sales evaluation; and (ii) exchange information within the enterprises themselves in reaching design and quotation of products, leveraging on our communication capability.

Payment: As the order, invoice and receivables details will be synchronised with clients' ERP systems, the CRM systems would allow clients' salesperson to work closely with finance department on payment matter. When clients receive payments from their end customers, the salespersons can access and confirm the payment on the CRM systems and once the finance departments approve the relevant payments, and the receivables outstanding in ERP systems will be updated and synced to the CRM systems thereafter. By connecting clients' ERP and CRM systems, our U-Client 100 module enables effective management of outstanding receivables.

After sale: Clients' salespersons can apply for after sale services on the CRM systems, which enable salespersons to liaise with after-sale engineers through PC and APP in a timely manner. Digitalising after sales procedures would enable our clients to collect and analyse the data and feedbacks thereafter, so that our clients can strengthen their products to attract further business opportunities from their end customers.



BUSINESS

Case study

Background. Our client is a company engaging in design, development, manufacturing and installing of intelligent fire alarm equipment in the PRC. Its customers mainly consist of commercial real estate developers in the PRC and they primarily sell and market their products through their in-house direct sales forces. Our client was considering to engage CRM services to manage its SKUs and to process customers' purchase orders with one single platform integrating all of its business systems (including ERP, OA, AD etc).

Solution. Our U-Client 100 module helps to (i) integrate and digitalise client's sales procedures, from generating of contract and purchase order to handling of payments received from its end customer creating a one-stop management system connecting client's sales, marketing, procurement, production and audit departments; and (ii) generate payment schedule and reminder. Our U-Client 100 module did not only help our client integrate its business systems, but also enable more efficient resources allocation and increase its efficiency in internal information transmission. After engaging our U-client 100 module, our client experienced increase in gross profit margin and overall operational efficiency.

Sales Cloud — Smart Sales 100

Smart Sales 100 is built on our previous Fast Sales 100 module, for clients in industries that are highly involved in distribution model, especially FMCG industry. Fast Sales 100 can enhance our clients' service quality and ability through the application of AI and Sales Force Automation (SFA), Trade Promotion Management (TPM), Promoter Merchandiser Management (PMM), Distributor Management System (DMS), and Retail Management System (RMS) functions. These functions help our clients 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. This ultimately allows our clients monitor and control all their sales data, thus sharpens their core competitive edges and boosts their sales growth.

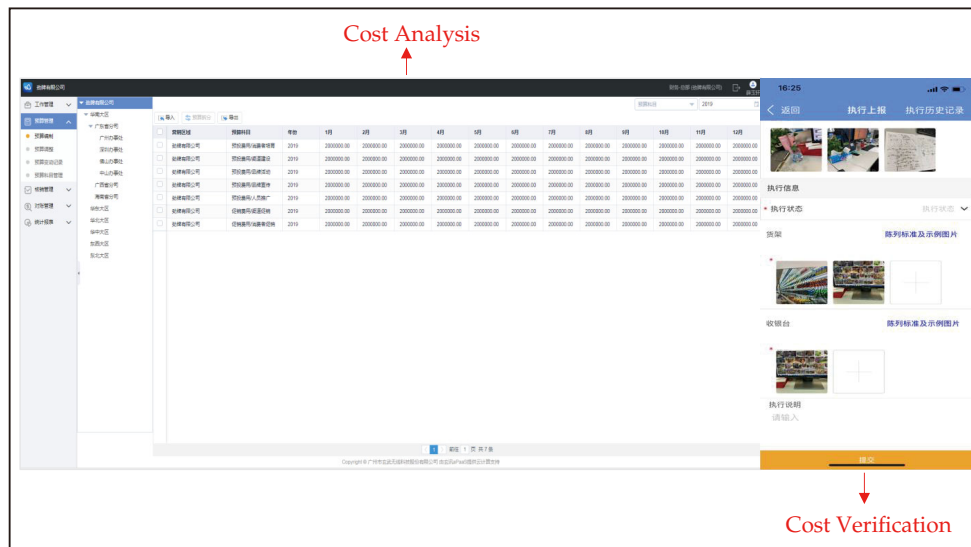
Sale Force Automation (SFA)



BUSINESS

The major functions of the SFA include managing fundamental data and performance, planning the visiting schedules, executing on-site client visits, and analysing sales data and statistics. Therefore, the targeted users of our SFA solution are FMCG managers and respective employees. SFA can assist our clients in conducting effective end-customers business cycle management, standardising the management of employees' visits, conducting online inspection of employees' performance, collecting sales-related data, and controlling employees' daily work collaboration and schedules with AI empowered technologies such as scenario detection, product detection, in-store display examination, etc.. We expect with the above functions of the SFA, our clients can oversee employee's on-site work performance, thus enhancing their work efficiency. With the data analysis function supported by our DI capability, our clients can also further formulate more focused marketing strategies by analysing the data collected from stores and sales force. By doing so, they can minimise unnecessary marketing time and costs.

Trade Promotion Management (TPM)



TPM serves to help our clients build up a cost control platform, thus a closed-loop management in handling marketing costs. With the support from our AI capability which offers functions such as OCR and Image Recognition, it allows our client in record cost data from the receipt image automatically, easily and reliably without the need of manual information input. TPM is also capable of monitoring every single expenses incurred throughout the cycle from planning to auditing and analysis of a marketing campaign, as well as subsequent multi-dimensional analysis on cost and return by leveraging our DI capability. Ultimately, TPM is a useful device for future decision-making as it provides clear guidance for cost control.

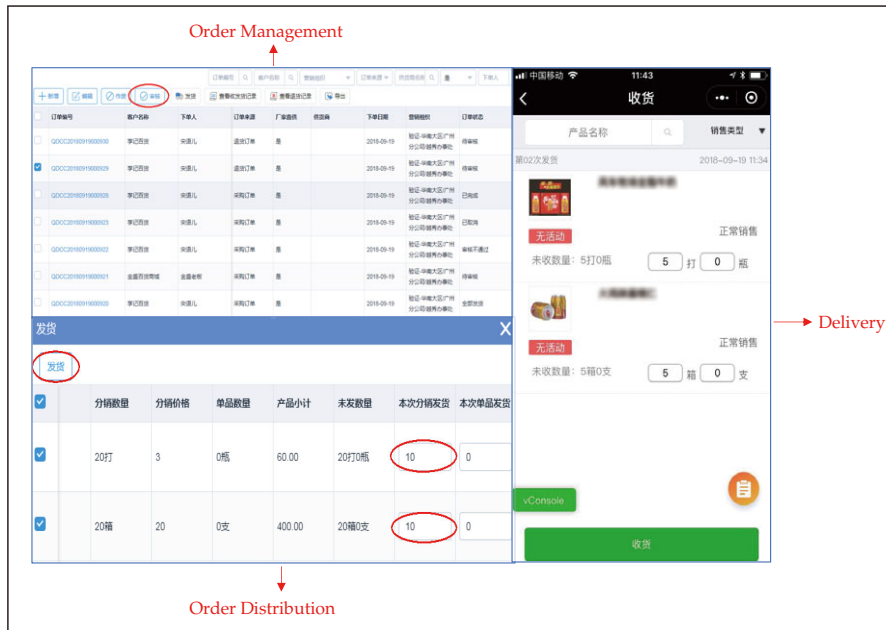
BUSINESS

Promoter Merchandiser Management (PMM)



PMM serves to help our clients with managing and supervising their promoters effectively. Its major functions include management of work attendance, work shift, with the support from our AI capability. It also includes other functions such as management of sales objective, performance and salary control, online training platform, marketing and promotional resource, etc. With the support from our DI capability, our clients can access to visualised DI reports which can help our client enterprises in rapidly enhancing the sales performance of their promoters, whilst they can also obtain first-hand information in the market and ultimately maintain a steady growth in sales.

Distributor Management System (DMS)



BUSINESS

Through DMS, we can help our clients in FMCG industry in executing closed-loop management of placing and allocating orders with their distributors. For orders placed through different channels, DMS also enables sharing of respective data, and collaborative management of orders. With the collected sales data and the support from our DI capability, it enables detailed analysis to be performed with respect to sales trend and stock movement, etc.. This ultimately enhances the turnover rate of orders placed and enables our clients to better understand distributors' real-time sales and purchases data, as well as stocks.

Retail Management System (RMS)

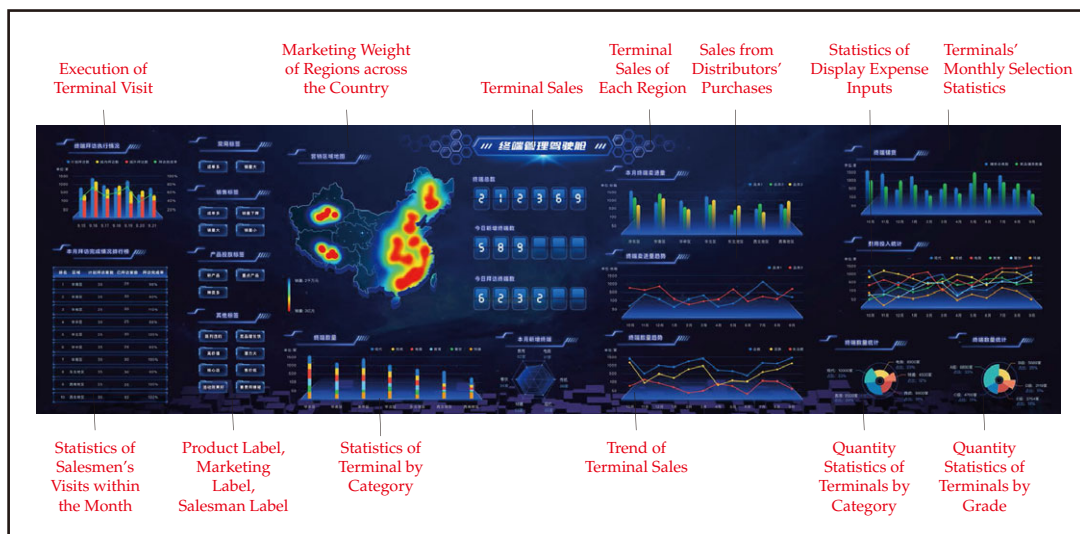


RMS is a function mainly designed for the management of retail stores of our brand owner clients, and its major values are to help retail store managers reach and monitor their end customers. Before launching of product, clients would firstly formulate different marketing strategies and product launch plans with respect to different scenarios. With the classified data with data tags and the support from our DI capability, clients can select the stores suitable for implementation of relevant product launch plan, in order to achieve targeted marketing. Through RMS, a retail store manager who has taken part in any sales promotion events of the brand can monitor real-time updates with the events, and earn and redeem bonus points as rewards. The retail store manager is required to submit photos relating to the execution of promotion event upon completion of the event. By leveraging our AI capability, the system will be able to perform check automatically on whether the promotion event has been executed as planned, which shortens the time required for manual verification.

BUSINESS

Implication of AI and DI capabilities

Our Smart Sales 100 module, empowered by AI and DI capabilities, has improved the data collection ability at various stages and sales cycle scenarios. For example, by providing comprehensive information and accurate data, our clients can reduce wasted costs relating to the usage of false data by ensuring data accuracy, provision of more comprehensive information and reducing the costs wasted by discovering false data. Through Smart Sales 100 module, our clients are able to experience enhanced data collection and analysis abilities, improved work efficiency and increase in interaction between our clients and managers of retail stores. "AI Perfect Store" and "AI Store Inspection" are functions of the Sales Cloud solutions which we have built based on our AI and DI capabilities.



