



潤歌互動有限公司

REGO INTERACTIVE CO., LTD

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2422



GLOBAL OFFERING

Sole Sponsor



Joint Global Coordinators



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



Rego Interactive Co., Ltd (潤歌互動有限公司)

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 250,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Public Offer Shares	: 25,000,000 Shares (subject to reallocation)
Number of International Placing Shares	: 225,000,000 Shares (subject to reallocation and the Over-allotment Option)
Offer Price	: Not more than HK\$0.80 per Offer Share and expected to be not less than HK\$0.64 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: US\$0.001 per Share
Stock code	: 2422

Sole Sponsor



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Other Joint Bookrunners and other Joint Lead Managers



Other Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong and Documents on Display" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission of Hong Kong, nor Hong Kong Exchanges and Clearing Limited, nor The Stock Exchange of Hong Kong Limited, nor Hong Kong Securities Clearing Company Limited, nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Representative (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Friday, 7 October 2022 and in any event, not later than Thursday, 13 October 2022. The Offer Price will be not more than HK\$0.80 and is currently expected to be not less than HK\$0.64 unless otherwise announced. If, for any reason, the Offer Price is not agreed by Thursday, 13 October 2022 between the Sole Representative (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Sole Representative may, with our Company's consent, reduce the indicative Offer Price range stated in this prospectus and/or the number of Offer Shares under the Global Offering at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of reduction in the indicative Offer Price range and/or the number of Offer Shares will be published at the website of the Stock Exchange at www.hkexnews.hk and website of our Company at www.regopimc.com not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by our Company as soon as practicable. Further details are set out in the sections headed "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus.

The obligations of the Underwriters under the Underwriting Agreements are subject to termination by the Sole Representative (on behalf of the Underwriters) if certain grounds for termination arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting — Grounds for Termination" in this prospectus. Should the Sole Representative (for itself and on behalf of the Underwriters) terminate the Underwriting Agreements, the Global Offering will not proceed and will lapse.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

ATTENTION

We have adopted a paperless listing and subscription regime for the Hong Kong Public Offering, whereby (a) this prospectus is published solely in an electronic format; and (b) all subscriptions, where applicable, must be made through online electronic channels only. We will not provide printed copies of this prospectus or any application form to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the Stock Exchange's website at www.hkexnews.hk and on our Company's website at www.regopimc.com. If you require a printed copy of this prospectus, you may print out the electronic copy of this prospectus downloadable from any of the above websites.

Please see "How to Apply for Hong Kong Public Offer Shares" in this prospectus for further details of the procedures through which applications for the Hong Kong Public Offer Shares can be made electronically.

30 September 2022

IMPORTANT

IMPORTANT NOTICE TO INVESTORS

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a paperless listing and subscription regime for the Hong Kong Public Offering, whereby (a) this prospectus is published solely in an electronic format; and (b) all subscriptions, where applicable, must be made through online electronic channels only. We will not provide printed copies of this prospectus or any application form to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.regopimc.com. If you require a printed copy of this prospectus, you may print out the electronic copy of this prospectus downloadable from any of the above websites.

The electronic version of this prospectus and the printed version of this prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance are identical in terms of contents.

To apply for the Hong Kong Public Offer Shares, you may:

- apply online via the **White Form eIPO** service at www.eipo.com.hk; or
- apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - i. instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf; or
 - ii. (if you are an existing CCASS Investor Participant) giving electronic application instructions through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

We will not provide any physical channel for any application for the Hong Kong Public Offer Shares by the public.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this document is available online at the website addresses above.

Please see "How to Apply for Hong Kong Public Offer Shares" in this prospectus for further details of the procedures through which applications for the Hong Kong Public Offer Shares can be made electronically.

IMPORTANT

Your application must be for a minimum of 4,000 Hong Kong Public Offer Shares and in one of the numbers set out in the table below. You are required to pay the amount next to the number you select.

No. of Hong Kong Public Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Public Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Public Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Public Offer Shares applied for	Amount payable on application <i>HK\$</i>
4,000	3,232.25	80,000	64,645.03	700,000	565,643.96	5,000,000	4,040,314.00
8,000	6,464.50	100,000	80,806.28	800,000	646,450.24	6,000,000	4,848,376.80
12,000	9,696.75	120,000	96,967.53	900,000	727,256.52	7,000,000	5,656,439.60
16,000	12,929.01	140,000	113,128.79	1,000,000	808,062.80	8,000,000	6,464,502.40
20,000	16,161.25	160,000	129,290.05	1,500,000	1,212,094.20	9,000,000	7,272,565.20
24,000	19,393.51	180,000	145,451.31	2,000,000	1,616,125.60	10,000,000	8,080,628.00
28,000	22,625.75	200,000	161,612.56	2,500,000	2,020,157.00	11,000,000	8,888,690.80
32,000	25,858.01	300,000	242,418.84	3,000,000	2,424,188.40	12,500,000 ⁽¹⁾	10,100,785.00
36,000	29,090.26	400,000	323,225.12	3,500,000	2,828,219.80		
40,000	32,322.51	500,000	404,031.40	4,000,000	3,232,251.20		
60,000	48,483.77	600,000	484,837.68	4,500,000	3,636,282.60		

(1) Maximum number of Hong Kong Public Offer Shares you may apply for.

No application for any other number of the Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Global Offering, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.regopimc.com.

Date and time⁽¹⁾

Hong Kong Public Offering commences 9:00 a.m. on Friday,
30 September 2022

Latest time to complete electronic applications
under the **White Form eIPO** service through
the designated website www.eipo.com.hk⁽²⁾ 11:30 a.m. on Friday,
7 October 2022

Application lists of the Hong Kong
Public Offering open⁽³⁾ 11:45 a.m. on Friday,
7 October 2022

Latest time for giving **electronic
application instructions** to HKSCC⁽⁴⁾ 12:00 noon on Friday,
7 October 2022

Latest time to complete payment of
White Form eIPO applications by
effecting internet banking transfer(s) or
PPS payment transfer(s) 12:00 noon on Friday,
7 October 2022

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Hong Kong
Public Offering close⁽³⁾ 12:00 noon on Friday, 7 October 2022

Expected Price Determination Date⁽⁵⁾ Friday, 7 October 2022

Announcement of the final Offer Price, level of
indications of interest in the International Placing,
level of applications in the Hong Kong Public
Offering and basis of allocation of the Hong Kong
Public Offer Shares to be published on
the websites of the Stock Exchange
at www.hkexnews.hk and our Company
at www.regopimc.com⁽⁶⁾ on or before Friday, 14 October 2022

EXPECTED TIMETABLE

Results of allocations in the Hong Kong Public

Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.regopimc.com Friday, 14 October 2022
- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function from 8:00 a.m. on Friday, 14 October 2022 to 12:00 midnight on Thursday, 20 October 2022
- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Friday, 14 October 2022, Monday, 17 October 2022, Tuesday, 18 October 2022 and Wednesday, 19 October 2022

Despatch/collection of share certificates or deposit of share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before⁽⁷⁾ Friday, 14 October 2022

Despatch/collection of **White Form**

e-Refund payment instructions/refund cheques in respect of wholly or partially successful application if the final Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before^{(7),(8)} Friday, 14 October 2022

Dealings in the Shares on the Stock Exchange to commence at 9:00 a.m. on Monday, 17 October 2022

EXPECTED TIMETABLE

Notes:

- (1) All times and dates refer to Hong Kong local times and dates except as otherwise stated. Details of the structure of the Global Offering, including the conditions of the Hong Kong Public Offering, are set forth in “Structure and Conditions of the Global Offering” in this prospectus. If there is any change in this expected timetable, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.regopimc.com.
- (2) You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning or a tropical cyclone warning signal number eight or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 7 October 2022, the application lists will not open and close on that day. Please see “How to Apply for Hong Kong Public Offer Shares — 10. Effect of bad weather and/or Extreme Conditions on the opening of the application lists” in this prospectus for further details. If the application lists do not open and close on Friday, 7 October 2022, the dates mentioned in this section may be affected. An announcement will be made by us in such event.
- (4) Applicants who apply by giving **electronic application instructions** to HKSCC should refer to “How to Apply for Hong Kong Public Offer Shares — 6. Applying by Giving **Electronic Application Instructions** to HKSCC via CCASS” in this prospectus.
- (5) The Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Friday, 7 October 2022 and in any event, not later than Thursday, 13 October 2022. If, for any reason, the final Offer Price is not agreed by Thursday, 13 October 2022 between the Sole Representative (for itself and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.
- (6) None of the websites or any of the information contained on those websites form part of this prospectus.
- (7) Applicants who have applied on **White Form eIPO** for 1,000,000 Hong Kong Public Offer Shares or more and have provided all information required in their applications may collect Share certificates (if applicable) and refund cheques (if applicable) in person from our Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, 14 October 2022 or any other date as notified by our Company on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.regopimc.com as the date of despatch of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection must not authorise any other person to make their collection on their behalf. Individuals must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.
- (8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful application and also in respect of successful applications in the event that the final Offer Price is less than the initial price per Hong Kong Public Offer Share payable on application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed “How to Apply for Hong Kong Public Offer Shares” in this prospectus.

Applicants who apply through the **White Form eIPO** service and paid their applications monies through a single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Refund payment instructions. Applicants who apply through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **White Form eIPO** Services Provider, in the form of refund cheques, by ordinary post at their own risk.

EXPECTED TIMETABLE

You should read carefully the sections headed “Structure and Conditions of the Global Offering” and “How to Apply for Hong Kong Public Offer Shares” in this prospectus for details relating to the structure and conditions of the Global Offering and how to apply for Hong Kong Public Offer Shares.

Share certificates are expected to be issued on Friday, 14 October 2022 but will only become valid evidence of title provided that the Global Offering has become unconditional in all respect and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid evidence of title do so entirely at their own risk.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offer and the Hong Kong Public Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Public Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors or any other persons or parties involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. Please not that this is a summary only and does not contain all the information that may be important to you. You should read the whole prospectus, including but not limited to our financial statements and the accompanying notes and the particular risks involved as set out in “Risk Factors” in this prospectus, carefully before making any investment decision in respect of the Offer Shares.

OVERVIEW

Evolution and Development of our Business

We are a marketing service provider based in the PRC. Since we commenced our operation in traditional telecommunications marketing and promotion businesses in the PRC in 2015, we have strived to provide our customers with marketing services that are comprehensive and tailored to their corporate needs. Over the years, we have endeavoured to expand our capacities in providing marketing services in accordance with the prevailing market trends and developments. Initially providing marketing services for advertisers through traditional offline channels, we have built up our service offerings with such additions as online marketing services via large-scale media platform operators, virtual goods sourcing and delivery services, advertisement distribution services, and advertisement placement services. We have achieved our business diversification by means of constant upgrades to our business through both organic growth and acquisitions, as a result of which there has been a corresponding increase in our customer base and the variety of the forms and channels in which our marketing services have been delivered. With business diversification, enhanced market penetration and potential synergies from possible further business collaboration in mind, we have also been providing IT solutions services, which our Directors believe could benefit the growth of our marketing and promotion services in the longer term.