"AI Perfect Store": According to Frost & Sullivan, the display of products and the purchase environment would affect the customers' behaviour. In this respect, enterprises in FMCG industry would usually emphasise on the setting and layout of the retail stores by ensuring that their products in the stores are displayed in a certain way which, alongside effective marketing strategies, could maintain and boost sales of their products.

Our AI Perfect Store was developed based on normative enterprise marketing strategy — combining with AI technology, it is capable of reviewing and analysing whether the marketing strategies adopted by the retail stores can meet the standards set by our solutions, or provide suggestions to our clients otherwise. Ultimately, the AI Perfect Store module aims to constantly raise the bar of being a 'perfect store', thus optimising our module's impacts over consumer's behavior and raising sales.

In practice, our clients would first set up a customised standard of their "perfect store". Clients' inspector can select and check the status of unvisited stores and plan his/her visiting route through his/her mobile device. During the store visit, the inspector would have to take note of the items or tasks which required to be examined in that specific store. The inspector would have to take the real-time pictures covering different display scenario in accordance with the guidelines provided by our AI Perfect Store

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module, such as the customer flow, promotional activity and sales area. This task involves the utilisation of our AI technology by way of invoking APIs with different function, e.g. API that can recognise reproduced photo, API that can categorise SKUs, API that can detect tiers in a refrigerator and API that can detect shelves in a store. The real-time picture would be uploaded to the system for the examination, our module will then generate a report regarding the display within 20 seconds. Any items which do not reach the pre-set standard will be flagged in the report and the store manager would have to adjust the display by uploading the retake-photo until they reach the "perfect" store standard.

In addition, this solution is also capable of helping our clients to oversee the execution of the launch of marketing campaigns, monitor updates and business activities of our clients' competitors in the market, and eventually enable them to acquire end customers in a more effective way. Our clients could only monitor the operations of their retail stores by specifically recruiting or assigning staff to examine their respective retail stores, which in return was more time-consuming and costly without AI Perfect Store.

Traditionally, our clients could only monitor the operations of their retail stores by specifically recruiting or assigning staff to examine their respective retail stores, as it takes time for them to take appropriate photo and to manually determine whether the store has complied with the pre-set standards. With our AI Perfect Store module, client's inspector is able to take real-time pictures according to the guidance provided in the module camera and perform checking of real-time photos against the pre-set standards by invoking API. As such, it became less time-consuming and costly with our AI Perfect Store.

"AI Store Inspection": Store inspection is of utmost importance to the sales monitoring for brand owner clients, especially for those who operate a numerous amount of retail store. The traditional approach of inspection has experienced issues caused by the fabricated or repetitive reporting by inspector and difficulty in authentication of inspector's identity. For example, client's inspection might forge photos or other documentations without actual visiting, report more than once for same visit or to ask someone else to perform the task for him. With our in-depth industry knowledge and expertise, and understanding of our clients' challenges existed in their day-to-day business, we developed our AI Store Inspection to tackle all the aforesaid issues by introduction of facial recognition, intelligent image recognition and smart check-in system. This module can be utilised in verifying the identity of inspector and enhancing their operational efficiency by improving the work efficiency of our clients' employees; and with more accurate data retrieved by our solution, our clients could also fully utilise then in better understand their business operations.

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In addition, we also complement our Smart Sales 100 module with smart devices, e.g. AI camera attached to fridge or container to enhance the overall performance and further improve user experience. Our clients' AI camera utilises AI recognition engines which is capable of recognising SKUs and recording image related sales data. With AI camera attached to the fridge or container of our clients' shops, sales data will be collected on an on-going basis to record all kinds of dynamic data, for instance, the time and the frequency of the fridge door opened, what goods were picked by the customers, how goods were placed back on the shelves, etc. Supported by our AI capability, the image data will be automatically uploaded to our Smart Sales 100 platform for examination, and the notification function will be triggered if there is a need to refill the goods or if the goods display does not reach the standard. Furthermore, by leveraging our DI capability alongside with the collected sales data, our clients will be able to predict the sales trend, preference of their customers, target group of customers etc. and take prompt action to adjust their stock management and marketing strategy accordingly. For details on our AI capabilities, please refer to the paragraph headed "Our technology" in this section.



Case study

Background. Our client is a long-established bottled drinking water manufacturer and it used to have a traditional CRM system. With the ever-changing environment in FMCG market, our client would want to convey constructive feedback in each stages of the sales cycle to the management in a timely manner, so as to formulate its plan and strategy, and to respond to any trend movement promptly.

Solution. Our Smart Sales 100 module provided a one-stop solution that enables our client to enhance its sales process. Leveraging our powerful AI vision engines, client can process photos and distinguish SKUs with high similarity, thus ensuring high accuracy of the product display and planogram in the process of data collection. After the adoption of our Smart Sales 100, our client experienced significantly lower sales staff costs due to improvement in accuracy of data collection and thus lower false rate.

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Service Cloud

Our Service Cloud solution is dedicated to enhancing our clients' abilities on cloud-voice related service. Our Service Cloud solution is offered in Cloud Call Centre — a customer service module that brings the traditional call centre onto the cloud which includes two functions, (a) Call Centre — a centralised interface connected to various customer service channels; and (b) Intelligent Quality Inspection — a function developed to enhance the level of service quality by voice recognition, semantic analysis and big data processing technology.

Once the Service Cloud received requests from clients, the system will arrange accordingly either an AI or customer service staff to serve the customers taking into account the nature and complexity of the matters. For simpler matters, AI will be handling the tasks without any manual intervention. While for more complicated matters, Service Cloud may arrange AI or customer service staff to handle the customers' needs, with an intelligent quality inspection system to conduct quality check on AI's or customer service staff's performances. Our Service Cloud solution has been providing exceptional experience to our clients by carrying out their customer service function through an innovative one-stop solution. It offers three key advantages:

Cloud-based. We offer our clients with cloud-based customer service, which is easy to deploy, as our clients would not be required to maintain or develop the solution.

Communication capability. Our clients can be benefited from our communication capability, which enables them to respond or obtain feedbacks from their customers via various channels.

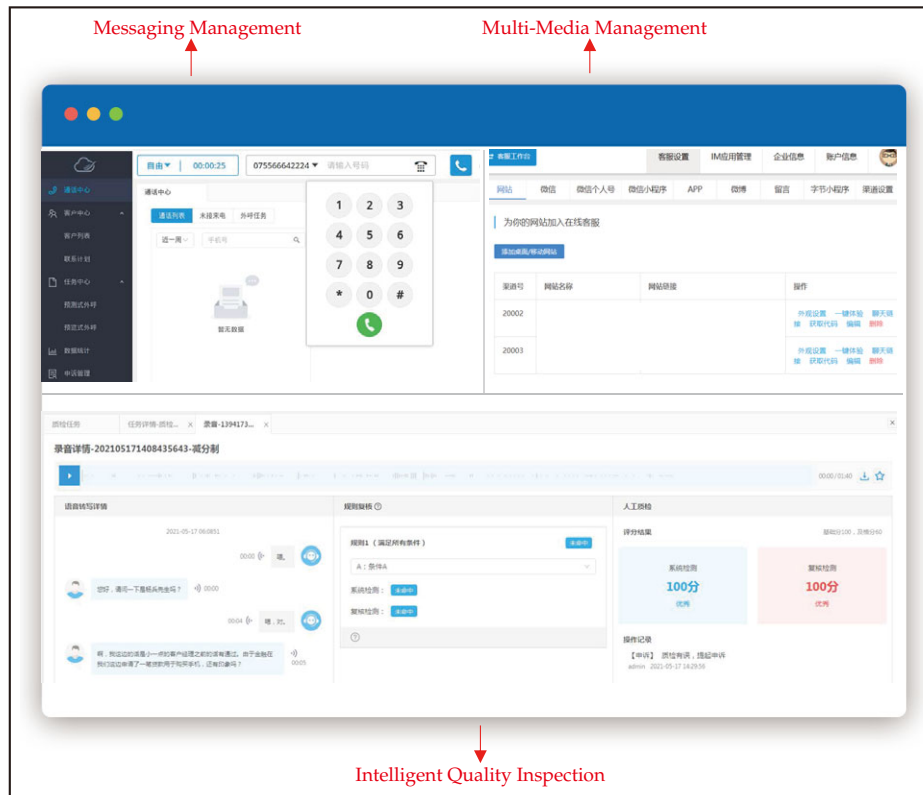
Intelligent. Our client can access to our inspection function which is based on voice recognition, semantic analysis and data processing technologies, enabling them to optimise their work processes and improve their operational efficiency.

Cloud Call Centre is built upon our communication capability that supports voice and multi-media content, and is based on cloud computing. By integration of the prevalent communication channels, such as phone call, SMS, voice message, email, internet-based call, video call, WeChat, Weibo and APP, and our clients' customer service staff can provide responses and obtain feedbacks from their end customers through the most convenient communication channels designated by the end customers. It also offers call recording and performance evaluation modules which enables our clients to monitor their frontline salespersons to ensure their service quality.

We also offer intelligent quality inspection function which connects our clients' communication channels with major online customer service platforms, including WeChat, web page and APPs. It assists our clients in optimising work processes of their daily business, and improving internal collaboration with efficiency. Our intelligent quality inspection function is based on voice recognition, semantic analysis and data processing technology. It can simultaneously convert and translate voice of calls into text, which provides phonetics support for clients' staff. Our clients can set up standards of quality and use this function to inspect quality of customer services via phone calls, as our

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system will automatically evaluate the service quality of frontline client service staff in accordance with the aforesaid standards which helps to improve clients' service quality and conduct marketing data mining for clients' future improvement.



Case study (1)

Background. Our client operates a boutique membership e-commerce platform and requested for a solution to effectively stimulate its old customers to purchase on their platform again through sending them event sales notifications during holidays and/or anniversaries.

Solution. We offered our client the Service Cloud solution with AI robot and messaging services that carried out intelligent phone calls or voice messages via various channels every day at specific time points, which was able to reach out to a considerable amount of old customers without incurring much labor costs.

Case study (2)

Background. Our client operates e-commerce platform for cosmetic products. Our client was in need of a customer service system when performing its daily customer reviews to lift up its phone calling efficiency. Besides, it also requested for a reliable storage for data such as communication recordings and to shorten call waiting and dialing time by filtering invalid data.

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Solution. We offered our client the Service Cloud solution by establishing a complete customer service system from dialing customers to recording communications to analyse the customers' needs. The system also provides functions including recordings storage and empty number detection which greatly enhance the customer service efficiency. We also offered our client an intelligent quality check system to assist the management of service customer staff's work quality.

Solution. At the initial stage of cooperation, we were engaged to provide our Service Cloud solution to one of the cosmetic brands which our client operated, for its after sales service. In the absence of a unified platform to consolidate the customers' data which was collected from various channels, it is difficult for client to analyse, manage and store the customers' data, as well as follow up on customers' feedbacks. With our knowledge after serving several brands operated by our client, we have developed industry-specific functions, i.e. multi-brand and all-channel unified management function, in order to expand the brand coverage of our Service Cloud solution. Our Service Cloud solutions have assisted the client in improving its service quality, and having relevant costs reduced.