The evolution of our marketing services and the diversification of our means of delivery had driven the significant growth of our Group during the Track Record Period. For FY2019, FY2020 and FY2021, our total revenue amounted to approximately RMB89.4 million, RMB113.0 million and RMB219.5 million, respectively, with a CAGR of approximately 56.7% registered from FY2019 to FY2021. Our total revenue had also increased by approximately 10.9% from RMB63.8 million for 4M2021 to RMB70.7 million for 4M2022. We shall carry on the growth momentum through, among others, further developing and expanding our marketing channels and resources for our marketing and promotion services, our supplier base and portfolio of virtual goods, and our SaaS enterprise marketing service platform.

OUR BUSINESS MODEL

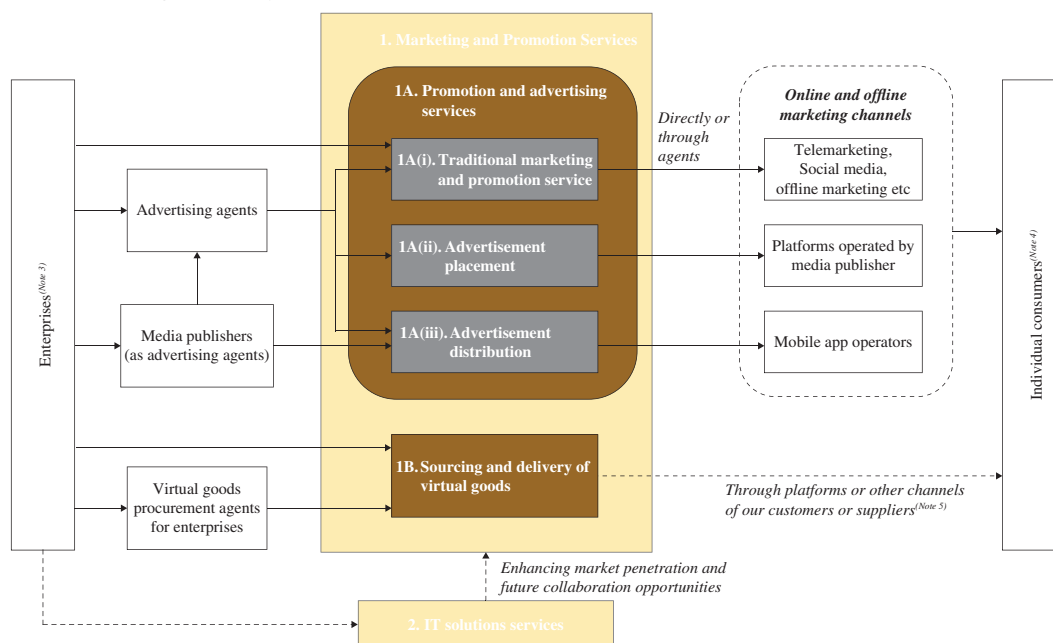
During the Track Record Period, we operated two main business segments, namely:

- (1) marketing and promotion services, which include:–
 - (1A) promotion and advertising services, where we assist enterprise advertisers in acquiring and/or reactivating users through different services including (i) traditional marketing and promotion services; (ii) advertisement placement services; and (iii) advertisement distribution services;
 - (1B) virtual goods sourcing and delivery services, where we source virtual goods (such as, top-up coupons of telecommunication services, digital vouchers and gift cards) for enterprises and deliver the virtual goods to them for their user acquisition, engagement and/or retention purposes;
- (2) IT solutions services, for the purposes of business diversification, enhanced market penetration and further business collaborations in broader business areas, where we provided (2A) mobile game and software development and maintenance services; and (2B) solutions on lottery-related software systems and equipment.

Marketing and promotion services constitute our core business segment and contributed over 70.0% of our revenue throughout the Track Record Period, where we primarily act as an intermediate marketing services provider and assisting enterprise advertisers to deliver their marketing and promotion campaigns to individual consumers.

SUMMARY

Set forth below is a diagram which illustrates the position of our Group in the value chain of the marketing industry in the PRC and our overall business model:



Notes:

1. The shaded boxes denote the roles and operations of our Group in different business segments and sub-segments.
2. “→” denotes the flow of marketing and promotion services from enterprise advertisers to the individual consumers.
3. Enterprises include enterprises which are desirous of (i) advertising and promoting their products or services (as to our promotion and advertising services); (ii) procuring virtual goods for customer retention (as to our virtual goods sourcing and delivery services); and (iii) sourcing software and/or equipment (as to our IT solutions services).
4. Individual consumers refer to the target audience of our advertising and promotion services and end users of virtual goods.
5. We primarily provide “to-B” virtual goods sourcing and delivery services to enterprises, who are responsible for arranging onward delivery of the virtual goods to the individual consumers. The virtual goods are either delivered to the enterprises (or their agents) which will arrange onward delivery to their individual consumers or directly from the virtual goods suppliers to individual consumers at the instruction of the enterprises (or their agents).

As an intermediate advertising service provider, we primarily add value to the supply chain of advertising services by integrating media resources of and connecting advertisers with advertising publishers, allowing advertisers to conduct marketing activities in a more cost-efficient manner. For further details of our value in the supply chain, please refer to the section headed “Business — Our Business Model — Our Value in the Supply Chain of Advertising Services” in this prospectus.

With the evolution in the services provided by us over the years, we continued to enrich our role and value in the supply chain of the advertising industry, which we believe is one of the major drivers of our revenue growth during the Track Record Period.

SUMMARY

The following table sets forth our revenue breakdown by business segments and sub-segments for the periods indicated:

	For the year ended 31 December						For the four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
1. Marketing and promotion services										
(A) Promotion and advertising services										
(i) Traditional marketing and promotion services	56,670	63.4	16,749	14.8	4,724	2.2	3,322	5.2	1,768	2.5
(ii) Advertisement placement services	–	–	–	–	6,234	2.8	546	0.9	2,481	3.5
(iii) Advertisement distribution services	–	–	18,500	16.4	107,921	49.2	38,327	60.1	38,161	54.0
(B) Virtual goods sourcing and delivery services	12,408	13.9	45,291	40.1	44,629	20.3	12,964	20.3	15,704	22.2
Sub-total	69,078	77.3	80,540	71.3	163,508	74.5	55,159	86.5	58,114	82.2
2. IT solutions services										
(A) Mobile games and software development and maintenance services	17,861	20.0	7,939	7.0	11,275	5.1	4,501	7.1	7,084	10.0
(B) Solutions on lottery-related software systems and equipment	1,122	1.2	23,987	21.2	44,378	20.2	3,985	6.2	5,476	7.7
Sub-total	18,983	21.2	31,926	28.2	55,653	25.3	8,486	13.3	12,560	17.7
Others^(Note)	1,311	1.5	574	0.5	388	0.2	149	0.2	45	0.1
TOTAL	89,372	100.0	113,040	100.0	219,549	100.0	63,794	100.0	70,719	100.0

Note: Others represent commission generated from the sale of lottery tickets through our offline shops. We tapped into the sales of lottery tickets by acquiring Yuncaitong in 2018, with a view to penetrate into the lottery industry and to explore potential marketing and advertising opportunities through its lottery sales points network. While Yuncaitong retained offline shops after the acquisition, given our primary focus of providing marketing and promotion services in or through the lottery industry, we gradually downsized our offline lottery shops after 2019. As at 31 December 2019, 2020 and 2021 and 30 April 2022, we operated 10, 4, 3 and 1 offline shop(s), respectively. During the Track Record Period, we generated commission from the sale of lottery tickets at a commission rate of 7% to 8%.

Please refer to the paragraphs headed “Key Financial Information — Revenue” in this section for a discussion on the fluctuations in the revenue contribution of our different business segments during the Track Record Period.

1. Our Marketing and Promotion Services

Marketing and promotion services constitute our core business segment. Centred around enabling user acquisition, engagement and/or retention for advertisers, our marketing and promotion services can be broken down into two sub-segments, namely (1A) promotion and advertising services; and (1B) virtual goods sourcing and delivery services.

The customers of our marketing and promotion services mainly comprise (i) enterprise advertisers which are desirous of advertising and promoting their products or services or procuring virtual goods for, amongst others, customer retention; and (ii) advertising agents or virtual goods procurement agents of the enterprise advertisers. Depending on the customers' requirements, the products or services to be promoted and our available resources, we provide our marketing and promotion services through an integration of online and offline marketing channels. Leveraging on our technical capability, we have been shifting our focus from offline marketing to online marketing, which we believe, is one of the reason for the growth of our marketing and promotion services business during the Track Record Period.

SUMMARY

The following table sets forth breakdowns of our revenue from marketing and promotion services by marketing channels and customer types for the periods indicated:

	For the year ended 31 December						For the four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
<i>By marketing channels:</i>										
Online	57,443	83.2	72,695	90.3	159,250	97.4	51,837	94.0	57,506	99.0
Offline	11,635	16.8	7,845	9.7	4,258	2.6	3,322	6.0	608	1.0
Total	69,078	100.0	80,540	100.0	163,508	100.0	55,159	100.0	58,114	100.0
<i>By types of customers:</i>										
Advertising agents	56,252	81.4	56,712	70.4	129,018	78.9	43,102	78.1	46,017	79.2
Enterprises	12,826	18.6	23,828	29.6	34,490	21.1	12,057	21.9	12,097	20.8
Total	69,078	100.0	80,540	100.0	163,508	100.0	55,159	100.0	58,114	100.0

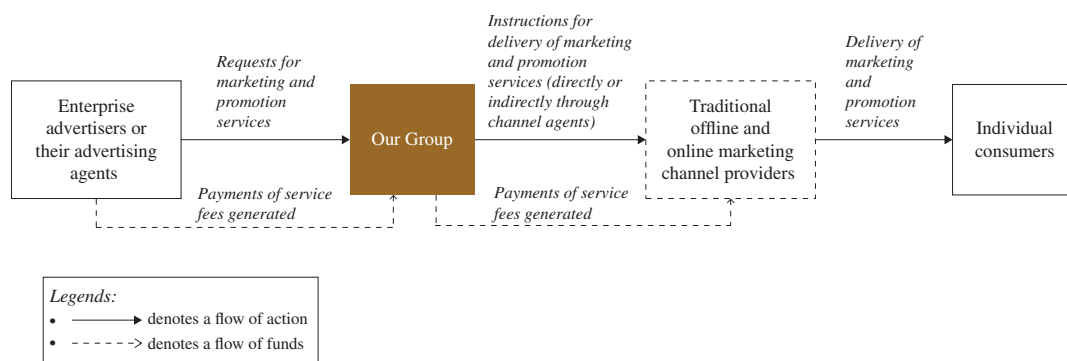
1A. Promotion and Advertising Services

In our promotion and advertising business, we seek to assist enterprise advertisers in acquiring and/or reactivating users through planning, launching and/or managing their marketing campaigns. Depending on the marketing channels of our services, this segment is further broken down into three sub-segments, namely, (i) traditional marketing and promotion services; (ii) advertisement placement services; and (iii) advertisement distribution services.

1A(i) Traditional Marketing and Promotion Services

In the light of the emerging opportunities in the internet, mobile technology and interactive entertainment industries, we began to provide traditional marketing and promotion services to enterprise advertisers (or their advertising agents) through a combination of marketing channels, including traditional offline channels (such as cold-calls, SMS and brick-and-mortar retail stores) and online channels (such as groups on WeChat and Tencent QQ), leveraging our marketing channel resources and comprehensive network of marketing channel providers amassed and built through our years of operation. For example, we have arranged to place promotional materials of our customer which is an audiobooks platform operator on an online reading platform. We have also promoted mobile apps and online entertainment platforms through promotion activities or posting of promotional materials at physical stores. Depending on the requests of our customers and the availability of human resources, such services maybe delivered directly by our staff or we may engage third-party channel agents to deliver the services.