Operating data

CRM SaaS services	For the year ended 31 December			
	2018	2019	2020	2021
Number of clients	959	1,258	1,379	1,509
Number of core clients ^(Note 1)	110	128	147	193
Average price per client ^(Note 2)	RMB331,000	RMB237,400	RMB243,600	RMB289,800
Average price per core client ^(Note 1, 2 and 6)	RMB2,623,000	RMB2,091,000	RMB2,038,800	RMB2,079,000
Core clients' retention rate ^(Note 1 and 3)	NA	91.8%	91.4%	89.1% ^(Note 5)
Core clients' net dollar retention rate ^(Note 1 and 4)	NA	78.6%	97.2%	112.9%
% of revenue contribution by core clients ^(Note 1)	90.9%	89.6%	89.2%	91.8%

Notes:

- (1) For the four years ended 31 December 2021, core clients are defined as clients contributing RMB300,000 or above of revenue for the relevant year.
- (2) For the four years ended 31 December 2021, the average price per client refers to the average revenue generated per client for the year.
- (3) For the four years ended 31 December 2021, core clients' retention rate refers to the percentage of core clients for the immediately preceding year which remained to be our core clients for the current year.
- (4) For the four years ended 31 December 2021, core clients' net dollar retention rate refers to the ratio of revenue contribution of the core clients in the immediately preceding year to the revenue contribution of the same group of clients for the current year. The clients' net dollar retention rate for the current year is calculated by using the revenue attributable to the identified group of clients in the current year as the numerator and the revenue attributable to the same group of clients in the immediate preceding year as the denominator.

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- (5) Due to the structural adjustment of our client portfolios in Service Cloud as we intend to gradually shift our focus to clients from relatively stable industries, such as financial and Government-related industries, our number of core clients' retention rate decreased from 2020 to 2021. For details, please refer to the paragraph headed "Financial Information — Description of major components of our results of operations — Revenue — CRM SaaS services" in this [REDACTED].
- (6) The average price per core client fluctuated while average price per client increased from 2019 to 2021, as the number of core clients increased faster than that for all CRM SaaS clients. The number of core clients increased from 128 in 2019 to 193 in 2021 representing a CAGR of 22.8% compared to that of 9.5% for all CRM SaaS clients during the same period, due to our continually pursuing of core client strategy to increase average price per client and thus lead to an increasing client pool that would be categorised as core client.

Services/

solution/module

AI/DI capability

CRM PaaS services –
cPaaS

AI capability

Message delivery

It offers users with text-to-speech or speech-to-text function, which is capable of converting language text into speech recording (or vice-versa) to allow messages to be delivered to the end-users in a flexible manner. In addition, it provides semantic analysis function that approximates concept from text and categorise messages into different groups to enhance resources allocation. Furthermore, an automatic examination would also be triggered to identify any non-compliance within the message content and to ensure all outbound voice and image content are in compliance with internal requirements and external regulations.

Message receiving

It supports automatic reply function which would firstly detects the content of the inbound message and converts speech recording into language text if needed. A search would be conducted thereafter to match the most relevant response to the enquiry based on the pre-established database and system algorithm. Furthermore, an automatic examination would also be triggered to identify any non-compliance within the message content and to ensure the voice and image content are in compliance with internal requirements and external regulations.

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Services/ solution/module

AI/DI capability

DI capability

Data recovery

It enables the users to create incremental backup by daily snapshot which allow data to be restored from a snapshot of a specific date.

Storing and analysis of data

It empowers our cPaaS platform to perform a holistic analysis on the stored data and the result can be visualised and presented in all kinds of operational reports and statistics.

Others

Our DI capability also allows users with access to various of database such as blacklist or whitelist, sensitive word list, non-registered number list, mobile number portability list, etc.

CRM SaaS services

AI capability

The Group's AI capability is mainly applied to support the data collection workstream within the CRM SaaS solutions.

Image-to-text

It offers users with the image-to-text function, which is capable of converting image into text. This is a process to transform unstructured image data by analysing the content and produce structured data as an output.

Video-to-text

It offers users with video-to-text function, which is capable of converting video into text data to allow users to analyse the video content and extract useful data or messages from the source.

Character recognition

It offers users with the ability to covert image-text into machine-encoded text.

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Services/ solution/module

AI/DI capability

Image examination

It helps users to examine the in-store image data submitted by the system users which is intended to detect improper and unqualified photo taken (e.g. photos taken from the computer screen or paper, duplicated photo submitted).

Image stitching

It is supported by the image processing function which is used to identify image with similarities. Once images from the same store are detected, they will be cropped and combined into one.

DI capability

Data classification function

It helps users to organise the database by analysing the stored data and creating different data tags for grouping and integration purposes.

Data analysis

It provides data processing power to support sales specific analysis for stock management, human resources management, cost management, operation management, etc.

Data forecast

It provides the ability to predict trends, patterns, and correlations in large amounts of raw data to make data-informed decisions.

OUR TECHNOLOGY

Our intelligent CRM services structure are built on aPaaS and cPaaS platforms and powered by AI and DI capabilities. Throughout our history, we have updated our technologies based on clients' feedbacks or requests, which made a key to our business success. We believe that continuous research and development is crucial to our future success and continuous technological developments in the fields of AI, DI and cloud computing will be key to the growing opportunities for the intelligent CRM services industry. For details on our related competitive strengths and growth strategies, please refer to the paragraphs headed "Our competitive strengths" and "Our growth strategies" in this section.

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Our aPaaS platform

We have developed an aPaaS platform, a low code platform, which supports the efficient and highly integrated development of the system for our solutions enabling us to utilise existing services and development tools while focusing on providing diversified solutions to our clients. Leveraging our aPaaS platform, we are able to develop and to make updates to our services within a short period of time thus catering with the evolving clients' needs and technological innovation. In addition, our CRM SaaS clients can also access to our aPaaS platform to customise a SaaS services based on their individual needs and demands by integrating various modules and functionalities.

Case study

Background: Our client engages in winemaking business. Its original marketing information system had inadequate coverage on administrative management, production supply, channel synergy, consumer operations and other value chains, and as such its business data could not be gathered in an organized way and the original system failed to provide our client a sufficient data analysis and management platform to support its business operation scale. Our client was looking for a centralized business system to enhance data analysis efficiency.

Solution: Our aPaaS platform realises the digitalisation of execution of contracts and helps to meet the needs of the client's sales department to evaluate dealers which takes into account the terms of the contract, thus lift up the efficiency of entering into contracts with business partners. Further, the aPaaS platform provides low-code flexible configuration which could meet business requirements through quick configurations and reduce development workload.

Our cPaaS platform

Insofar as our clients subscribed to our CRM PaaS services, our cPaaS platform enables our clients to integrate our communication capabilities into their business systems in the form of APIs and SDKs according to their business needs. As such, our cPaaS platform allows our clients to access and utilise our communication resources in an easy, efficient and flexible way which suits their communications needs without incurring enormous costs in establishing and maintaining their own communication infrastructure. Where our clients subscribed to our CRM SaaS services, they are offered with technologically upgraded services encapsulated with multi-touch communication capability, where our cPaaS platform would form the base and core and an inseparable part of our CRM SaaS services.

Our AI and DI capabilities

As mentioned above, we have developed our own vision related AI recognition engines. The Vision Engines are developed based on machine learning, deep learning, image segmentation and OCR, which can profile 10 million items per day, recognise an item match within 1s and return result within 3s on phone, produce recognition result of an accuracy rate up to 99.0%. We applied our Vision Engines in a variety of innovative

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smart devices in connection with our CRM SaaS services. For example, our Smart Sales 100 solution offers intelligent decision algorithm based on DI which can be utilised in AI camera installed in vending machines, such algorithm can recognise SKUs and record sales directly when an end customer picks up any goods therefrom.

Case study — AI capability

Background: Our client engages in beverage and instant noodles manufacturing. The salesmen of our client were bearing heavy workload of terminal visits and there were occasions the salesmen could not collect the required data at the terminal visit according to the internal standards and specifications, which had led to the back-end auditors spending a lot of time to communicate repeatedly with the salesmen to collect the data again. This business process took up a lot of unnecessary manpower resources and lowered the staff's working efficiency, and the actual and objective situation of the terminals cannot be delivered to our client's management team and thus the management team was not able to propose improvement suggestions accordingly.

Solution: Our AI platform can quickly identify scenes such as shelves, piles, freezers and display effects and conduct analysis accordingly. It assists in connecting SFA system and empowers the salesmen to collect the terminal data accurately, which reduces the collection burden of the front-end personnel and the inspection workload of the back-end personnel. Through connecting our AI platform, it helps achieve intelligent verifications of terminal authenticity and provide auxiliary decision making.

Case study — DI capability

Background: Our client engages in beverage processing business. It is looking for a system that can help analysing its market share of the terminals that it has distributed its products to at each of the targeted regions, and which of those terminals are more suitable to distribute more of its products.

Solution: Our DI provides store extension solutions by analysing the data of our client's terminals to find out sales points that our client is not yet cooperating but suitable for its distribution in the targeted regions. It also helps generate offline tasks for salesmen and guide them to expand our client's distribution network accordingly, which makes our client being able to proactively expand the market and also greatly saved up the time for our client to expand its targeted distribution network.

During the operation of our CRM SaaS services, we accumulate historical data, through that we are able to gain valuable insights into our clients' needs as well as their end customers' behaviour. For example, we provide our clients with forecast or estimation after analysing their historical business operating data enabling them to make informed business decision so as to increase their operational efficiency. By cleaning, modelling, analysing and mining such data, our data engineers can achieve a comprehensive understanding of our clients and their end customers, which enable us to provide our clients and their end customers with better services. In addition, our Smart Sales 100 platform has stored ample amount of data of food and beverage SKUs, which in turn lays down a solid foundation for its machine learning and AI recognition function.

BUSINESS

As we believe that technological advancement and innovation are critical to solidifying our competitiveness, we have been consistently improving our image recognition technology, and have made achievements in the areas of image classification and product recognition.

RESEARCH AND DEVELOPMENT

We believe our strong research and development abilities and ability to keep up with the rapid development and advances in technologies through developing innovative solutions are crucial to our continued success. For the four years ended 31 December 2021, we have incurred RMB40.8 million, RMB50.6 million, RMB53.0 million and RMB66.1 million, respectively, as our research and development expenses.

Research and development team

As at the Latest Practicable Date, we had a team of 268 experienced technology professionals, representing 36.2% of our total staff.

Research and development process

Our development process for our platform or solution generally takes eight weeks to six months. The key steps involved in our development process consist of:

- *Planning*: Planning of objectives, adjustment of operations and scheduling of timetable;
- *Research and design*: Conduct market research, client research and analysis on similar services in the market and to come up with solid structures and flows by adopting relevant technological frameworks;
- *Development and coding*: Code writing, unit testing and code testing to ensure the specification, accuracy and strengths of the codes of the platform or solution;
- *Testing*: Carry out a series of tests to ensure the functionality of the services, and to discover any possible defects, followed up by respective analysis before official release of the platform or solution;
- *Release*: Upon release, the team will also complete the training and promotion schemes with clients, and constantly follow up and check on their usage and experience on our platform or solution;
- *Ongoing updates and optimisation*: An ongoing stage which requires continuous effort by our team in preparation and assessment of optimisation plans, alongside further execution and constant monitoring of the plans.

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INTELLECTUAL PROPERTY

We highly value our proprietary patents, trademarks, domain names, copyrights and other intellectual properties to our business operations. We rely on a combination of patents, copyrights, trademarks, trade secret laws, and restrictions on disclosure to protect our intellectual properties. During the Track Record Period, we have entered into relevant arrangements with our employees by way of incorporation of confidentiality clause into the employment agreement which cover any confidential information obtained during the course of employment.

As at the Latest Practicable Date, we had registered 134 copyrights, 65 patents, 63 trademarks, 43 domain names in the PRC, registered three trademarks in Hong Kong. During the Track Record Period and up to the Latest Practicable Date, we have applied for registration of 65 patents, 7 copyrights and 24 trademark in the PRC. For details, please refer to the paragraph headed "Statutory and General Information — B. Further information about our business — 2. Intellectual property rights of our Group" set out in Appendix IV to this [REDACTED].

We implement a set of comprehensive measures to protect our intellectual property. For details, please refer to the paragraph headed "Risk management and internal control — Intellectual property risk management" in this section.

During the Track Record Period and as at the Latest Practicable Date, we were not subject to any material dispute or claims for infringement upon third parties' intellectual property rights.

SALES AND MARKETING

Pricing

Our service fees are generally set out in the agreements between us and our customers. For our CRM PaaS services, we generally charge by usage based fee. For our CRM SaaS services, we generally charge usage based fee, monthly or annual software subscription fee, implementation fee and annual maintenance fee. In formulating our service fees for an engagement, we take into account of various factors, including but not limited to (i) types of services involved; (ii) competition and the prevailing market prices for similar services offered in the intelligent CRM services market; (iii) the types of customers and the industries they are involved in; and (iv) the potential future business opportunities with or the chance of cross-selling the clients. Our Group would take into account our increasing product/service competitiveness and ability to meet clients' needs and our operation costs as the clients are aware of the trend of telecommunication resources costs when negotiate an increase in average per unit selling price. We also consider the overall circumstances based on each of our clients when forming the basis and justification for determining the average per unit selling price for each client. Such circumstances maybe affected by factors including but not limited to types of clients and the industries they are involved in, our understanding of clients' needs and their budget level, the potential future business opportunities with or the chance of cross-selling the clients and the complexity of client's demands. For details of our CRM PaaS and CRM

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SaaS services fee model, please refer to the paragraph headed "Financial Information — Critical accounting policies and estimates — Revenue recognition" in this [REDACTED].

Sales and marketing

We primarily sell and market our intelligent CRM services through our in-house direct sales forces, consisting of 228 employees as at the Latest Practicable Date, each with extensive knowledge in our services and related technologies. We generally conduct direct sales through phone calls and onsite visits, and leverage the network effect and word-of-mouth referrals by stakeholders across the business cycle to strategically expand our market presence and scale up our business in a cost-effective manner. By engaging in various direct marketing campaigns, such as summits, forums and other events across different industries, we are also able to reach out to enterprises, organisations and their affiliates. Eventually, we have managed to build up successful business relationships with many of them, thus achieving to expand the influence and popularity of our brand amongst the intelligent CRM services industry.

Our industry leading clients include SOEs, listed companies and other large-sized enterprises spanning across a broad range of industries such as FMCG, financial, TMT and Government-related industries covering 20 of the Fortune Global 500 Companies. For FMCG industry, we covered 28 and 24 of the top 100 players in the food and beverage segments, and 20 and 10 of the top 100 players in the commodity and Chinese liquor segments, respectively, in 2021. For the financial industry, we covered 37 of the top 100 players in the banking segment and 30 of the 138 regulated security companies, respectively, in 2021. For TMT industry, we covered 21 and 15 of the top 100 players in the internet and software segments, respectively, in 2021. The total revenue contributed by our SOE clients accounted for 19.5%, 19.0%, 13.9% and 11.5% of our revenue for the four years ended 31 December 2021, respectively. Our Directors are not aware of our clients which are SOE that (1) plan to migrate their data from private sector operations to state-owned clouds and (2) withdrew their contracts with us during the Track Record Period.

For the four years ended 31 December 2021, our selling and distribution expenses amounted to RMB83.0 million, RMB93.4 million, RMB77.1 million and RMB91.0 million, respectively, representing 16.0%, 15.6%, 9.7% and 9.2% of our revenue during the same periods, respectively.

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 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.

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OUR CLIENTS

Our clients primarily consist of enterprises in FMCG, financial, TMT and Government-related industries. All of our clients were situated in the PRC. During the four years ended 31 December 2021, our revenue amounted to RMB518.8 million, RMB600.2 million, RMB796.8 million and RMB991.9 million, respectively. Our revenue generated from our largest client for the four years ended 31 December 2021 accounted for 8.3%, 7.3%, 18.2%, and 16.5%, respectively, of our revenue during those periods. Our revenue generated from our five largest clients for the four years ended 31 December 2021 accounted for 31.8%, 28.3%, 34.8% and 34.2%, respectively, of our revenue during those periods. During the Track Record Period, our clients generally settled their payments through bank transfer. We have established and maintained stable and good relationships with our five largest clients during the Track Record Period, with a majority relationships of five years or above.

Below are the breakdown of our revenue derived from our top five clients during the Track Record Period, and their respective background information:

For the year ended 31 December 2018:

Rank	Client	Principal business activities	Type of services provided	Approximate year(s) of relationship with the Group	Sales amount (RMB'000)	Percentage of revenue (%)
1	Client A ^(Note 1)	Banking business	CRM PaaS and CRM SaaS services	7 years	42,938	8.3
2	Client B ^(Note 2)	Information technology and power supply services	CRM PaaS and CRM SaaS services	7 years	40,865	7.9
3	Client-supplier D ^(Note 4)	Telecommunication operation	CRM PaaS and CRM SaaS services	11 years	33,498	6.5
4	Client C ^(Note 3)	Credit card services	CRM PaaS and CRM SaaS services	10 years	27,154	5.2
5	Client-supplier E ^(Note 5)	Telecommunication operation	CRM PaaS and CRM SaaS services	12 years	20,107	3.9
Total					164,562	31.8

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For the year ended 31 December 2019:

Rank	Client	Principal business activities	Type of services provided	Approximate year(s) of relationship with the Group	Sales amount (RMB'000)	Percentage of revenue (%)
1	Client-supplier D ^(Note 4)	Telecommunication operation	CRM PaaS and CRM SaaS services	11 years	44,097	7.3
2	Client B ^(Note 2)	Information technology and power supply services	CRM PaaS and CRM SaaS services	7 years	36,250	6.0
3	Client I ^(Note 6)	Comprehensive integrated payment solutions	CRM PaaS and CRM SaaS services	8 years	35,236	5.9
4	Client-supplier F ^(Note 7)	Design, development and sale of telecommunication equipment and consumer electronics	CRM PaaS and CRM SaaS services	5 years	30,291	5.0
5	Client C ^(Note 3)	Credit card services	CRM PaaS and CRM SaaS services	10 years	24,884	4.1
Total					170,758	28.3

For the year ended 31 December 2020:

Rank	Client	Principal business activities	Type of services provided	Approximate year(s) of relationship with the Group	Sales amount (RMB'000)	Percentage of revenue (%)
1	Client-supplier F ^(Note 7)	Design, development and sale of telecommunication equipment and consumer electronics	CRM PaaS and CRM SaaS services	5 years	145,139	18.2
2	Client-supplier D ^(Note 4)	Telecommunication operation	CRM PaaS and CRM SaaS services	11 years	48,548	6.1
3	Client-supplier E ^(Note 5)	Telecommunication operation	CRM PaaS and CRM SaaS services	12 years	30,064	3.8

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Rank	Client	Principal business activities	Type of services provided	Approximate year(s) of relationship with the Group	Sales amount (RMB'000)	Percentage of revenue (%)
4	Client J ^(Note 8)	Securities brokerage business	CRM PaaS and CRM SaaS services	9 years	27,748	3.5
5	Client C ^(Note 3)	Credit card services	CRM PaaS and CRM SaaS services	10 years	25,799	3.2
Total					277,298	34.8

For the year ended 31 December 2021:

Rank	Client	Principal business activities	Type of services provided	Approximate year(s) of relationship with the Group	Sales amount (RMB'000)	Percentage of revenue (%)
1	Client-supplier F ^(Note 7)	Design, development and sale of telecommunication equipment and consumer electronics	CRM PaaS and CRM SaaS services	5 years	164,048	16.5
2	Client-supplier E ^(Note 5)	Telecommunication operation	CRM PaaS and CRM SaaS services	12 years	56,162	5.7
3	Client J ^(Note 8)	Securities brokerage business	CRM PaaS and CRM SaaS services	9 years	44,367	4.5
4	Client-supplier D ^(Note 4)	Telecommunication operation	CRM PaaS and CRM SaaS services	11 years	42,826	4.3
5	Client C ^(Note 3)	Credit card services	CRM PaaS and CRM SaaS services	10 years	31,836	3.2
Total					339,239	34.2

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Notes:

- (1) Client A is a rural credit union providing financial services situated in Henan Province with a registered capital of RMB58.0 million, which was incorporated in 2007 and principally engages in the provision of savings and credit services.
- (2) Client B was incorporated in 2006 and principally engages in the provision of information technology and electricity communication engineering services and development of information system and is a branch office of a limited liability company which is situated in Yunnan Province with registered capital of RMB23.6 billion.
- (3) Client C is a branch office of a commercial bank situated in Shanghai and listed on the Shanghai Stock Exchange, which was incorporated in 1992 and principally engages in the provision of banking services, letter of credit services and guarantees, and issuance of loans and bonds, with registered capital of RMB29.4 billion and with its business centralised in Shanghai and have 42 branches located across the PRC such as Hangzhou, Nanjing, Guangzhou, Beijing, Zhengzhou, Xi An and Dalian, and outside the PRC including Hong Kong, Singapore and London.
- (4) Client-supplier D is one of the major telecommunication network operators in the PRC with a registered capital of RMB213.0 billion and it consists of a company listed on the Shanghai Stock Exchange and another company listed on the Main Board of the Stock Exchange. It was incorporated in 2000 and principally engages in the provision of basic and value-added telecommunication services and operating system integration in relation to communication services.
- (5) Client-supplier E is one of the major telecommunication network operators in the PRC and consists of a company listed on the Main Board of the Stock Exchange. It was incorporated in 1999 and principally engages in the provision of basic and value-added telecommunication services.
- (6) Client I is a comprehensive integrated payment solutions provider incorporated in 2006 situated in Guangdong Province with a registered capital of RMB680.0 million and principally engages in development and providing maintenance services on software and network, which is an indirect subsidiary of a company listed on both the Main Board of the Stock Exchange and Shanghai Stock Exchange with its business centralised in Guangdong and also covering Beijing, Shandong, Jiangsu, Zhejiang, Shanghai and Sichuan.
- (7) Client-supplier F is a Chinese multinational technology company incorporated in 1987 situated in Guangdong Province with a registered capital of RMB40.4 billion and is principally engaging in design, development and sale of telecommunication equipment and consumer electronics.
- (8) Client J is a comprehensive securities company incorporated in 2007 situated in Beijing with a registered capital of RMB10.1 billion, which is listed on both the Main Board of the Stock Exchange and the Shanghai Stock Exchange. It principally engages in provision of securities investment consultation and financial advice on securities trading and investment, and securities underwriting and sponsorship with its business centralised in Guangdong and with 501 branches located across 31 provinces autonomous regions and municipalities directly under the central government in the PRC including Zhejiang, Beijing, Shanghai, Jiangsu, Fujian and Shanxi.

All of our top five clients during the Track Record Period were Independent Third Parties. As at the Latest Practicable Date, none of our Directors, their close associates or our Shareholders had any interest in any of our top five clients.

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Major terms of our long-term services agreements

The salient terms of our typical long-term services agreements are as follows:

Term of service and contract renewal	Our long-term service agreement typically has a term of three years and may be renewed upon expiry.
Scope of services	We generally set out the details of our scope of services within the term of services.
Service fee	We generally set out a fee quotation for our different types of services. We may charge extra service fees or provide separate quotation for specific projects, out-of-scope matters or additional services requested by our clients.
Payment terms	We generally charge on a monthly basis or in accordance with the payment schedule of the agreement. Credit terms may vary from agreement to agreement and we generally grant our clients a credit term from 10 days to 30 days. We generally require payments by bank transfer.
Confidentiality	Both parties are obliged to keep confidential the technical, management, financial and business information disclosed during the service term, and shall continue for five years after termination of the agreement.