Set forth below is a diagram which illustrates the business model of our traditional marketing and promotion services business:



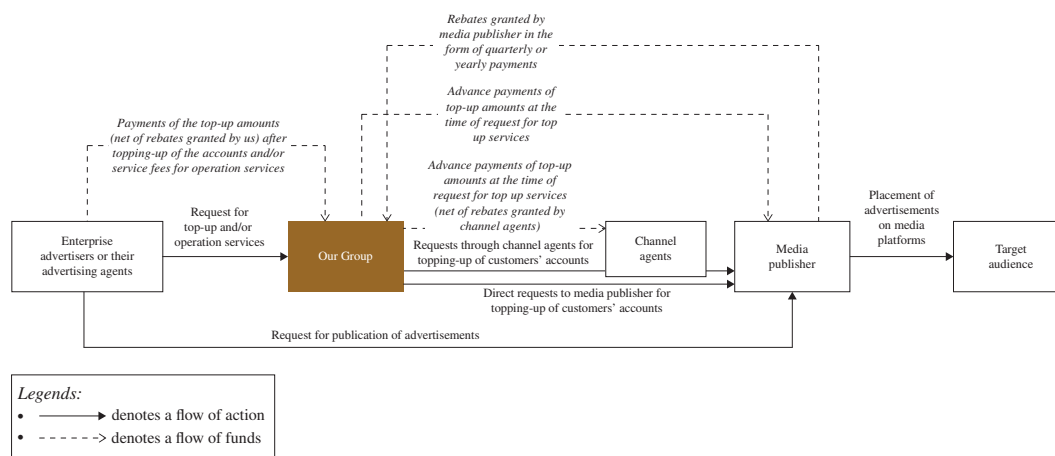
SUMMARY

1A(ii) Advertisement Placement Services

We expanded our promotion and advertising services by introducing our advertisement placement services in 2021. As an authorised service provider of the designated media publisher (being typically large-scale media platform operator), we connect enterprise advertisers with such media publisher by providing services in respect of opening of accounts on the media platform for placement of advertisements and/or top up services in respect of our customers' accounts maintained with the media publisher, which would be used for the placement of their advertisements on such media platform. To enhance our competitiveness and establish customer loyalty, we also provide customer services to our customers in connection with their advertisement placement activities on the media platform. For examples, we may assist our customers to liaise with the media publisher in resolving technical issuers and refunds. Commencing from September 2021, we also provide operation services to our customers such as advising on advertisement placement strategy to optimise placement performance and/or preparing advertising materials to be placed on the media platforms.

Under our advertisement placement services, the media publisher may grant us rebates which was determined based on, among other things, its applicable rebate policies, the gross spending of our customers, the type of advertisement placed by our customers, and other discretionary incentive programs as set up by the media publisher. On the other hand, we would normally grant rebates to our customers at a certain percentage of their top-up accounts as an incentive for these customers to engage us for the services. Our customers shall pay to us the amounts for topping-up of their account(s), net of the rebates granted by us to our customers as agreed between the parties from time to time. On the other hand, we are required to transfer the top-up amounts to the media publisher or its agent. By consolidating the spending of our customers, we, as an intermediate marketing service provider, would normally be able to obtain a higher percentage of rebates from the media publisher than individual enterprise advertiser. In return, we would normally offer higher rebates to our customers if they top up their accounts through us. Accordingly, our customers would be able to lower their advertising costs by engaging us to provide advertisement placement services.

Set forth below is a diagram which illustrates the business model of our advertisement placement services business during the Track Record Period:



During the Track Record Period, our revenue under this business segment is recognised on a net-basis, which represents the surplus of (i) the net top-up amounts (after deducting the rebates granted to our customers, if any, which generally fell within the range of 1% to 12% of the top-up amounts of our customers) we received from our customers over (ii) the amounts paid by us to the media publishers or their channel agents (net of rebates from our suppliers, if any, which generally fell within the range of 2% to 14% of the top-up amounts of our customers). For advertisements placed on certain media platform, the rebate granted by our supplier to us can be up to the percentage of 35%, in which case we may grant rebate to our customer up to the percentage of 32%. For further details of the revenue recognition of our advertisement placement services, please refer to “Financial Information — Critical Accounting Policies, Estimates and Judgements — Revenue Recognition” in this prospectus.

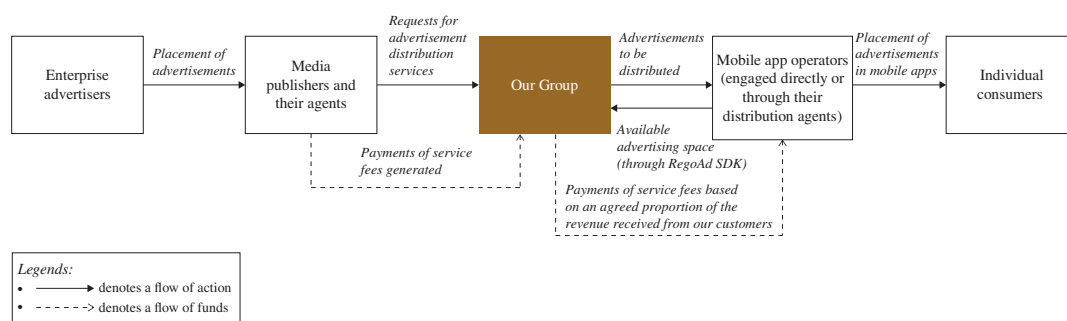
SUMMARY

1A(iii) Advertisement Distribution Services

Apart from acting as an agent of the enterprise advertisers, we also expanded our service offerings by introducing the advertisement distribution services in 2020. As an intermediate advertising service provider, we provide advertisement distribution services to media publishers (which are primarily large-scale media platform operators) or their agents, in their capacity as advertising agents of enterprise advertisers. Enterprise advertisers are the source of demand for advertisement distribution services in the value chain; to achieve user acquisition and/or reactivation purposes, enterprise advertisers may advertise their products and services on media publishers' platforms, taking advantage of the media publishers' resources and connections in the industry; as part of their service package, the media publishers may further distribute the advertisements to other platforms for display, in order to broaden and deepen the exposure and advertising reach of the enterprise advertisers. As an intermediate marketing service provider, we assist the media publishers (being our customers) to distribute the advertisements placed by the enterprise advertisers through advertising space in mobile apps selected by us, thereby permitting the media publishers to increase and, to the largest practicable extent, maximise the publicity the enterprise advertisers could gain.

Our RegoAd SDK can be embedded in such mobile apps to establish connections with them, and linked up with the advertising agents' platforms and/or applications to form an advertisement distribution system. Utilising the built-in algorithm models, our RegoAd SDK serves to match the available mobile advertising space in the user interface of mobile apps against appropriate types of advertisements for their users; suitable advertisement contents from the advertising agents will be automatically arranged to be displayed in the fitting advertising space offered by the mobile app operators via the distribution channel (formed by our RegoAd SDK working in combination with advertising agents' platforms and/or applications), taking into account our suggested matching criteria, without the need for any manual operation. By matching the advertisements to the appropriate mobile advertising space, we would be able to assist enterprise advertisers to optimise their advertising campaigns. The advertisements and their content are determined, placed and passed to us by advertising agents, including large-scale media platform operators or their agents, and not prepared by us; from their perspective, we are providing advertisement distribution services. We, at the same time, also enable mobile app operators to generate additional revenue through enhanced utilisation of their resources, i.e. their advertising space; in this sense, we assist the mobile app operators with "monetisation" of the user traffic they have created.

Set forth below is a diagram which illustrates the business model of our advertisement distribution services business:



Since the launch of our advertisement distribution services, we have been striving to expand our supplier base through establishing business collaboration with different mobile apps. The mobile app operators we worked with in our advertisement distribution business during the Track Record Period were mostly operators of financial services mobile apps. During the Track Record Period, our advertisement distribution services business was exposed to supplier concentration risks. In particular, approximately 96.6%, 85.0% and 97.8% of the revenue from our advertisement distribution services business recorded in FY2020, FY2021 and 4M2022, respectively, was generated from our collaboration with two financial services-related mobile apps. For details of our business collaboration with mobile app operators, please refer to the section headed "Business — Our Business Model — 1. Marketing and Promotion Services — 1A. Promotion and Advertising Services — 1A(iii) Advertisement Distribution Services (Delivered through Mobile App Operators) — Business Flow and Key Participants — Mobile app operators

SUMMARY

and distribution agents (as our suppliers)” in this prospectus. If we fail to expand our supplier base or maintain our business relationships with these two mobile apps, the business operations of our advertisement distribution services business may be adversely affected. Please see the section headed “Risk Factors — Risks Relating to Our Business and Industry — We rely heavily on our top customers and suppliers. If we fail to maintain our relationships with our top customers and suppliers, our financial condition, results of operations and prospects may be materially and adversely affected.” in this prospectus for further details of such supplier concentration risks.

Revenue Model of our Promotion and Advertising Services

We adopt various different pricing policy for our promotion and advertising services. We typically charge our customers of traditional marketing and promotion services by CPA (cost per action, such as download, installation or registration by end users) or CPS (cost per sale) model. For our advertisement distribution service, our customers (being media publishers or their agents) primarily pay to us service fees determined with reference to a mix of performance parameters of the advertisement distribution services, including but not limited to impressions, clicks and/or CTR (i.e. combined performance parameters). The service fees under the traditional marketing and promotion services and advertisement distribution services are recognised as our revenue on a gross basis.

On the other hand, our revenue from the advertisement placement services is recognised on a net basis and represent the net amounts we received from our customers (net of rebates, if any) and the amounts paid by us to the media publishers (or their channel agents) (net of rebates, if any). Our suppliers, being the media publishers or their agents, may also grant us rebates on a quarterly and/or annual basis which are recorded as our revenue. For further details on the revenue model of our promotion and advertising services, please refer to the section headed “Financial Information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — I. Revenue from Our Marketing and Promotion Services — (i) Promotion” in this prospectus and Advertising Services — Revenue model for our promotion and advertising services.

Our business relationship with media publishers

Both our advertisement distribution services and advertisement placement services are centred around the business ecosystem of the major media publishers in the PRC. Under our advertisement distribution services, we primarily provide advertisement distribution services to media publishers and/or their advertising agents. In particular, the revenue directly attributable to Customer J (being a group company of a major media publisher in the PRC) under our advertisement distribution services amounted to approximately RMB13.7 million and RMB0.2 million in FY2021 and 4M2022, respectively, representing 12.7% and 0.6% of our revenue from advertisement distribution services and 6.2% and 0.3% of our total revenue for the respective year/period, respectively. To the best of our Directors’ knowledge, information and belief, a substantial part of the demand from other customers of our advertisement distribution services (who are advertising agents) was also generated from Customer J (or its group companies) and/or other major media publishers in the PRC which obtained our advertisement distribution services through these advertising agents. On the other hand, we also acquire advertisement placement services from media publishers and/or advertising agents. During FY2021 and 4M2022, substantially all of the gross purchase costs (which has been net-off from our gross revenue) of our advertisement placement services were directly, and indirectly through advertising agents, attributable to media publishers, with approximately 29.1% and 12.1% of our gross purchase costs attributable to Supplier W (or its group companies) and 70.1% and 87.5% of our gross purchase costs attributable to Supplier BB (or its group companies) for the respective year/period, respectively. As such, our advertisement distribution services and advertisement placement services may be affected by any unfavourable changes in the business and market conditions of the media publishers. Please refer to the section headed “Risk Factors — Risks Relating to Our Business and Industry — Our advertisement distribution services and advertisement placement services are substantially connected with platforms operated by media publishers. Any adverse change in their business or our business relationship with them may have material and adverse impacts on our profitability and prospects.” in this prospectus for further details.