OUR SUPPLIERS

Our suppliers mainly consist of major telecommunication network operators and suppliers of cloud computing servers. Our major suppliers are all situated in the PRC. During the four years ended 31 December 2021, our cost of sales amounted to RMB333.3 million, RMB403.5 million, RMB603.0 million and RMB759.5 million, respectively, while the largest supplier accounted for 60.2%, 59.6%, 69.8% and 70.3%, respectively, of our cost of sales during those periods. Our cost of sales generated from our five largest suppliers for the four years ended 31 December 2021 accounted for 81.0%, 81.6%, 85.7% and 86.1%, respectively, of our revenue during the same periods. During the Track Record Period, we generally settled our payments to our suppliers by bank transfer. We have established and maintained stable and good relationships with our five largest suppliers during the Track Record Period, with a majority relationships of six years or above.

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Below are the breakdown of our top five suppliers during the Track Record Period and their respective background information:

For the year ended 31 December 2018:

Rank	Supplier	Principal business activities	Type of services purchased	Approximate year(s) of relationship with the Group	Purchase amount (RMB'000)	Percentage of cost of sales (%)
1	Client-supplier E ^(Note 1)	Telecommunication operation	Telecommunication resources	12 years	200,573	60.2
2	Client-supplier D ^(Note 2)	Telecommunication operation	Telecommunication resources	11 years	29,331	8.8
3	Client-supplier H ^(Note 3)	Telecommunication operation	Telecommunication resources	12 years	28,644	8.6
4	Supplier A ^(Note 4)	Mobile information service provider	Telecommunication resources	4 years	6,011	1.8
5	Supplier B ^(Note 5)	Value-added telecommunications services and telecommunications business agent	Telecommunication resources	5 years	5,431	1.6
Total					269,990	81.0

For the year ended 31 December 2019:

Rank	Supplier	Principal business activities	Type of services purchased	Approximate year(s) of relationship with the Group	Purchase amount (RMB'000)	Percentage of cost of sales (%)
1	Client-supplier E ^(Note 1)	Telecommunication operation	Telecommunication resources	12 years	240,298	59.6
2	Client-supplier D ^(Note 2)	Telecommunication operation	Telecommunication resources	11 years	39,435	9.8
3	Client-supplier H ^(Note 3)	Telecommunication operation	Telecommunication resources	12 years	35,336	8.8

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Rank	Supplier	Principal business activities	Type of services purchased	Approximate year(s) of relationship with the Group	Purchase amount (RMB'000)	Percentage of cost of sales (%)
4	Supplier C ^(Note 6)	Comprehensive system integration services and marketing of high-tech network products	Telecommunication resources	3 years	7,821	1.9
5	Client-supplier G ^(Note 7)	Basic telecommunications services	Telecommunication resources	6 years	6,078	1.5
Total					328,968	81.6

For the year ended 31 December 2020:

Rank	Supplier	Principal business activities	Type of services purchased	Approximate year(s) of relationship with the Group	Purchase amount (RMB'000)	Percentage of cost of sales (%)
1	Client-supplier E ^(Note 1)	Telecommunication operation	Telecommunication resources	12 years	420,829	69.8
2	Client-supplier D ^(Note 2)	Telecommunication operation	Telecommunication resources	11 years	46,807	7.8
3	Client-supplier H ^(Note 3)	Telecommunication operation	Telecommunication resources	12 years	20,614	3.4
4	Supplier C ^(Note 6)	Comprehensive system integration services and marketing of high-tech network products	Telecommunication resources	3 years	14,467	2.4
5	Supplier I ^(Note 8)	Research and development of electronics, communication and automatic control technology	Telecommunication resources	3 years	13,693	2.3
Total					516,410	85.7

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For the year ended 31 December 2021:

Rank	Supplier	Principal business activities	Type of services purchased	Approximate year(s) of relationship with the Group	Purchase amount (RMB'000)	Percentage of cost of sales (%)
1	Client-supplier E ^(Note 1)	Telecommunication operation	Telecommunication resources	12 years	533,700	70.3
2	Client-supplier D ^(Note 2)	Telecommunication operation	Telecommunication resources	11 years	50,703	6.7
3	Supplier I ^(Note 8)	Research and development of electronics, communication and automatic control technology	Telecommunication resources	3 years	33,223	4.4
4	Client-supplier H ^(Note 3)	Telecommunication operation	Telecommunication resources	12 years	25,120	3.3
5	Client-supplier M ^(Note 9)	Provision of information system integration services and value-added telecommunication services	Telecommunication resources	1 year	10,798	1.4
Total					653,544	86.1

Notes:

- (1) Client-supplier E is one of the three major telecommunication network operators in the PRC and consists of a company listed on the Main Board of the Stock Exchange, which was incorporated in 1999 and principally engages in the provision of basic and value-added telecommunication services.
- (2) Client-supplier D is one of the three major telecommunication network operators in the PRC and it consists of a company listed on the Shanghai Stock Exchange and another company listed on the Main Board of the Stock Exchange. It was incorporated in 2000 and principally engages in the provision of basic and value-added telecommunication services and operating system integration in relation to communication services.
- (3) Client-supplier H is one of the three major telecommunication network operators in the PRC, which is listed on the Main Board of the Stock Exchange. It was incorporated in 2002 and principally engages in provision of basic and value-added telecommunication services.
- (4) Supplier A is a mobile information service provider situated in Jiangsu Province with a registered capital of RMB80.0 million, which is listed on the Shenzhen Stock Exchange. It was incorporated in 2012 and principally engages in provision of basic and value-added telecommunication services with its business centralised in Wuxi and covering across the north, east and south regions of the PRC including Shenzhen, Shanghai and Beijing.

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- (5) Supplier B is a company incorporated in 2016 mainly engaging in provision of value-added telecommunications services and telecommunications business agent and situated in Liaoning Province with a registered capital of RMB10.0 million.
- (6) Supplier C is a company incorporated in 2016 mainly engaging in comprehensive system integration services and marketing of high-tech network products situated in Guangdong Province with a registered capital of RMB14.3 million.
- (7) Client-supplier G is a company incorporated in 2006 mainly engaging in provision of basic and value-added telecommunications services situated in Guangxi Zhuang Autonomous Region with a registered capital of RMB50.0 million.
- (8) Supplier I is a company incorporated in 2015 mainly engaging in research and development of electronics, communication and automatic control technology situated in Guangdong Province with a registered capital of RMB10.0 million.
- (9) Client-supplier M is a company incorporated in 2017 mainly engaging in the provision of information system integration services and value-added telecommunication services, wholesale and retail of softwares and development of computer technology and is situated in Guangdong Province with a registered capital of RMB10.0 million.

All of our top five suppliers during Track Record Period were Independent Third Parties. As at the Latest Practicable Date, none of our Directors, their close associates or our Shareholders had any interest in any of our top five suppliers. We entered into written agreements with telecommunication network operators to utilise their telecommunications resources. These agreements typically have a fixed term of one year. We are generally granted with credit terms of 30 days. When selecting among telecommunication network operators, we generally take into account factors such as pricing, clients' geographical preferences and telecommunication network operators' coverage on end users.

During the Track Record Period, client-supplier E was our largest supplier which is one of the three major telecommunication network operators in the PRC. Due to the socio-economic and political contexts in the PRC, the telecommunication service industry in the PRC is dominated by only a limited number of state-owned mobile network providers, hence, it is a normative practice for all intelligent CRM services providers in the PRC to be engaged in business partnerships or collaborations with any one or more of those telecommunication network operators in order to enter the market and expand their businesses to all parts of the PRC or to rely on the three major telecommunication network operators for provision of telecommunication resources given that they accounted for 99.0% of the market share in terms of revenue of telecommunication services in the PRC in 2020 according to Frost & Sullivan. We have begun our business collaboration with client-supplier E since 2010 and have maintained good and continuous relationship with it, e.g. we have been collaborating with most of its branches for over five years. Throughout our collaboration, client-supplier E has provided stable and reliable telecommunication services to us for our services to our clients. Furthermore, there also exists mutual reliance between our Group and the three major telecommunication network operators (including client-supplier E) as we are able to connect client-supplier E and clients by consolidating their supply and demand and we help client-supplier E to better serve its end customers. For details, please refer to the paragraph headed "Value propositions" in this section. To the best of the knowledge of our Directors, on the basis

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that (i) there is mutual reliance between our Group and client-supplier E; (ii) our Company has not encountered any material disruption and defective performance in the services provided by client-supplier E; (iii) we are also currently recognised as "Excellent Business Partner" and "Premium Agency" by various provincial branches of our client-supplier E; and (iv) none of the branches had initiated to terminate their cooperation with us, our Directors believe that it is unlikely that client-supplier E will terminate the cooperation with our company in the near future, which may affect our business operations and financial results. Where there is any reason which lead to termination of services by client-supplier E, we will be able to collaborate with the other two telecommunication services providers (client-supplier D and client-supplier F) which we have been collaborating for ten and four years respectively.

Based on the aforesaid grounds stated above, there has not been any dispute, disagreement, litigation, complaint or any other factors between client-supplier E and us which may hinder our ongoing business relationships. In addition, pursuant to the agreement that we entered into with client-supplier E, there is no material indications that our current business relationships will be materially, adversely changed or terminated in the foreseeable future. However, despite the aforesaid, in the remote case where a particular branch of client-supplier E terminates its cooperation with us, we would still be able to mitigate by opting for the services provided by client-supplier D and H (which we have been collaborating since 2011 and 2010, respectively). Furthermore, as we had been strategically focusing on the provision of CRM SaaS services and expanding our CRM SaaS client base during the Track Record Period, we are able to reduce our reliance on telecommunication resources and thus the reliance on client-supplier E.

For risks relating to our reliance on our supplier and increase in costs of telecommunication resources, please refer to the paragraph headed "Risk Factors — Risks related to our business and industry — 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. " in this [REDACTED].

OUR SUBCONTRACTORS

During the Track Record Period, our Group subcontracted some of our implementation and after-sales services in the course of provision of our services to our subcontractors, who are Independent Third Parties. Whilst we have a team of experienced in-house project staff, technical and customer service staff to carry out our CRM PaaS and CRM SaaS services, after considering the scale of the project and the availability of our labour resources, we may delegate from time to time certain part of our works to subcontractors. We generally select subcontractors from our approved subcontractors list, which is updated on a continuous basis. We carefully evaluate our subcontractors based on a number of factors, e.g. quality of works, availability of relevant technical skills, work and project planning management skills, the responsiveness to our requests and follow-up work. We generally select the most suitable subcontractor from the approved list based on their relevant skill sets and experience, subject to their availability and fee quotations. As at the Latest Practicable Date, we had 20 approved subcontractors on our

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internal list of approved subcontractors. Our outsourcing implementation costs and outsourcing customer services expenses amounted to RMB10.8 million, RMB11.2 million, RMB10.5 million and RMB13.1 million during the four years ended 31 December 2021. During the Track Record Period, there was no long-term agreement entered into between our Group and our subcontractors.

The salient terms of our typical subcontracting agreements are as follows:

Term of service and contract renewal	These agreements typically have a fixed term of one year.
Scope of services	Implementation and after sales services.
Service fee	Fee quotation is generally set out in the agreement. The sub-contracting fees depends on the complexity and the estimation of duration of the works.
Payment terms	We generally pay on a monthly, quarterly or by stage basis.
Confidentiality	Both parties are obliged to keep confidential the technical, management, financial and business information disclosed during the service term.
Performance standard	The subcontracting agreement would set forth the scope and expected standards of the subcontractor's services and the types of inspections we require.
Termination	We monitor and assess the performance of subcontractors regularly. Generally, we have the right to terminate the agreement if our subcontractors fail to adhere to their rights and obligations.

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. These overlapping client-suppliers are client-supplier D, E, F, G, H and L. For details, please refer to the paragraphs headed "Our clients" and "Our suppliers" in this section. It is an industry norm to have overlapping client-supplier in the intelligent CRM services industry, according to the Frost & Sullivan Report.

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The following table sets out our total sales revenue and our purchases amount from these overlapping client-suppliers during the Track Record Period.

	For the year ended				Reason(s) for overlapping
	2018	31 December		2021	
	RMB'000	2019	2020	2021	
		RMB'000	RMB'000	RMB'000	
Sales to the overlapping client-supplier D					
Revenue	33,498	44,097	48,548	42,826	Notes 1 and 2
As a percentage of our revenue	6.5%	7.3%	6.1%	4.3%	
Sales to the overlapping client-supplier E					
Revenue	20,107	21,820	30,064	56,162	Notes 1 and 2
As a percentage of our revenue	3.9%	3.6%	3.8%	5.7%	
Sales to the overlapping client-supplier F					
Revenue	1,034	30,291	145,139	164,048	Note 3
As a percentage of our revenue	0.2%	5.0%	18.2%	16.5%	
Sales to the overlapping client-supplier G					
Revenue	1,241	28	109	57	Note 4
As a percentage of our revenue	0.2%	0.005%	0.01%	0.006%	
Sales to the overlapping client-supplier H					
Revenue	2,784	3,839	5,715	7,264	Notes 1 and 2
As a percentage of our revenue	0.5%	0.6%	0.7%	0.7%	
Sales to the overlapping client-supplier L					
Revenue	2	1	-	-	Note 3
As a percentage of revenue	0.0%	0.0%	-	-	
Sales to the overlapping client-supplier M					
Revenue	-	-	-	1,563	Note 3
As a percentage of revenue	-	-	-	0.2%	
Purchase from the overlapping client-supplier D					
Purchase amount	29,331	39,435	46,807	50,703	Notes 1 and 2
As a percentage of our cost of sales	8.8%	9.8%	7.8%	6.7%	
Purchase from the overlapping client-supplier E					
Purchase amount	200,573	240,298	420,829	533,700	Notes 1 and 2
As a percentage of our cost of sales	60.2%	59.6%	69.8%	70.3%	
Purchase from the overlapping client-supplier F					
Purchase amount	-	-	2,452	2	Note 3
As a percentage of our cost of sales	-	-	0.4%	0.0003%	

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	For the year ended				Reason(s) for overlapping
	2018	31 December 2019	2020	2021	
	RMB'000	RMB'000	RMB'000	RMB'000	
Purchase from the overlapping client-supplier G					
Purchase amount	2,438	6,078	11,513	9,647	Note 4
As a percentage of our cost of sales	0.7%	1.5%	1.9%	1.3%	
Purchase from the overlapping client-supplier H					
Purchase amount	28,644	35,336	20,614	25,120	Notes 1 and 2
As a percentage of our cost of sales	8.6%	8.8%	3.4%	3.3%	
Purchase from the overlapping client-supplier L					
Purchase amount	3,139	4,060	2,411	9,774	Note 3
As a percentage of our cost of sales	0.9%	1.0%	0.4%	1.3%	
Purchase from the overlapping client-supplier M					
Purchase amount	-	-	-	10,798	Note 3
As a percentage of our cost of sales	-	-	-	1.4%	

Notes:

- (1) Major telecommunication network operators in the PRC typically conduct business as separate entities as such we provide services to one entity while purchasing telecommunication resources from another entity of the same operator.
- (2) We cooperate with major telecommunication network operators in the PRC to provide our clients and their customers (the "**Mutual Clients**") with network services on demand. As we consolidated the demand for communication services from vast end customers of various size, the telecommunication network operators can engage our Group instead of conducting business with and serving thousands of clients in the course of providing their telecommunication resources.
- (3) We purchase telecommunication resources from this client while providing our CRM SaaS services to the same client.
- (4) We purchase telecommunication resources provided by one telecommunication network operator while providing our CRM PaaS services to the same client.

During the Track Record Period, we cooperated with the three major telecommunication network operators in the PRC to provide the Mutual Clients with network services on demand.

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Our Directors confirm that our sales to and our purchases from all overlapping client-suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm's length basis. To the best knowledge and belief of our Directors, these overlapping client-suppliers are Independent Third Parties. 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 client-suppliers during the Track Record Period. Save as disclosed above, to the best knowledge of our Directors, we did not have any other overlap between our major clients and suppliers during the Track Record Period.

TELECOMMUNICATION SERVICES

We cooperate with major telecommunication network operators in the PRC to provide our clients and their customers with network services on demand as the telecommunication network operator's services could not cover the needs of our clients and their customers. As we consolidate the telecommunication resources of different telecommunication network operators, we can offer clients with one-stop services for them to access and manage the consolidated telecommunication resources through the provision of CRM PaaS or CRM SaaS services which the telecommunication network operators will not provide. We enter into framework service agreements with telecommunication network operators. The key terms are set out below:

Term of service and contract renewal	These agreements typically have a fixed term of one year and are automatically renewable upon expiration of the original agreement unless otherwise indicated.
Service fee	The fees charged depend on the actual services provided, including usage based fee, monthly or annual software subscription fee, implementation fee and annual maintenance fee.
Payment terms	Payments are typically settled by bank transfer with the credit terms in line with which we are supplier in provision of services to telecommunication network operators.

COMPETITION

The intelligent CRM services industry in the PRC is highly concentrated with top five players accounted for an aggregate market share of 63.0% in terms of revenues in 2021, according to the Frost & Sullivan Report. However, the addressable market is still in a relatively fragmented stage as different types of players are trying to expand their services mix alongside with rapid growth of the entire market. Our competitors include other traditional CRM and cloud services providers. We believe the principal competitive factors in our industry include functionality of the products and services, user experience, technology capabilities, sale capabilities, pricing and brand recognition, and reputation. In addition, new and enhanced technologies may further increase competition in our

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industry. We believe that we are well-positioned to compete effectively based on the foregoing factors. Positioned as a comprehensive intelligent CRM service provider, we are capable of providing clients with self-developed CRM PaaS services and CRM SaaS services which comprise Marketing Cloud, Sales Cloud and Service Cloud, as compared to some of our competitors which typically offer only CRM SaaS services or a single type of CRM SaaS services. Additionally, as our CRM SaaS are all built on our self-developed cPaaS platform, it allows us to provide highly integrated services to our clients while some of our competitors acquire their CRM SaaS businesses by way of acquisition or procure their cPaaS platform from third party supplier, as such their CRM SaaS systems may not be able to fully integrated into their cPaaS platform. Furthermore, as we maintained stable and long-term relationships with clients from various downstream industries, i.e. FMCG, financial, TMT and Government-related industries, we have a relatively broader client base than our competitors which are focusing on FMCG industry only. However, some of our current or potential competitors may be able to develop products and services better accepted by the clients and end customers, or may be able to respond more quickly and effectively than us to new or changing opportunities, technologies, regulations or clients' requirements. For details on our risk as to competition, please refer to the paragraph headed "Risk Factors — Risks related to our business and industry — We face competition in the markets where we operate and may not be able to compete successfully against our existing and future competitors" in this [REDACTED]. For details of the competitive landscape of our industry, please refer to the paragraph headed "Industry Overview — Competitive overview of the intelligent CRM services industry in the PRC" in this [REDACTED].

EMPLOYEES

As at the Latest Practicable Date, we had 740 full-time employees, all of whom were based in the PRC. The following table sets forth the number of our employees by function:

Function	Number of Employees	% of Total
Administration and management	62	8.4
Delivery	81	11.0
Research and development	268	36.2
Sales and marketing	228	30.8
Services and operations	101	13.6
Total	740	100.0

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None of our employees are currently represented by a labour union. We believe that we maintain a good working relationship with our employees and we have not experienced any significant labour disputes or any difficulty in recruiting staff for our operations during the Track Record Period.

Recruitment policy

We primarily recruit our employees through recruitment agencies, campus job fairs, internal referral program and online channels, including our company website and social networking platforms. We devote management and organisational focus and resource to ensure that our culture and brand remain highly attractive to potential and existing employees. As part of our recruiting and retention strategy, we have established comprehensive training programs that cover topics such as our corporate culture, employees' rights and responsibilities, teambuilding, professional behaviour and job performance. We also provide "Xuanwu Lecture" and "Xinyu Program" for new employees to improve their time management and communication skills. Through these trainings, we ensure that our employees' skill sets remain up-to-date which enable them to discover and meet our clients' needs. We believe our training culture has contributed to our ability to recruit and retain qualified employees.

Compensation and benefits

We believe that our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer competitive salaries, performance-based promotion system and other incentives. We also provide meal, travel and laptop expenses or allowances. As a result, we have successfully attracted and retained our core employees since our inception.

PROPERTIES

Our headquarters is located in Tianhe District, Guangzhou, Guangdong Province, PRC. As at the Latest Practicable Date, we did not own any properties, and occupied 43 leased properties with an aggregate gross floor area ("GFA") of 7,943.7 sq.m.:

Non-registration of leases

According to the Administrative Measures for Commodity House Leasing (the "Measures"), lease agreements have to be registered with the local branch of the relevant property administrative authorities within the time limit prescribed. As at the Latest Practicable Date, 22 of our leases had not been registered with the local branch of the relevant property administrative authorities within the time limit prescribed, as such registration required cooperation by lessors and our lessors had not provided us with any valid title certificates or other relevant document evidencing their rights to lease the properties to us. As advised by our PRC Legal Advisor, failure of lease registration and filing would not directly affect the legality, validity and enforceability of a lease agreement. We are further advised by the PRC Legal Advisor that we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each of the 22 unregistered lease agreements, on the premise that if the relevant PRC government

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authorities require us to rectify, and we fail to do so within the prescribed time period. In any case, the estimated maximum penalty is RMB220,000.

To ensure on-going compliance with the relevant PRC laws and regulations, we will continue to seek cooperation from the lessors of the leased properties to register the lease agreements with the relevant property administrative authorities, and we will adopt a variety of risk control measures to mitigate such regulatory risk in the future. However, if (i) any of the lessors does not have the right to lease the property to us and our lease is terminated or voided as a result of challenges from third parties or the government; or (ii) any of the abovementioned lease agreements is considered as invalid, we may be required to seek alternative property to relocate, and relocation costs may be incurred.

We have also revised our internal control policies to prevent future recurrence of non-registration of lease agreements and designated experienced staff to (i) closely monitor our compliance with the relevant PRC laws and regulations in relation to the registration of lease agreements, including obtaining certain documents necessary for registration from the lessor, and review of registration status of the lease agreements in a timely manner; and (ii) perform regular review on the design and implementation of the relevant internal control policies. We believe that we have implemented adequate and effective measures internally. However, as we do not have control over the landlords, there is no assurance whether and when our landlords will register the leases.

Failure to provide title documents

As at the Latest Practicable Date, lessor of 42 of our leases failed to provide us with the relevant title documents. Pursuant to the relevant PRC laws and regulations, a lease is invalid if the lessor, being the property owner, did not obtain the proper construction planning permits or the property was not been built in compliance with the construction planning permits. As advised by our PRC Legal Advisors, failure of the lessor to provide the relevant title documents means that we are unable to verify whether the lessor, being the property owner, did obtain the proper construction planning permits or whether the property was built in compliance with the same. If the property owner did not obtain the proper construction planning permits or the property was not been built in compliance with the relevant construction planning permit, the lease may be deemed invalid.

In relation to the leased properties described above, our Directors confirm that no significant time or costs is expected to be required to identify or relocate our operations to comparable alternative properties, given the availability of comparable alternative properties in the market. Our Directors further confirm that should relocation be required, such relocation will not materially affect the operation and financial condition of our Group.