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1.B Virtual Goods Sourcing and Delivery Services

We have sought to expand our scope of marketing services beyond promotion and advertising activities. The giving out of complimentary goods and services is considered an effective means for enterprises to incentivise purchases by new customers, and reward and build loyalty among existing customers. To this end, we launched our Rego Virtual Goods Platform in 2017. As part of our marketing and promotion services, we, as a to-B virtual goods provider, serve enterprises and primarily assist them in executing their user acquisition, engagement and/or retention strategies by sourcing a range of virtual goods and arranging for delivery to individual customers of the enterprises via our Rego Virtual Goods Platform. As opposed to to-C virtual goods providers which distribute, resell or operate retail channels of virtual goods directly to end consumers, we source and deliver virtual goods to enterprises and their agents for use in their business and marketing operations by connecting virtual goods suppliers across different industries with the enterprises in the value chain, and add value by providing our customers with an integrated offering of virtual goods at lower costs and increased ease of management.

In FY2019, FY2020, FY2021 and 4M2022, we generated revenue of RMB12.4 million, RMB45.3 million, RMB44.6 million and RMB15.7 million from our virtual goods sourcing and delivery services, representing approximately 18.0%, 56.2%, 27.3% and 27.0% of our revenue from marketing and promotion services in the corresponding periods. The growth in the revenue generated from our virtual goods sourcing and delivery services during the Track Record Period was mainly driven by the enhancement of our product offerings to our customers.

The table below sets forth a breakdown of revenue generated from our virtual goods sourcing and delivery services by type of virtual goods for the periods indicated:

	Year ended 31 December						For the four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Top-up for telecommunication services	9,366	75.5	17,320	38.2	18,128	40.6	6,406	49.4	6,535	41.6
Online vouchers and interests ^(Note 1)	2,986	24.1	25,788	56.9	17,721	39.7	3,564	27.5	6,344	40.4
Gift cards of gas stations	–	–	2,162	4.8	8,760	19.6	2,986	23.0	2,823	18.0
Others	56	0.4	21	0.1	20	0.1	8	0.1	2	0.0
Total	12,408	100.0	45,291	100.0	44,629	100.0	12,964	100.0	15,704	100.0

Note:

- We offer a wide spectrum of online vouchers and interests including but not limited to memberships of online entertainment platforms, gift cards of e-marketplaces, coffee vouchers, membership of online healthcare and medical services and packages combining various types of online vouchers and interests.

We recognised the revenue from the virtual goods sourcing and delivery services on a net basis whereby the purchase costs of the virtual goods, being the most significant cost item for our virtual goods sourcing and delivery services, have been deducted in arriving our revenue on net basis. Please refer to the section headed “Financial Information – Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income – Revenue – 1. Revenue from our Marketing and Promotion Services” in this prospectus for further details.

2. Our IT Solutions Services

Apart from marketing and promotion services, we have also been providing IT solutions services, which we consider to be closely associated with our principal marketing and promotion services business as our IT solutions services were mainly specific to the targeted industries for our marketing and promotion services, namely the mobile game industry and the lottery industry. Our Directors believe that our provision of IT solutions services is not only a means to attain business diversification through deployment of existing resources, but also serves the purposes of (1) increasing our penetration of the relevant marketing segments, by building closer relationships with the market players in the relevant industries, and deepening our insights into the relevant industries and understanding of the market player’s business needs; and (2) achieving synergies, by way of creating opportunities for collaboration with our customers of IT solutions services in broader business areas, and hence expansion of our marketing channels.

SUMMARY

2A. Mobile Game and Software Development and Maintenance Services

Leveraging our familiarity with the mobile game and software industry gained through provision of marketing and promotion services to mobile game operators over the years, and our knowhow and human resources in the area of research and development acquired while building the requisite systems for our marketing and promotion services business, we tapped into the mobile game and software development and maintenance services business in 2017. Our customers primarily engage us for the development of mobile game and software according to the requirements and/or specifications provided by them. In particular, we developed interactive online mobile games of different genres such as fishing, mahjong, poker and phonics. We have also, on a one-off basis, developed other software systems, such as customer relationship management system and customer order management system for operators in the relevant businesses. Our Directors consider that, through our involvement in the development of mobile games, we were able to offer marketing and promotion services that serve the needs of mobile games operators.

2B. Solutions on Lottery Related Software Systems and Equipment

We started to provide solutions on lottery-related software systems and equipment solutions as another form of IT solutions services in 2019, as we have been evaluating and exploring the possibilities to expand our marketing operations in the lottery industry and to convert the widespread lottery retail network in the PRC into our marketing channel. In 2020, we strategically acquired the entire share capital of Xi'an Tiantai, through which we had started to engage in the provision of integrated security access system and related equipment to provincial WLIACs. Specifically, our lottery security systems assist with internet access, video transmission, data collection and other areas through advanced encryption technology. With the aid of such security systems, provincial WLIACs can connect with their lottery sales points for information and data flows. As at the Latest Practicable Date, we had built business relationships with the provincial WLIACs in 23 provinces, municipalities and autonomous regions in the PRC covering over 97,000 lottery sales points.

Our Directors view our operations in the mobile game and software industry and the lottery industry as illustrations of our market penetration and business partner engagement strategies. In particular, our Directors regard our acquisition of Xi'an Tiantai as a significant move that will set us on track to penetrate the lottery marketing segment and engage in further business collaboration with lottery retail stores. Specifically, the research and development capabilities gained and the network built could lay the foundations for development of our SaaS enterprise marketing service platform with the participation of lottery retail stores, and create the potential for expansion of our retail lottery marketing channels; this serves as an example of how synergies may be generated. Our Directors remain positive that our provision of IT solutions services, as part of our business diversification process and overall marketing services development plan, could power the growth of our marketing and promotion services business and our Group as a whole in the longer term.

Risks of Disintermediation in Our Business

As an intermediate advertising service provider, we connect enterprise advertisers with marketing channel providers (in our traditional marketing and promotion services business), media publisher (in our advertisement placement services business) and mobile app operators (in our advertisement distribution services business) (collectively, the **“Promotion and Advertising Services Suppliers”**), directly or indirectly through their respective agents. Being an intermediate service provider, we are exposed to the inherent risk of disintermediation in our promotion and advertising services business, i.e. the situation where enterprise advertisers (and/or their advertising agents) and the Promotion and Advertising Services Suppliers (and/or their respective agents) dispense with, cease to engage and compete with intermediate advertising service providers (such as our Group) while transacting with each other directly. This is because the enterprise advertisers could theoretically furnish the advertising materials to and engage the Promotion and Advertising Services Suppliers directly, without enlisting our services. In particular, enterprise advertisers may open and top up their own accounts with the media publisher directly for placement of their advertisements on such media platform, and the platforms and/or applications of the media publishers (as advertising agents of enterprise advertisers) can be connected with mobile apps (provided that the mobile app operators have the requisite technical capacity) to form a channel for direct distribution of advertisements from the media publishers to the mobile apps. This means that the advertisement placement services and the advertisement distribution system of the media publishers are open to the enterprise advertisers and the mobile app operators respectively and accessible by them directly and not necessarily through any intermediate marketing service provider, permitting

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transactions to take place directly between the enterprise advertisers (and/or their advertising agents) and the relevant Promotion and Advertising Services Suppliers without going through us. In this sense, the Promotion and Advertising Services Suppliers could theoretically compete with us for business and acquire our customers. According to the iResearch Report, the marketing industry in the PRC is highly fragmented and there are a large number of online advertising agencies. Online advertising agencies usually connect advertisers with designated agents of advertising publishers, or directly connect them with advertising publishers. It is common and more cost-efficient for a large number of enterprises to conduct their marketing activities through intermediate advertising service providers. In 2021, there were more than 1 million corporates in advertising industry in China. As a result, competition is fierce in the advertising industry.

Further, our customers may also elect to develop their in-house marketing departments to conduct promotion and advertising activities on their own. For example, enterprise advertisers with a larger operating scale may establish their own marketing channels, and such enterprise advertisers may make arrangements with their advertising agents (i.e. media publishers) or mobile app operators for direct distribution of advertisements to the mobile apps. According to iResearch, companies with a large scale of operation tend to establish their own marketing team and may conduct marketing and promotion activities without engaging intermediate advertising services providers, and thus, disintermediation is not an uncommon occurrence. We cannot assure that our customers (including enterprise advertisers and their agents) will not adjust their marketing strategy in the future to conduct marketing and promotion activities on their own and cease to engage intermediate advertising services providers. For further details, please refer to the section headed “Risk Factors — Risks Relating to Our Business and Industry — If our customers transact with marketing channel providers/media publishers/mobile app operators directly or if they conduct promotion and advertising activities on their own, we may be exposed to the risk of disintermediation.” in this prospectus.

There has not come to our attention any specific instance where our customers have ceased to transact with us and directly engaged the Promotion and Advertising Services Suppliers in our promotion and advertising services business. From 1 January 2022 and up to the Latest Practicable Date, we maintained on-going business relationship with our major customers in FY2021, who in aggregate contributed to 96.2% of our revenue from promotion and advertising services during FY2021. Our Directors believe that we play a meaningful role that adds value in the supply chain of promotion and advertising services. Specifically, (1) in relation to our traditional marketing and promotion services business, we have a comprehensive supplier network comprising to which enterprise advertisers might not easily be able to gain access on their own, and serve to increase the effectiveness and efficiency of the marketing campaigns by providing assistance in the planning and launch stages; (2) in our advertisement placement services business, our customers may enjoy greater flexibility in liquidity management using our account opening services and top-up services due to the payment arrangement made available to them by us, and receive a higher percentage of rebates than the media publisher would offer to them directly; we also provide value-adding customer support services and operation services; and (3) in respect of our advertisement distribution services business, the wide connectivity of our RegoAd SDK and the suite of support we are able to provide for the mobile app operators have permitted us to establish and maintain an extensive pool of mobile apps for executing advertisement distribution, giving us a competitive edge which could effectively secure our business relationships with the media publishers (as advertising agents of enterprise advertisers). Our Directors consider that the above, together with our service quality, provide sufficient incentives for our customers to continue employing our promotion and advertising services and help guard against disintermediation. For further details, please refer to the section headed “Business — Our Business Model — Risks of Disintermediation in Our Business” in this prospectus.

OUR CUSTOMERS AND SUPPLIERS

Our Customers

During the Track Record Period, our customers mainly comprised (i) enterprise advertisers and their advertising agents using our traditional marketing and promotion services; (ii) enterprise advertisers and their advertising agents engaging us for advertisement placement services; (iii) media publishers (as advertising agents) using our advertisement distribution services; (iv) enterprises and virtual goods procurement agents procuring virtual goods from us; and (v) mobile game operators, and welfare lottery centres and lottery sales points using our IT solutions services.