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As at the Latest Practicable Date, we had no single property carrying an amount of more than 15% or more of our total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provision) Notice, this [REDACTED] is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include any interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman insurance, insurance policies covering damages to our network infrastructures or information technology systems, nor any insurance policies for our properties. Any uninsured occurrence of business disruption, uninsured litigation or significant damages to our uninsured network infrastructures, information technology systems or properties could expose us to significant costs, which could have a material and adverse effect on our results of operations. For details, please refer to the paragraph headed "Risk Factors — Risks related to our business and industry — We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, results of operations and financial condition may be materially and adversely affected should any such liability or losses arise" in this [REDACTED].

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LEGAL PROCEEDINGS AND NON-COMPLIANCE

The table below sets out our non-compliance incidents during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, there has been no non-compliance incident which we believe would materially affect our Group's operation and financial condition.

Non-compliant incident	Major cause of the non-compliant incident	Legal consequences	Potential impact on our operations and financial condition	Rectification actions
<p>During the Track Record Period, we (i) did not make full contributions to social insurance and housing provident funds for some of our employees; and (ii) we also engaged third party agents (who were Independent Third Parties) to assist with social insurance and housing provident funds' registration and payments.</p>	<p>Our under-contribution to social insurance and housing provident funds' scheme were primarily due to the fact that some of our employees chose not to make the contribution based on their actual income as they did not want to bear their heavy portion of the contributions.</p>	<p>Pursuant to the relevant PRC laws and regulations, employers who do not make full contributions on time to social insurance and housing provident funds may be subject to payment orders or penalties.</p> <p>An employer who has underpaid and/or failed to pay on time in respect of social insurance may be ordered by the relevant government authorities to make full payment of the outstanding amount within a prescribed time limit, together with a surcharge for late payment at the rate of 0.05% per day from the date on which the outstanding amounts become due. Failure to make payment of the outstanding amount within the prescribed time limit may then attract a fine of up to three times the outstanding amount.</p>	<p>We obtained confirmations with the relevant government authorities of certain cities and counties stating that: (i) we have not violated the relevant PRC laws and regulations relating to social insurance and housing provident funds; (ii) we have not been subject to any administrative penalties and actions by the relevant government authorities and any request from the relevant authorities for payment of outstanding social insurance funds nor the engagement of third party agents in relation to the payment of social insurance and housing provident funds; and (iii) no penalty or action will be taken for the under-contribution or the engagement of third party agents in relation to the payment of social insurance and housing provident funds where there is no complaint from employees.</p>	<p>We are committed to be fully compliant with the applicable laws and regulations by gradually making statutory contributions to the social insurance and housing provident fund based on the actual salary level of our employees going forward. As an upward adjustment of our payment base will also correspondingly increase the contribution amount by our employees, we are in the process of communicating with our employees with a view to seeking their understanding and cooperation in complying with the applicable payment base. The authorities have not imposed any deadline for our compliance. Our compliance with employee social welfare plans is in part subject to cooperation from our employees, who may not be receptive and may have a different attitude towards such plans due to the requirement that they co-contribute. We will seek assistance from our legal advisors and confirm with</p>

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Non-compliant incident	Major cause of the non-compliant incident	Legal consequences	Potential impact on our operations and financial condition	Rectification actions
				<p>the relevant authorities on our assessment of the adjusted payment base. Based on the communications with the relevant government authorities, the adjustment of the contribution base is usually made in a designated time each year and such time varies in different regions. As such, we expect to start making full contributions of social insurance and housing provident funds for those employees on an adjusted contribution base gradually by July 2022. In the future, we will communicate with relevant local authorities on a regular basis to ensure we acquire the most updated information about the relevant laws and regulations.</p>
				<p>We had reviewed our internal control policies and have designated Mr. Guo Haiqiu, our executive Director and senior vice president and Mr. Ning Bin, our deputy human resources director, to closely monitor our ongoing compliance with the relevant PRC laws and regulations in relation to social insurance and housing provident funds contribution, and oversee the implementation of any necessary measures.</p>

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Non-compliant incident	Major cause of the non-compliant incident	Legal consequences	Potential impact on our operations and financial condition	Rectification actions
<p>As part of our administrative arrangements, we engaged third party agents to assist with our social insurance and housing provident funds' registration and payments.</p>	<p>An employer which has underpaid and/or failed to pay on time in respect of housing provident funds may be ordered by the relevant government authority to make full payment of the outstanding amount within a prescribed time limit. If the employer fails to make full payment within the prescribed time limit, the relevant government authority may apply to the People's Court of the PRC for enforcement.</p>	<p>According to our PRC Legal Advisor, the administrative arrangements in engaging third party agents to assist with registration and payments of social insurance and housing provident funds are not in strict compliance with the relevant PRC laws and regulations, since the obligation to make such contributions shall rest on the Group and should not be delegated to a third party agent.</p>	<p>Our PRC Legal Advisor confirmed that the relevant government authorities have the authority and are competent in giving the confirmations. In view of the confirmations and the interviews conducted with the relevant government authorities, our PRC Legal Advisor is of the view that the risk of our Group being penalised is remote.</p> <p>On the basis that (i) we have obtained written confirmation issued by the relevant authorities and have conducted interviews with the relevant government authorities; (ii) our PRC Legal Advisor is of the view that the risk of our Group being penalised is remote; and (iii) our Controlling Shareholders have agreed to indemnify our Group for any demand or penalty arising from this non-compliance incident, our Directors believe that this non-compliance incident has no material impact on our business operations or our financial condition, and does not reflect negatively on the ability of our Group, our Directors or our senior management to operate in a compliant manner.</p>	<p>Furthermore, our Controlling Shareholders have agreed to indemnify our Group for any loss arising from such non-compliance incident in connection to our Group.</p>

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From time to time, we may be involved in legal proceedings in the ordinary course of our business. Nevertheless, during the Track Record Period and as at the Latest Practicable Date, we had not been a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material and adverse effect on our business, financial condition, and results of operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We do not operate any production facilities. Therefore, we are not subject to any significant health, safety or environmental risks. We do not expect any material liabilities or expenditures to be incurred in these respects. During the Track Record Period and as at the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

CORPORATE SOCIAL RESPONSIBILITY

We have aimed for long-term sustainable growth since our inception. To achieve this aim, we strive to work with all stakeholders to ensure that our Group is not only an exceptional intelligent CRM services provider, but also a respected market leader. This includes continually assessing and improving our role in the communities and environment in which we operate. We are therefore committed to working with our partners, clients, investors, employees, and society as a whole to play our part in building a healthy, robust and sustainable future.

Economic responsibility and employee care

We strive to consistently reach our business and development targets in order to create value which will enable us to reinvest in our talents, as we believe that our talents are an integral part of our success. We have invested significant resources in career development and training for our employees of all levels. Such training includes newcomers' training, on-the-job training, professional development seminars and accredited educational courses. We also have comprehensive review systems and promotion pathways in place to clarify the career advancement opportunities within the Group for our employees. By providing resources for professional development and a clear career pathway, we foster a corporate culture of professionalism and demonstrate to our employees that we value their contributions.

We also offer a comprehensive compensation and benefits package, with competitive salaries, bonuses, maternity leave, and other allowances, on top of social insurance and housing provident fund contributions. We also embrace diversity and inclusion, so all our employees enjoy equal opportunities in all respects, ranging from recruitment, training, welfare coverage, career and personal development during their time with us. Besides, we will also continue to encourage a culture of work-life balance, in order to create a positive and comfortable work environment for our employees. For details, please refer to the paragraph headed "Employees — Compensation and benefits" in this section. We treat all employees equally regardless of age, race or sex.

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Environmental responsibility

We are committed to reducing our environmental impact. Although we do not believe that the intelligent CRM services industry is a major source of environmental concerns, we believe that everyone in society should do their part in conserving the environment.

As such, we have adopted environmentally friendly practices and policies, including but not limited to:

- switching off all electronic equipment and light when they are not in use;
- installing energy saving lights;
- encouraging waste avoidance by providing recycling bins at easily accessible points;
- using electronic channels for internal communication to minimise paper waste;
- encouraging double-side printing and reusing of waste paper. Paper for single-side printing would be only adopted when handling official documents and confidential documents when necessary; and
- switching off all the air conditioner after normal business hours and during non-working days. Encouraging our employees to close the doors and windows when the air conditioners are turned on while the temperature should not be set lower than 26 degrees in summer, and arranging technicians to maintain the cooling systems regularly.

Social responsibility

We have made contribution to the welfare of society and sharing our corporate social responsibility. For example, we have made charitable contribution in poverty alleviation fund. We also take up social responsibility by communicating with community stakeholders to understand their needs. Our Group encourages employees to participate in social and charitable activities and promotes harmony in social development.

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DATA PRIVACY AND DATA SECURITY

Our services involve possession, processing and analysis of data provided by our clients during the course of our business. As such, we have established and implemented policies and procedures to safeguard data privacy and data security and to ensure our compliance with the relevant laws and regulations. Set forth below are the summary of our related policies and procedures:

Data access and usage

To prevent any unauthorised access to or illegitimate use of data, we only grant access to employees holding specific positions at certain levels to data on a need-to-know basis and maintain records of such employees and we do not need to access or use any sensitive personal data (i.e. data relating to an individual and can be used to identify such individual) during our course of business.

Data security system and infrastructure

To reinforcing data protection, we deploy different encryption methods at both software or APP and infrastructure levels. Data collected in the course of our business is stored on our database secured by firewall subject to additional encryption and decryption procedures. We adopt Secure Hash Algorithm 256 and m5d+salt for the encryption and decryption of data to avert data leakage to secure communications and transmission of data, thereby maintaining the security and confidentiality of data in the event of an attack on our database or data leakage.

Data security policies

To mitigate the risks of misusing of data, we provide data security and protection training to our employees on a regular basis. According to our internal policies, our employees would be penalised for breaching of our data security policies, the level of penalty depend on the severity and frequency of the breach. We also maintain contingency plans and conduct regular data backup and recovery tests to enhance the resilience, reliability and stability of our systems. We have set up a data security team consisting of 18 members, which is responsible for its data security and data compliance. Some members have obtained the ITIL (Information Technology Infrastructure Library) Foundation Certificates in IT Service Management and the core members have at least three years of working experience in the IT industry. Our employees are required to report any data security incident (e.g. leakage or loss of confidential data) to our data security team which will then investigate the causes of the incident, monitor the implementation of any rectification measures and any follow up measures to be taken by the responsible department or team to prevent recurrences of similar incidents. Our system has passed ISO27001 (Information Security Management System Certification), an internationally recognised standard for information security management system.

During the Track Record Period, we did not experience any material data leakage or loss of data and we were not subject to any administrative investigation, or punishment in relation to network security, data protection or other similar incidents. We believe we had

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complied with the applicable laws and regulations on the collection, possession, use and disclosure of data in all material respects during the Track Record Period and up to the Latest Practicable Date.

Where collection of personal information is involved, we require our clients to provide in service contract that they shall comply with all relevant laws applicable to procession of personal information, and they shall bear all liabilities arising out of the data and information provided by them to us.

During the Track Record Period, we had not performed any audit in relation to the data privacy and security as such audit is not mandatorily required under PRC laws and regulations.

Data privacy and protection laws and regulations

In terms of data collection, the Cybersecurity Law provides that network operators shall abide by the "lawful, justifiable and necessary" principles to collect and use personal information by announcing rules for collection and use, expressly notifying the purpose, methods and scope of such collection and use, and obtain the consent of the person whose personal information is to be collected. Network operators shall not disclose such information to others without prior consent of the person whose personal information has been collected. As advised by our PRC Legal Advisor, if we fail to meet the aforesaid requirements, we could be subject to rectification orders and one or combination of the following actions, depending on the severity of the circumstance: warning, confiscation of illegal earnings, a fine equivalent to more than one but less than 10 times the illegal earnings, or a fine less than RMB1 million.

In terms of data management and data security, Data Security Law stipulates that whoever carries out data processing activities shall establish a sound data security management system throughout the whole process, organise data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations. If we fail to perform the said data security and protection obligations, we may be subject to the authorities' rectification orders and warning, and may be concurrently fined not less than RMB50,000 but not more than RMB500,000.

Our Directors confirm that the Group has never been subject to any penalties or claims for violating applicable data security or cybersecurity laws and has adopted the relevant measures to satisfy the said data security and cybersecurity requirements.

As (i) we have adopted measures and policies regarding personal information and data security pursuant to applicable laws and regulations; (ii) our PRC Legal Advisor has conducted public search and there was no revealed public record of violation of applicable personal information and data security laws and regulations in relation to us; (iii) our Directors confirm that the Group has never been subject to any penalties or claims for violating applicable personal information and data security laws and regulations; and (iv) we will closely monitor and assess further regulatory developments regarding cybersecurity and data security laws, including the development on cybersecurity review,

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and comply with the latest regulatory requirements. Based on the above, our Directors and our PRC legal advisor are of the view that our Group in all material respects complies with all applicable PRC laws and regulations with respect to data privacy and protection and has never been subject to any penalties or claims for violating applicable data security or cybersecurity laws.

RISK MANAGEMENT AND INTERNAL CONTROL

We established, and currently maintain, risk management and internal control systems consisting of policies and procedures which we consider appropriate for our business operations. We are dedicated to continually improving these systems. We adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as information technology, financial reporting, compliance, and human resources. Our Board is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiaries and functional departments.

Information and data security risk management

To ensure a healthy and sustainable development of our business, we are dedicated to building and maintaining well-functioning information security management and operational risk management systems, including policies and procedures.

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. We have adopted a rigorous encrypted algorithm to store data and have strictly executed a data access and transmitting policy to ensure the confidentiality of our client data. We have also developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding client data processing. Under such mechanisms and procedures, any operation violating information security regulations will result in internal disciplinary action. In general, the information that our staff have access to is anonymous and insensitive. Our staff are expected to undertake trainings on data protection, which we organise regularly.

We also have a comprehensive data backup system to encrypt and store data on servers in different locations in order to minimise the risk of data loss. In addition, we conduct data restoration tests to examine the status of the backup system on a regular basis.

Furthermore, our data security team is also responsible for inspecting any suspicious data deriving and transmitting activities, as well as enhancing our data protection system pursuant to the changes of laws and regulations and technology development. Meanwhile, this team takes charge of reviewing, discussing and improving our technologies in managing information security and our internal control system to ensure adequate protection is given to our user data.

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The Group has not experienced any disruption, loss of data and/or complaint received from the clients that materially affected the Group's operation during the Track Record Period.

Intellectual property risk management

Aside from making trademark and patent registration applications, we have also adopted the following key measures to manage our intellectual property risk: (i) establishing a dedicated intellectual properties legal taskforce to guide, manage, supervise and monitor our daily work regarding intellectual properties; (ii) applying for registration of our intellectual properties before we commence relevant business; (iii) timely registration, filing and application for ownership of our intellectual properties; (iv) actively tracking the registration and authorisation status of intellectual properties and take action in a timely manner if any potential conflicts with our intellectual properties are identified; (v) separating physical areas for technology development areas and business secrets protection areas which are only accessible with authorisation under strict visiting rules; and (vi) clearly stating all rights and obligations regarding the ownership and protection of intellectual properties in all employment contracts and commercial contracts we enter into.

Operational risk management

We pay detailed attention to the review of contents published by our clients. We have developed a proprietary intelligent content censor system, which leverages the machine learning technology to judge within several seconds whether the contents published by clients (including texts, graphics, and videos) have violated or is likely to violate any policies, and we manage this accordingly, through measures such as blocking such publication publishing. At the same time, we created an operational risk management team, members of which conduct comprehensive reviews of suspicious contents and important components combining the results from our AI review system.

In addition, end customers can give feedback or report any violating contents of our clients through different channels. Our operational risk management group will delete or remove offending contents and punish relevant clients according to applicable laws and regulations.

Regulatory compliance risk management

In order to effectively manage our compliance and legal risk exposures, we adopt strict internal procedures to ensure compliance of our business operations with the relevant rules and regulations.

In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter with our clients. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licences and permits obtained by the counterparties to perform their obligations under our business contracts and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

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We also have in place detailed internal procedures to ensure that our in-house legal department reviews our services and distribution contents, including upgrades to existing services, for regulatory compliance before such services and distribution contents are made available to the general public. Our in-house legal department is responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities, within the prescribed regulatory timelines.

We continually improve our internal policies in accordance with changes in laws, regulations and industry standards, and update internal templates for legal documents. We undertake compliance management over various aspects of our operations and employee activities. We have also established an accountability system in respect of employees' violations of laws, regulations and internal policies. In addition, we continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

We have an employee handbook in place, which has been approved by our senior management and distributed to all our employees. It contains internal rules and guidelines regarding basic working rules, work ethics, confidentiality, negligence, anti-bribery, and anti-corruption. We provide our employees with regular training to explain the guidelines contained in the employee handbook.

Financial reporting risk management

We have a set of policies in connection with our financial reporting risk management, such as financial system management, assets protection management, budget management, and operation analysis management. We also have procedures in place to implement such policies, which our financial department follows when reviewing our management accounts. In addition, we provide regular training to our financial department staff to ensure that they understand our accounting policies and procedures.

Internal control risk management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. To ensure the effectiveness of our internal control, our business department (i.e. cPaaS and SaaS departments) works closely with our operational departments (i.e. legal and compliance, finance, and procurement department). Our internal control team would also conduct regular reviews to monitor the status and effectiveness of our risk management procedures and policies, to ensure the effectiveness and adequacy of our procedures and policies in place.

LICENCES AND PERMITS

According to the Telecommunication Regulation of the PRC (2016 Revision) (《中華人民共和國電信條例(2016年修訂)》) and Classified Catalogue of Telecommunications Services (Version 2015) (《電信業務分類目錄(2015年版)》), information service providers (excluding internet information services) shall obtain service provider licences (the "SP

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Licence"), internet data centre operators shall obtain internet data centre licences (the **"IDC Licence"**), and internet service providers shall obtain internet service provider licences (the **"ISP Licence"**).

According to Administrative Measures on Internet Information Services (互聯網信息服務管理辦法), internet information services are categorised into commercial and non-commercial internet information services, and commercial internet information services providers shall obtain internet content provider licences (the **"ICP Licence"**). Dejiu obtained the IDC, ISP and ICP Licence in July 2021.

As at the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licences, permits and approvals required for our business operations. Our PRC Legal Advisor also advised us that there was no material legal impediment to renew such licences, approvals and permits as at the Latest Practicable Date. The following table sets forth details of our material licences and permits.

Licence/Permit	Holder	Granting Authority	Grant Date	Expiry Date
ICP Licence	Dejiu	Guangdong Communications Administration	30 July 2021	30 July 2026
IDC and ISP Licence	Dejiu	Ministry of Industry and Information Technology of the PRC	16 July 2021	28 November 2022
SP Licence	Xuan Wu	Ministry of Industry and Information Technology of the PRC	22 June 2021	22 June 2026
SP Licence	Guangzhou Guanghan	Ministry of Industry and Information Technology of the PRC	21 April 2021	21 April 2026
SP Licence	Guangzhou Xingjian	Ministry of Industry and Information Technology of the PRC	21 May 2021	21 May 2026
SP Licence	Guangzhou Shangyu	Ministry of Industry and Information Technology of the PRC	11 February 2020	11 February 2025
SP Licence	Beijing Xiuwu	Ministry of Industry and Information Technology of the PRC	13 January 2020	13 January 2025

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Licence/Permit	Holder	Granting Authority	Grant Date	Expiry Date
SP Licence	Guangzhou Zhengjun	Ministry of Industry and Information Technology of the PRC	25 June 2018	25 June 2023
SP Licence	Henan Shangfang	Ministry of Industry and Information Technology of the PRC	21 October 2021	21 October 2026
SP Licence	Guangzhou Xuxin	Ministry of Industry and Information Technology of the PRC	10 January 2019	25 June 2023
SP Licence	Guangzhou Zhongmai	Ministry of Industry and Information Technology of the PRC	30 July 2021	30 July 2026
SP Licence	Guangzhou Xuanxun	Ministry of Industry and Information Technology of the PRC	25 May 2021	25 May 2026
SP Licence	Guangzhou Jixin	Ministry of Industry and Information Technology of the PRC	25 October 2018	25 October 2023
SP Licence	Tianjin Xingjian	Ministry of Industry and Information Technology of the PRC	21 February 2022	21 February 2027

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our services, technology and innovation. The following table sets out the details of some of the notable awards and recognition which we have received:

Award/Recognition	Year	Awarding body
Smart Service Award for Consumer Goods Industry of the Year (年度消費品行業智慧服務獎)	2021	CGCA 2021 China Consumer Goods Industry CIO Conference (CGCA 2021中國消費品行業CIO年會)
Top 20 Internet Enterprises in Guangzhou (廣州互聯網企業20強)	2021	Guangzhou Internet Society (廣州互聯網協會)

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Award/Recognition	Year	Awarding body
Digital Economy Benchmarking Company (數字經濟標杆企業)	2021	Guangzhou Internet Society (廣州互聯網協會)
Leading Private Enterprise in Guangzhou (廣州市民營領軍企業)	2021	Guangzhou Municipal Industry and Information Technology Bureau (廣州市工業和信息化局)
New Guangdong Enterprise in the Software Industry of Guangdong Province (廣東省軟件行業新粵企業)	2020	Guangdong Software Industry Association (廣東軟件行業協會) and Yangcheng Evening News (羊城晚報社)
2018-2020 "Most Trustworthy" Enterprise in Guangdong (2018-2020年度廣東省"守合同重信用"企業)	2018-2020	Guangzhou Municipal Administration for Market Regulation (廣州市市場監督管理局)
Provincial Corporate Technology Centre, Guangdong Province (廣東省省級企業技術中心)	2019	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)
Recognised High-Tech Enterprise (高新科技企業)	2018	Guangdong Association for Science and Technology (廣東省科學技術廳), Department of Finance of Guangdong Province (廣東省財政廳) and Guangdong Provincial Tax Service, State Taxation Administration (國家稅務局廣東省稅務局)
2018 List of Unicorns in Guangzhou — Top Growth Rate Enterprise (2018廣州獨角獸榜單 — "高精尖"成長企業)	2018	Guangzhou Technological and Innovative Enterprise Association (廣州科技創新企業協會)
2016 Top 100 Most Investment-Worthy Enterprise in the New OTC Market — Internet segment (2016新三板互聯網企業最具投資價值百強企業)	2016	China's New OTC Market Top 100 Enterprises Nomination Committee (中國新三板互聯網百強評選組委會)

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Award/Recognition	Year	Awarding body
20th China International Soft Infrastructure Exhibition — Gold Award (第二十屆中國國際軟基建博覽會金獎)	2016	China International Software Expo Organisation Committee (中國國際軟件博覽會組委會)
Enterprise with AAA Credit Rating	2016	Internet Society of China (中國互聯網協會)
Guangzhou Innovative Technology — 3rd Tier Enterprise (廣州市科技進步獎三等獎)	2015	Guangzhou People's Government (廣州市人民政府)