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Due to the different nature of the types of services we provide in our different business segments, we recognise our revenue either on a gross basis or on a net basis. The gross basis is adopted for our revenue from traditional marketing and promotion services, advertisement distribution services and IT solutions services, whereas the net basis applies in respect of our revenue from advertisement placement services and virtual goods delivery and sourcing services. For further details of the basis of our revenue recognition policies, please refer to the section headed “Financial Information — Critical Accounting Policies, Estimates and Judgements — Revenue Recognition” in this prospectus, and note 4.13 to the Accountants’ Report. Based on our revenue recognition policies as discussed, for FY2019, FY2020, FY2021 and 4M2022, our five largest customers accounted for approximately 75.5%, 60.3%, 71.5% and 79.5% of our total revenue, while sales to our largest customer in each year/period during the Track Record Period amounted to approximately RMB33.1 million, RMB17.9 million, RMB91.7 million and RMB37.3 million, representing 37.0%, 15.8%, 41.8% and 52.8% of our total sales for the respective year/period.

To the best of the knowledge of our Directors, none of our Directors, their close associates, or our Shareholders who/which owned more than 5% of our issued Shares as at the Latest Practicable Date had any interest in any of our top five customers during the Track Record Period at the relevant times.

For further details, please refer to the section headed “Business — Our Customers” in this prospectus.

During the Track Record Period, our business had been substantially connected with the mobile game industry. In particular, during the Track Record Period, (i) approximately 79.5%, 53.2%, 8.7% and 28.8% of our revenue from our traditional marketing and promotion services business and our advertisement placement services business in FY2019, FY2020, FY2021 and 4M2022, respectively was generated from promotion and advertising services provided to and/or related to mobile games; (ii) 75.3%, 37.6%, 57.1% and 53.3% of our revenue from our virtual goods sourcing and delivery services business in FY2019, FY2020, FY2021 and 4M2022, respectively was generated from virtual goods provided to online game operators; and (iii) 57.6%, 100.0%, 84.4% and 49.9% of our revenue from our mobile game and software development and maintenance services business in FY2019, FY2020, FY2021 and 4M2022, respectively was derived from customers who were mobile game developers and/or operators. With the introduction of our advertisement placement services business and the growth in our provision of solutions on lottery-related software systems and equipment, as well as the expansion in our customer base, our reliance on customers from the mobile game industry has been gradually reduced during the Track Record Period. However, if there is any unfavourable change in the regulatory or business environment of the PRC mobile game industry, our business may still be adversely affected. Please also see the section headed “Risk Factors — Risks Relating to Our Business and Industry — Our business has been substantially connected with the PRC mobile game industry. Any material change in the related laws and regulations or any adverse change in the business environment of the PRC mobile game industry may have a material adverse impact on our profitability and prospects.” in this prospectus.

Synergies between Our Business Sub-segments

Our Directors believe that synergies had resulted from the parallel operations of our various business sub-segments during the Track Record Period. When we service our customers in any particular business sub-segment, we seek to demonstrate excellence and deliver our services to the satisfaction of our customers. It is our goal to inspire trust and confidence in relation to both our capabilities and dependability, such that the business relationships built with our customers in a particular business sub-segment could serve as the starting point for further engagements in our other business sub-segments, to the extent that such services could answer other business needs of the same customers. Therefore, during the Track Record Period, there were instances of cross-selling of our services under different business sub-segments to the same customers or groups of customers. Such customers included Customer Group A, Customer Group C, Customer Group E, Customer Group K and Customer N, each of whom had engaged us for the provision of traditional marketing and promotion services, mobile games and software development and maintenance services and/or virtual goods sourcing and delivery services during the Track Record Period. For further details, please refer to the section headed “Business — Our Customers” in this prospectus.

During the Track Record Period, we had provided promotion and advertising services together with mobile game and software development and maintenance services to Customer A1 as a bundle to facilitate its acquisition of new users for its mobile game. For details, please refer to the section headed “Business — Our Customers — Major Customers — Our relationship with Customer Group A — Transactions between our Group and Customer Group A during the Track Record Period — 1. Transactions with Customer A1”, and “Financial Information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — 2. Revenue from our IT Solutions Services

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— (i) Mobile Game and Software Development and Maintenance Services” in this prospectus. Other than the above, there was no arrangement for provision of our marketing and promotion services and IT solutions services as a bundle to our customers during the Track Record Period.

Going forward, we see the potential for the strengthening of synergies among our multiple business sub-segments in the following manners, among others:

- we aim to further develop and operate our SaaS enterprise marketing service platform as a means to expand our marketing channels; leveraging our information technology capability and the access we have gained to the vast network of lottery sales points in the PRC through provision of solutions on lottery-related software systems and equipment, our SaaS enterprise marketing service platform will initially cover lottery retail stores. We intend to integrate and deploy our existing marketing channels and platforms to provide the lottery retail stores with a series of marketing and promotion services for user acquisition, engagement and/or retention purposes. Specifically, we will (i) assist the lottery retail stores with conducting marketing and promotion activities vis-à-vis lottery buyers on a mass scale via online channels; (ii) connect the mobile apps of lottery institutions to our relevant self-operated platforms, and increase their lottery buyer base and user traffic of their mobile apps through provision of our promotion and advertising services and virtual goods sourcing and delivery services; and (iii) connect the lottery retail stores to our relevant self-operated platforms to enhance their operational efficiency in areas such as lottery buyer management. We therefore stand to expand our marketing operations in the lottery industry in the PRC, which will create opportunities for cross-selling of our marketing and promotion services and IT solutions services to the relevant marketing participants. For further details, please refer to the section headed “Business — Our Business Strategies — Developing and operating our SaaS enterprise marketing service platform as a means to expand our marketing channels” in this prospectus; and
- we will endeavour to promote our advertisement distribution services to enterprise advertisers engaging our advertisement placement services. By cross-selling our advertisement distribution services and advertisement placement services, we will not only arrange for the advertisements of enterprise advertisers to be published and displayed on the online platforms operated by the media publishers, but also connect the enterprise advertisers with mobile app operators and cause their advertisements to be distributed to fitting mobile apps through our RegoAd SDK. We could therefore facilitate the effective reaching of target audience by our customers contemporaneously through dual means.

Our Suppliers

During the Track Record Period, our suppliers mainly comprised (i) channel agents and marketing channel providers offering advertising space and services, in our traditional marketing and promotion services and advertisement placement services; (ii) distribution agents and mobile app operators offering advertising space in their apps where advertisement contents can be displayed, in our advertisement distribution services; (iii) virtual goods suppliers supplying virtual goods including various electronic top-up coupons and gift coupons; and (iv) IT development companies providing lottery system products for our lottery-related software systems and equipment solutions.

As discussed in “Our Customers” in this section, our revenue derived from the services we provide in our several business segments are recognised either on a gross basis or a net basis. In respect of our advertisement placement services and virtual goods delivery and sourcing services where the net basis is adopted, the amounts payable to our suppliers (i.e. market channel providers or channel agents, and virtual goods suppliers, respectively) are set off against the amounts receivable from our customers (i.e. enterprise advertisers or advertising agents, and enterprises or virtual goods procurement agents, respectively); we report the net amount as our revenue and no purchase is recorded. Based on such revenue recognition policies, for FY2019, FY2020, FY2021 and 4M2022, our five largest suppliers accounted for approximately 74.2%, 65.1%, 74.2% and 83.3% of our total purchases, while purchases from our largest supplier in each year/period during the Track Record Period amounted to approximately RMB16.4 million, RMB12.6 million, RMB68.5 million and RMB26.1 million, representing 36.8%, 33.9%, 62.6% and 76.8% of our total purchases for the respective year/period.

To the best of the knowledge of our Directors, none of our Directors, their close associates, or our Shareholders who/which owned more than 5% of our issued Shares as at the Latest Practicable Date had any interest in any of our top five suppliers during the Track Record Period at the relevant times.

For further details of our suppliers, please refer to the section headed “Business — Our Suppliers” in this prospectus.

Summary of our Business Model

The following table sets forth a summary of the scope of services, year of commencement of services, major marketing channels, types of customers and suppliers, the major pricing model, revenue and cost composition, accounting treatment of revenue recognition and key operating indicators.

Scope of services provided by our Group	1. Marketing and promotion services				2. IT solutions services	
	1A. Promotion and advertising services				2A. Mobile games and software development and maintenance services	2B. Solutions on lottery related software systems and equipment
	1A(i). Traditional marketing and promotion services	1A(ii). Advertisement placement services	1A(iii). Advertisement distribution services	1B. Virtual goods sourcing and delivery services		
	Planning, launching and/or managing marketing campaign to assist our customers to acquire and/or reactivate users of their services	Account opening services on online platform operated by certain large-scale media publisher for placement of advertisements and/or top-up services to these customers' accounts ^(Note 1)	Distributing and matching the advertisements placed by our customers with the available mobile advertising space provided by our suppliers through RegoAd SDK and the platforms and/or applications of our customers	Sourcing and delivery of virtual goods through the Rego Virtual Goods Platforms	Development and maintenance services in respect of mobile games, platforms and other software according to the requirements of our customers	Providing solutions (including development, assembly, installation and/or maintenance services) on lottery related software systems and equipment including information security systems, software systems and equipment, outlets management platform services and equipment maintenance and after-sale services
Year of commencement of services	2015	2021	2020	2017	2017	2019
Major marketing channels	Social media marketing, telemarketing and offline marketing	Advertising spaces on platforms operated by large scale media publisher	Advertising spaces in mobile apps	N/A	N/A	N/A
Customers	Enterprise advertisers (such as operators of mobile games and online entertainment platforms) and their advertising agents	Enterprise advertisers and their advertising agents	Media Publishers (as advertising agents) and their agents	Enterprises and/or their virtual goods procurement agents	Mobile games operators and other enterprises which require software systems in operating their businesses	Provincial WLIACs, lottery sales points and other enterprises

SUMMARY

1. Marketing and promotion services				2. IT solutions services	
1A. Promotion and advertising services				2A. Mobile games and software development and maintenance services	2B. Solutions on lottery related software systems and equipment
1A(i). Traditional marketing and promotion services	1A(ii). Advertisement placement services	1A(iii). Advertisement distribution services	1B. Virtual goods sourcing and delivery services		
Suppliers	Marketing channel providers and channel agents	Large scale media publisher and/or its agents	Mobile app operators and their distribution agents	N/A ^(Note 3)	Suppliers of components, finished products and/or services for lottery related software systems and equipment
Major pricing model between our Group and our customers	CPA and CPS	The required top-up amounts net of a certain percentage of rebates	A mix of performance parameters of the advertisement distribution services, including but not limited to, impressions, clicks, CTR and/or CPM	Fixed fees and revenue sharing	Fixed fees
Revenue composition	Service fees paid by our customers for the marketing and promotion services provided	Net amounts received by us from our customers and the amounts paid by us to our suppliers (net of rebates) ^(Note 1)	Service fees paid by our customers for the advertisement distribution services	Service fees paid by our customers for the development and maintenance services	Project fees paid by our customers for the software systems and equipment related maintenance services
Accounting treatment of revenue recognition	Gross basis	Net basis ^(Note 1)	Gross basis	Gross basis	Gross basis
Major composition of cost of sale	Traffic acquisition costs payable to suppliers	Labour costs ^(Note 1)	Traffic acquisition costs payable to suppliers	Labour costs	Components, finished products and/or services for lottery related software systems and equipment
Key operating indicators	Impressions, Conversion rates	Customers' spending	Impressions, Clicks, Fill rate	Number of projects, Total contract sum	Number of projects, Total contract sum

Notes:

- (1) Our revenue from advertisement placement services was recognised on a net basis during the Track Record Period, with the amounts paid to the media publishers and their agents (being the most significant cost item of such services) have been deducted in arriving our revenue from the advertisement placement services. The labour costs mainly represent the salaries and benefits to our staff which are directly associated with the provision of our advertising placement services.
- (2) Our revenue from virtual goods delivery and sourcing services was recognised on a net basis during the Track Record Period. Accordingly, procurement costs of virtual goods (being the most significant cost item of such services) have been deducted in arriving our revenue from the virtual goods delivery and sourcing services.
- (3) As mobile games and software development and maintenance services are mainly provided by our employees, there are generally no suppliers for this business segment.

SUMMARY

COMPETITIVE STRENGTHS

We have attained substantial growth in our scale of operation and financial performance during the Track Record Period and we believe the following competitive strengths have contributed to our success: (i) we have diversified marketing channels and resources to meet different marketing needs of our customers, including, among others, collaborations with prominent media platforms; (ii) our business is characterised by a high degree of versatility, as reflected by our capability to strategically shape our development strategy and business operations such that we could adapt well to the external environment; (iii) as a marketing service provider, we are capable of providing IT solutions services to market players in other industries, which could enable us to penetrate the relevant marketing segments and create synergies by setting the scene for collaboration in broader business areas; (iv) we offer a wide variety of virtual goods to satisfy different needs of enterprises in acquiring, engaging and retaining individual customers; (v) we have advanced information technology capability and are able to develop apposite software development tools and user interfaces in support of our business development; (vi) we are well-positioned to gain access to the vast and widespread network of lottery sales points in the PRC for the purpose of our marketing and promotional activities, as a result of our provision of IT solutions services in the lottery industry; and (vii) we have a dedicated, insightful and visionary management team. For further details, please refer to the section headed “Business – Our Competitive Strengths” in this prospectus.

BUSINESS STRATEGIES

To continue to expand our business in the rapidly changing and growing marketing services industry in the PRC and to further the accomplishment of our business objectives, we intend to pursue the following strategies: (i) developing and expanding our online marketing channels and resources for our marketing and promotion services; (ii) further developing and expanding our supplier base and types of virtual goods on offer; (iii) acquiring companies in marketing and related industries; and (iv) developing and operating our SaaS enterprise marketing service platform as a means to expand our marketing channels. For further details, please refer to the section headed “Business – Our Business Strategies” in this prospectus.

SHAREHOLDERS INFORMATION

As at the Latest Practicable Date, Tanshin Investments (a company wholly owned by Mr. Tian), Vicen Investments (a company wholly owned by Mr. Chen) and Sprus Investments (a company wholly owned by Mr. Zhang) beneficially owned 60%, 25% and 15% of the issued share capital of our Company, respectively. On 22 October 2021, Mr. Tian, Mr. Chen and Mr. Zhang entered into the Acting-in-Concert Agreement, pursuant to which Mr. Tian, Mr. Chen and Mr. Zhang confirmed that they had been acting in concert since 14 July 2017 when they started to own the equity interest of Hangzhou Rego in proportions of 60%, 25% and 15%, respectively, directly or indirectly and undertook to vote unanimously for any resolutions proposed at board meetings and shareholder meetings of our Group upon the signing of the Acting-in-Concert Agreement. Please see “History, Development and Reorganisation – Common Control by Acting-in-Concert Agreement” in this prospectus for further details about the Acting-in-Concert Agreement. By virtue of the Acting-in-Concert Agreement, Tanshin Investments, Vicen Investments and Sprus Investments are collectively entitled to exercise voting rights of 100% of the issued share capital of our Company. As such, Mr. Tian, Mr. Chen and Mr. Zhang, Tanshin Investments, Vicen Investments and Sprus Investments are our Controlling Shareholders as at the date of this prospectus.

Immediately following completion of the Capitalisation Issue and the Global Offering, and assuming the Over-allotment Option is not exercised, Tanshin Investments, Vicen Investments and Sprus Investments will collectively be entitled to exercise voting rights of approximately 75% of the issued share capital of our Company. Accordingly, Mr. Tian, Mr. Chen and Mr. Zhang, Tanshin Investments, Vicen Investments and Sprus Investments will continue to remain as our Controlling Shareholders.

KEY FINANCIAL INFORMATION

The following table sets forth a summary of our consolidated financial information for the Track Record Period, which was extracted from the Accountants’ Report set out in Appendix I. The summary of consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this prospectus, including the related notes. Our consolidated financial information has been prepared in accordance with HKFRS.

SUMMARY

Summary of Consolidated Statements of Profit or Loss

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	89,372	113,040	219,549	63,794	70,719
Cost of sales	(44,677)	(37,166)	(109,343)	(31,342)	(34,021)
Gross profit	44,695	75,874	110,206	32,452	36,698
Other income and other gains or losses	4,031	8,175	7,373	1,221	1,520
Provision for impairment losses on financial assets	(100)	(1,442)	(3,973)	(4,725)	(1,081)
Gain on disposal of subsidiaries	139	525	—	—	—
Selling and distribution expenses	(3,844)	(4,931)	(9,561)	(1,895)	(3,287)
Administrative expenses	(9,830)	(12,507)	(13,900)	(4,300)	(4,377)
Research and development expenses	(7,834)	(9,365)	(18,611)	(5,116)	(4,781)
Listing expenses	—	(6,085)	(13,630)	(2,986)	(1,371)
Finance costs	(82)	(353)	(674)	(177)	(376)
Profit before income tax	27,175	49,891	57,230	14,474	22,945
Income tax expense	(1,231)	(4,416)	(7,245)	(2,573)	(3,188)
Profit for the year/period	<u>25,944</u>	<u>45,475</u>	<u>49,985</u>	<u>11,901</u>	<u>19,757</u>
Attributable to:					
Equity owners of our Company	26,416	45,779	49,985	11,901	19,757
Non-controlling interests	(472)	(304)	—	—	—
Profit for the year/period	<u>25,944</u>	<u>45,475</u>	<u>49,985</u>	<u>11,901</u>	<u>19,757</u>

Non-HKFRS Measures

To supplement our consolidated financial statements which are presented in accordance with HKFRSs, we also use the adjusted profit under non-HKFRS measures, as an additional financial measure, which is not required by, or presented in accordance with, HKFRSs. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit under non-HKFRS measures may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under HKFRSs.

We defined adjusted net profit under non-HKFRS measure as profit for the year adjusted by adding the listing expenses which was incurred for the purpose of the Listing and will not exist after Listing. The following table reconciles our adjusted net profit under non-HKFRS measures presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit for the year/period	25,944	45,475	49,985	11,901	19,757
Add:					
Listing expenses	—	6,085	13,630	2,986	1,371
Adjusted net profit under non-HKFRS measures	<u>25,944</u>	<u>51,560</u>	<u>63,615</u>	<u>14,887</u>	<u>21,128</u>

SUMMARY

Revenue

For FY2019, FY2020, FY2021 and 4M2022, we recorded revenue of RMB89.4 million, RMB113.0 million, RMB219.5 million and RMB70.7 million, respectively.

Marketing and promotion services constitute our core business segment contributing over 70.0% of our revenue throughout the Track Record Period. While we have been focusing on the provision of marketing and promotion services throughout the Track Record Period, we have been adjusting and upgrading our services through an expansion of the scope of marketing and promotion services provided by us. In particular, we recorded a significant growth in our virtual goods sourcing and delivery services. Revenue from our virtual goods sourcing and delivery services had increased from RMB12.4 million for FY2019 to RMB44.6 million for FY2021. In addition, we have also been adjusting our strategy in conducting our promotion and advertising services. We primarily provided traditional marketing and promotion services when we tapped into the marketing and promotion industry. As our business under the traditional marketing and promotion services are primarily project-based, the demand for our services can be significantly affected by changes in the market conditions of, or the marketing need of, individual enterprise advertisers or the specific industries to which these enterprise advertisers belong and the resources accumulated, such as connections with suppliers and marketing channel providers, may not be transferrable to marketing and promotion services for advertisers of other industries and other types of products. Accordingly, we are of the view that, with the introduction of the advertisement placement services and advertisement distribution services, we would be able to diversify and enhance the stability and continuity of our business. Going forward, we will continue to develop our advertisement placement services and advertisement distributions services while remain watchful of opportunities for traditional marketing and promotion services.

On the other hand, during the Track Record Period, we have gradually shifted the focus of our IT solutions services from mobile games and software development and maintenance services to solutions on lottery-related software systems and equipment, primarily due to the changing market environment of the mobile game industry as a result of regulatory uncertainties in recent years. We are of the view that, the development of our IT solutions services in connection with the lottery industry would be able to support the future growth of our business. For details, please refer to the section headed “Business — Our Business Model — 2. IT Solutions Services” in this prospectus.

Our Directors consider the fluctuations in the revenue contribution of our different business segments during the Track Record Period were mainly resulted from the evolution of our services, which was mainly driven by the changing market ecosystem of the PRC advertising industry.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of gross profit and gross profit margin of our Group by business segment during the Track Record Period:

	For the year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Marketing and promotion services										
Promotion and advertising services										
- Traditional marketing and promotion services	19,780	34.9	7,695	45.9	2,984	63.2	2,405	72.4	499	28.2
- Advertisement placement services	-	-	-	-	3,447	55.3	422	77.3	1,697	68.4
- Advertisement distribution services	-	-	4,843	26.2	32,641	30.2	12,449	32.5	10,915	28.6
Virtual goods sourcing and delivery services	12,174	98.1	43,724	96.5	43,094	96.6	12,615	97.3	15,146	96.4
Sub-total/overall	31,954	46.3	56,262	69.9	82,166	50.3	27,891	50.6	28,257	48.6

SUMMARY

	For the year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	<i>Gross profit</i>		<i>Gross profit</i>		<i>Gross profit</i>		<i>Gross profit</i>		<i>Gross profit</i>	
	<i>margin</i>		<i>margin</i>		<i>margin</i>		<i>margin</i>		<i>margin</i>	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
IT solutions services										
Mobile game and software development and maintenance services	11,300	63.3	5,020	63.2	7,795	69.1	3,080	68.4	4,851	68.5
Solutions on lottery related software systems and equipment	130	11.6	14,018	58.4	19,857	44.7	1,332	33.4	3,545	64.7
Sub-total/overall	11,430	60.2	19,038	59.6	27,652	49.7	4,412	52.0	8,396	66.8
Others ^(Note)	1,311	100.0	574	100.0	388	100.0	149	100.0	45	100.0
TOTAL/OVERALL	44,695	50.0	75,874	67.1	110,206	50.2	32,452	50.9	36,698	51.9

Note: Others represent gross profit generated from the commissions from our sale of lottery tickets through offline shops. The gross profit margin for such business is 100% because we recorded such income on a net basis and the relevant rentals and labour costs are recorded in our selling and distribution expenses.

Our gross profit margin increased from 50.0% in for FY2019 to 67.1% for FY2020 primarily due to the increase in the revenue contribution of our virtual goods sourcing and delivery services which has a relatively higher gross profit margin as the revenue from this business segment was recognised on a net-basis. Our gross profit margin fell back to 50.2% in FY2021, primarily due to the increase in the revenue contribution of our advertisement distribution services which had a lower gross profit margin as compared to our other business segments. Our gross profit margin increased slightly from 50.9% for 4M2021 to 51.9% in 4M2022 mainly attributable to the increase in the gross profit margin of our solutions on lottery related software systems and equipment.

Costs of Sale

During the Track Record Period, our cost of sales primarily consists of (i) traffic acquisition cost; (ii) cost of goods sold and (iii) employee benefit expenses. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	<i>Gross profit</i>		<i>Gross profit</i>		<i>Gross profit</i>		<i>Gross profit</i>		<i>Gross profit</i>	
	<i>margin</i>		<i>margin</i>		<i>margin</i>		<i>margin</i>		<i>margin</i>	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Traffic acquisition costs										
Social media ^(Note 1)	34,182	76.5	6,710	18.1	-	-	-	-	-	-
Mobile apps ^(Note 2)	-	-	12,897	34.7	74,445	68.1	25,680	81.9	27,708	81.4
Others ^(Note 3)	1,301	2.9	1,981	5.3	1,445	1.3	809	2.6	312	0.9
	35,483	79.4	21,588	58.1	75,890	69.4	26,489	84.5	28,020	82.3
Cost of goods sold	992	2.3	8,621	23.2	17,778	16.3	1,297	4.1	375	1.1
Employee benefit expenses	8,191	18.3	3,898	10.5	7,721	7.1	1,950	6.2	3,920	11.5
Research and technical service costs	-	-	1,529	4.1	3,377	3.1	377	1.2	326	1.0
Others	11	0.0	1,530	4.1	4,577	4.1	1,229	4.0	1,380	4.1
TOTAL	44,677	100.0	37,166	100.0	109,343	100.0	31,342	100.0	34,021	100.0

Notes:

- (1) The social media adopted by us as marketing and advertising channels mainly include Wechat and Tencent QQ.
- (2) We conducted our advertisement distribution services through advertising spaces on mobile apps.
- (3) Others mainly include telemarketing and offline marketing channels.
- (4) As our revenue from advertisement placement services is recognised on a net basis, the fees paid by us to our suppliers (being media publishers or their agents) were deducted from the payment received by us from our customers. Therefore, no acquisition costs were recorded for our advertisement placement services.

SUMMARY

Traffic acquisition costs was the largest component of our costs of sale during the Track Record Period. In FY2019, our traffic acquisition costs mainly represent our payment to suppliers for traffic on different social media platforms for the provision of traditional marketing and promotion services mainly to our customers who are online games operators. Following the shift of our business focus away from the online game industry due to regulatory uncertainties and the commencement of our advertisement distribution services, a substantial part of our traffic acquisition costs was attributable to our payment to suppliers (i.e. mobile apps operators and their channel agents) for traffic on mobile apps, representing 34.7%, 68.1% and 81.4% of our costs of sale in FY2020, FY2021 and 4M2022, respectively. Accordingly, the fluctuations in the major channels associated with our traffic acquisition costs were in line with the development of our promotion and advertising services during the Track Record Period.

Profit for the year/period

We recorded an increase in our net profit during the Track Record Period. Our profit increased from RMB25.9 million in FY2019 to RMB45.5 million for FY2020 mainly due to (i) the increase in our revenue from RMB89.4 million for FY2019 to RMB113.0 million for FY2020; and (ii) the decrease in our cost of sales from RMB44.7 million for FY2019 to RMB37.2 million for FY2020. Our profit further increased from RMB45.5 million for FY2020 to RMB50.0 million for FY2021 mainly due to the increase in our revenue from RMB113.0 million for FY2020 to RMB219.5 million for FY2021, which was partially offset by (i) the increase in our cost of sales from RMB37.2 million for FY2020 to RMB109.3 million for FY2021; and (ii) the increase in our selling and distribution expenses, research and development expenses and listing expenses. Our net profit increased from RMB11.9 million in 4M2021 to RMB19.8 million in 4M2022 mainly due to the increase in our revenue by RMB6.9 million and the decrease in our listing expenses by RMB1.6 million in 4M2022 as compared to 4M2021.

Selected Data from the Consolidated Statements of Financial Position

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	10,237	38,079	34,906	33,458
Intangible assets	3,326	21,089	19,376	18,193
Property, plant and equipment	2,441	2,648	1,188	923
Goodwill	4,210	14,342	14,342	14,342
Current assets	68,028	116,232	200,153	223,224
Trade receivables	14,077	38,954	82,189	132,981
Prepayment, deposits and other receivables	11,245	38,649	50,009	56,691
Cash and cash equivalents	42,346	32,062	61,475	25,408
Total assets	78,265	154,311	235,059	256,682
Current liabilities	20,479	51,089	128,697	130,332
Trade payables	5,412	9,545	40,525	32,648
Other payables and accruals	8,264	17,436	27,895	35,766
Bank borrowings	–	10,370	21,100	42,000
Non-current liabilities	70	571	459	639
Deferred tax liabilities	–	496	412	384
Total liabilities	20,549	51,660	129,156	130,971
Net current assets	47,549	65,143	71,456	92,892
Net assets	57,716	102,651	105,903	125,711

As at 31 December 2019, 2020 and 2021 and 30 April 2022, we recorded current assets of RMB68.0 million, RMB116.2 million, RMB200.2 million and RMB223.2 million, respectively. Such increase was mainly attributable to the increase in our trade receivables, prepayment, deposits and other receivables and cash and cash equivalents as a result of our business growth. We also recorded an increase in our current liabilities during the Track Record

SUMMARY

Period. As at 31 December 2019, 2020 and 2021 and 30 April 2022, we recorded current liabilities of RMB20.5 million, RMB51.1 million, RMB128.7 million and RMB130.3 million, respectively. The increase in our current liabilities was mainly attributable to the increase in our trade payables, other payables and accruals and bank borrowings, which was in line with our business growth. We recorded net current assets of RMB47.5 million, RMB65.1 million, RMB71.5 million and RMB92.9 million as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively. Such increase was mainly due to the increase in our (i) trade receivables; (ii) prepayments, deposits and other receivables; and (iii) cash and cash equivalent resulted from the growth of our business during the Track Record Period. Our net assets increased from RMB57.7 million as at 31 December 2019 to RMB102.7 million as at 31 December 2020 mainly due to our profit generated in FY2020 which resulted in an increase in our retained earnings. Our net assets further increased to RMB105.9 million as at 31 December 2021 primarily attributable to our profit generated in FY2021 which resulted in a further increase in our retained earnings, which was partially offset by the decrease in other reserves of RMB46.8 million resulted from the deemed disposal of Zhejiang Runye. For details, please refer to the section headed “History, Development and Reorganisation — Reorganisation for Listing — 5. Subsequent Termination of Zhejiang Runye’s Contractual Arrangements” in this prospectus. Our net assets further increased by RMB19.8 million to RMB125.7 million as at 30 April 2022 which was primarily attributable to the increase in our retained earnings from our profit for the period in 4M2022.

Selected Data from the Consolidated Statements of Cash Flows

The following table sets forth a summary of our net cash flow for the periods indicated:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Operating cash flow					
before working capital changes	31,013	52,484	66,088	21,025	25,936
– Net change in working capital	242	(35,955)	(35,210)	(50,120)	(80,115)
– Interest received	75	156	249	102	65
– Income tax paid	(142)	(725)	(4,542)	(1,338)	(2,326)
Net cash generated from/(used in) operating activities	31,188	15,960	26,585	(30,331)	(56,440)
Net cash used in investing activities	(4,804)	(21,519)	(7,221)	(113)	(151)
Net cash generated from/(used in) financing activities	695	(4,725)	10,049	10,196	20,524
Net increase/(decrease) in cash and cash equivalents	27,079	(10,284)	29,413	(20,248)	(36,067)
Cash and cash equivalents at beginning of the year	15,267	42,346	32,062	32,062	61,475
Cash and cash equivalents at end of the year	42,346	32,062	61,475	11,814	25,408

SUMMARY

Our net cash generated from operating activities decreased from RMB31.2 million in FY2019 to RMB16.0 million in FY2020 mainly because of the increase in advance to our suppliers of virtual goods sourcing and delivery services. Our net cash generated from operating activities increased from RMB16.0 million in FY2020 to RMB26.6 million in FY2021 mainly attributable to the increase in our profit before income tax. We recorded net cash used in operating activities of RMB30.3 million during 4M2021, which was mainly attributable to the increase in our advances to suppliers and our trade receivables. During 4M2022, we recorded net cash used in operating activities of RMB56.4 million which was mainly attributable to (i) the increase in our trade receivables as at 30 April 2022 as a result of the delays in settlement of trade receivables by some of our customers based in and/or operated in provinces severely affected by the Resurgence of the COVID-19 pandemic in early 2022. For details, please refer to the paragraphs headed “— Recent developments and no material adverse change — Recent Resurgence of the COVID-19 pandemic” in this section; and (ii) cash used in the settlement of our amounts due to related parties during 4M2022. On the other hand, during FY2019, FY2020, FY2021 and 4M2022, we recorded net cash used in investing activities of RMB4.8 million, RMB21.5 million, RMB7.2 million and RMB151,000, respectively, which were mainly arising from our acquisition and disposal of subsidiaries, wealth management products and intangible assets. We recorded a higher net cash used in investing activities in FY2020 mainly because our cash used of RMB14.1 million in the acquisition of Xi'an Tiantai in July 2020 and purchase of intangible assets in FY2020.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the year indicated:

	Year ended 31 December			Four months ended 30 April
	2019	2020	2021	2022
Gross profit margin	50.0%	67.1%	50.2%	51.9%
Net profit margin	29.0%	40.2%	22.8%	27.9%
Adjusted net profit margin under non-HKFRS measures	29.0%	45.6%	29.0%	29.9%
	As at 31 December			As at 30 April
	2019	2020	2021	2022
Liquidity ratios				
Current ratio	3.3 times	2.3 times	1.6 times	1.7 times
Quick ratio	3.3 times	2.2 times	1.5 times	1.7 times
Capital adequacy ratios				
Gearing ratio	9.2%	14.8%	46.1%	37.8%
Debt-to-equity ratio	N/A	N/A	N/A	17.6%

Note: Please refer to the section headed “Financial Information — Key Financial Ratios” in this prospectus for the definitions of the financial ratios set forth in the table above.

Our gross profit margin was relatively stable at 50.0% and 50.2% for FY2019 and FY2021, respectively. Our increase in the gross profit margin in FY2020 was mainly due to the increase in revenue contribution of our virtual goods sourcing and delivery services which has a higher gross profit margin. Our gross profit margin fell back to 50.2% in FY2021, primarily due to the increase in the revenue contribution of our advertisement distribution services which had a lower gross profit margin as compared to our other business segments. The changes in our adjusted net profit margin under non-HKFRS measures during the Track Record Period were in line with the changes in our gross profit margin. Our gross profit margin increased to 51.9% in 4M2022 which was mainly due to the increase in the gross profit margin of our solutions on lottery related software systems and equipment attributable to one of our projects relating to the development of a lottery sale points security supervision platform for a provincial WLIAC during 4M2022 which had a relatively higher profit margin as the relevant services were predominantly provided by our own employees without incurring significant cost of sale.

SUMMARY

Our gearing ratio increased from 9.2% as at 31 December 2019 to 14.8% as at 31 December 2020, primarily due to the increase in total debts as at respective dates attributable to increase in our bank borrowings in FY2020 following the acquisition of Xi'an Tiantai. The gearing ratio further increased to 46.1% as at 31 December 2021, primarily due to the increase in our total debts as a result of the increase in our amounts due to related parties and bank borrowings as at 31 December 2021 as compared to that in 2020. Our gearing ratio decreased from 46.1% as at 31 December 2021 to 37.8% as at 30 April 2022 mainly due to the increase in our total equity from RMB105.9 million as at 31 December 2021 to RMB125.7 million as at 30 April 2022.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Development of PRC Laws and Regulations Relating to Internet Information Security

On 14 November 2021, the Cyberspace Administration of China (國家互聯網信息辦公室) published the draft Administration Regulations on Internet Data Security (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Internet Data Security Regulations**”) which provides that, among others, an application for cyber security review shall be made by any entity which is regarded as a “data processing operator” if such entity (i) is an internet platform operator which is in possession of a large amount of information related to national safety, economic development and public interests which is undergoing merger, restructuring or separation or otherwise affect or might affect national security; (ii) processes personal information of more than 1 million users and is contemplating an overseas listing; (iii) is contemplating a listing in Hong Kong and will or might affect national security; or (iv) undertaking any data processing activities which will or might affect national security. Further, pursuant to the Cybersecurity Review Measures (《網絡安全審查辦法》) (together with the Draft Internet Data Security Regulations, the “**Cybersecurity Regulations**”) which became effective from 15 February 2022, internet platform operators possessing personal information of more than one million users who are applying for overseas listing are subject to cybersecurity review by the Office of Cybersecurity Review.

In conducting our virtual goods sourcing and delivery business, we would obtain personal information of the end users, such as their phone numbers and/or stored value card numbers, from our customers for the purpose of topping-up of the relevant accounts of the end users. According to our PRC Legal Advisors, as we are involved in storage and deletion of data of the end users of our virtual goods sourcing and delivery business, it is likely that we would be treated as a data processing operator under the Draft Internet Data Security Regulations. Our PRC Legal Advisors further advised that, despite that we may be treated as a data processing operator, it is unlikely that we would be required to undergo a cybersecurity review for the proposed Listing as we did not fall under any one of the situations which necessitates a cybersecurity review under the Cybersecurity Regulations, given that (a) the platforms used by us in our business operations were not opened for access by the end users or the public; accordingly, our platforms were internal business management platforms of our Group by nature, and we do not fall within the scope of “internet platform operator”; (b) the Listing is not an “overseas listing” under the Cybersecurity Regulations as “overseas listing” therein refers to listing outside China; (c) it is unlikely that the Listing in Hong Kong will or might affect national security because (i) our business mainly involved provision of general marketing services for enterprise advertisers and not directly to end consumers, and the corporate information obtained by us did not involve relevant national or government information and was unlikely to constitute national core data; (ii) the data stored and kept by our Group were stored in a state-supervised data centre, and there was no issue of provision or leakage of information to overseas individuals or entities; and (iii) the personal information possessed by our Group was stored and used solely for the purpose of providing top-up or virtual goods delivery services to our relevant customers; and (d) pursuant to an interview with the Director of the Office of Cyberspace Affairs Commission of the Fuyang District Committee of the Chinese Communist Party (中共富陽區委網絡安全和信息化委員會辦公室), being a competent authority to confirm on matters related to cybersecurity, on 31 March 2022 (the “**CAC Interview**”), as (i) listing in Hong Kong is not an overseas listing under the Cybersecurity Regulations; (ii) the Group is not an “internet platform operator”; and (iii) the Listing is unlikely to affect national security, the Listing would not be subject to cybersecurity review. In addition, our Group processed on average around 30,000 units of data per day contained in the orders received in our business operations (including mobile phone numbers (for mobile phone credit top-up services and other virtual goods delivery services), card numbers of oil station cards (for oil station cards top-up services), names and identity card numbers (for lottery ticket delivery services, which we had ceased to provide as at the Latest Practicable Date), and the respective top-up times and amounts); such order data would be

SUMMARY

retained in our computer systems for seven days and automatically cleared afterwards; hence, our computer systems constantly stored an aggregate of approximately 210,000 units of order data, which fell below the relevant threshold specified in the Cybersecurity Regulations. Taking into account the views and advice of our PRC Legal Advisors, our Directors believe, and the Sole Sponsor concurs, that the Cybersecurity Regulations, if implemented in their current form, are unlikely to give rise to any material impediment to the Listing from the compliance perspective. We will maintain ongoing communication with the PRC government authorities regarding the latest development of and requirements under the Cybersecurity Regulations and any other applicable new regulations and take necessary measures in a timely manner.

We have put in place appropriate internal procedures to safeguard the information and data obtained by us including prevention of unauthorised access and regular review of system security and data cleaning. To the best of the knowledge of our Directors, our customers have informed the relevant individual users that their personal information may be provided to third party(ies) (such as our Group) for the purpose of service delivery and obtained their consent in this connection. Our PRC Legal Advisors are of the opinion that given that our customers had obtained the necessary consent from respective individual users, the custody and storage of such user data by us did not violate applicable laws and regulations in the PRC in all material respects during the Track Record Period. For details, please refer to the section headed “Business — Data Privacy and Security” in this prospectus. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material incident of data or personal information leakage, infringement of data protection or privacy laws and regulations or any investigation, claims or legal proceedings in relation to data privacy. During the CAC Interview, it was also confirmed that our Group was not involved in any government investigation, penalty or order for rectification in connection with non-compliance with data privacy and security. Based on the above, our PRC Legal Advisors are of the view that our Group complies with or will be able to comply with the Cybersecurity Regulations (assuming that the Draft Internet Data Security Regulations are implemented in the current form) in all material aspects.

Considering the nature of our business and based on the advice of the PRC Legal Adviser, our Directors are of the view that, assuming the Draft Internet Security Regulations is implemented in its current form, it is unlikely that the Listing will be subject to cybersecurity review; and the Cybersecurity Regulations will not have any material adverse effect on our business operations or the Listing. For details, please see “Regulatory Overview – Part II. Summary of Regulatory Legislation – II. Regulations on Internet security and privacy protection” in this prospectus. Nevertheless, as at the Latest Practicable Date, the Draft Internet Data Security Regulations were released for public comment only and their operative provisions and the effective date remain uncertain. For risks related to the above-mentioned regulatory changes, please see “Risk Factors – Risks Relating to Our Business and Industry – If we or our suppliers fail to protect data privacy of individual users, we might be subject to fines or other regulatory sanctions” in this prospectus.

Recent Resurgence of the COVID-19 Pandemic

During the first half of 2022, there had been large-scale outbreaks of COVID-19, including the highly transmissible Omicron variant, in various provinces across the PRC (the “**Resurgence**”). In response to the Resurgence, local governments in PRC have imposed various restrictions on business and social activities, including lockdowns, stringent travel restrictions, heightened quarantine measures and mandated temporary suspension of business operations across certain regions. As advised by iResearch, the Resurgence had adversely affected the macro economy of the PRC which in turn resulted in a decrease in the demand for promotion and advertising services in the PRC. During the first quarter in 2022, both the number of enterprises which engaged in online advertising and their spending thereon had recorded a decline as compared to the fourth quarter in 2021.

Our business and operations were also, to a certain extent, affected by the Resurgence. In particular, in the first half of 2022, we encountered delays in the settlement of trade receivables by some of our customers, in particular the customers of advertisement placement services and advertisement distribution services, which based in and/or operated in provinces severely affected by the Resurgence. In particular, our trade receivable balance (before provisions for ECL) increased from RMB88.0 million as at 31 December 2021 to RMB139.8 million as at 30 April 2022 and the proportion of our trade receivables which was past due as compared to the total trade receivables increased from 11.6% as at 31 December 2021 to 21.2% as at 30 April 2022. Nevertheless, we have been actively liaising with our customers for the settlement of the trade receivables. We consider that the delays in settlement of trade receivables would not have

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a material adverse impact on our business and operation in the long term because, to the best knowledge of our Directors, (a) the Resurgence has been subsiding since June 2022; (b) there has been no default or bad debts in respect of the outstanding payments from our customers; and (c) following the easing of restrictive measures imposed by local government, some of our customers started to settle the outstanding payments in June 2022. Out of our trade receivables of RMB139.8 million (before provisions for ECL) as at 30 April 2022, RMB119.3 million or 85.3% had been settled by our customers as at 21 September 2022. In addition, there were delays in the progress of our lottery-related software systems and equipment projects as we were unable to install, implement and/or provide trainings in connection with the systems and equipment supplied by us due to travel restrictions imposed by the local governments. For example, the Shanghai provincial WLIAC had suspended the sale of lottery tickets in view of the Resurgence, which in turn affected our services in the market. On the other hand, there has been no significant impact or disruption on the supply of advertising space, virtual goods and IT solution services available to us caused by the Resurgence.

Despite the abovementioned effect of the Resurgence, our revenue has not been negatively affected by the Resurgence. Based on the unaudited management account of our Group for the seven months ended 31 July 2022, we recorded an increase of approximately 12.3% in our overall revenue compared to the same period in 2021. Such increase was mainly attributable to the increase in the revenue from our advertisement placement and advertisement distribution services as well as our virtual goods sourcing and delivery services. Nevertheless, our business may be adversely affected if there is any further outbreak of COVID-19 in the PRC. Please refer to the section headed “Risk Factors — Risks Relating to Our Business and Industry — We face risks related to natural disasters, health epidemics, and other public safety concerns.” in this prospectus for details.

In view of the potential impacts of the COVID-19 pandemic and the Resurgence, we have implemented certain corresponding measures to enhance our business operations and sustainability. In order to better manage our cash flow and ensure sufficient liquidity, we have been liaising with banks for additional banking facilities. During 4M2022, we have obtained additional banking facilities in the aggregate amounts of RMB21.0 million. Further, we have been striving to improve the profitability of our advertisement placement services by focusing on customers with higher gross profit margin and providing operation services to our customers. We have also been enhancing the efficiency in communicating with our customers through the use of video conference calls and other online communication channels.

Our Directors are of the view that the COVID-19 pandemic and the Resurgence are not expected to have a material or sustained adverse impact on our Group on the basis that (i) no large-scale lockdown had been imposed in Hangzhou, where our headquarter is situated in, since the Resurgence and up to the Latest Practicable Date; (ii) we have implemented procedures for remote work arrangements to allow our staff to remotely access our email and internal office automation system in the events of lockdowns and quarantines; (iii) the operations of our business were mainly conducted through online platforms and online communication channels, which would not be materially affected by lockdowns and/or closure of workplace; (iv) we have achieved sustainable growth in our business during the Track Record Period, despite the outbreak and recurrence of the COVID-19 pandemic; and (v) we have implemented the abovementioned measures to further enhance the sustainability of our operations in the course of the pandemic. We will continue to monitor the development of the COVID-19 pandemic and continuously evaluate any potential impact on our business, results of operations and financial condition.

No Material Adverse Change

Our Directors confirm that, since 30 April 2022, being the date to which our latest audited accounts were made up and the end of the period reported on in the Accountants’ Report, and up to the date of this prospectus, there has been no material adverse change in our operations or financial or trading position, and no event has occurred that would materially and adversely affect the information shown in the consolidated financial statements of our Group set out in the Accountants’ Report.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, no dividend has been proposed, paid or declared by our Company or any of its subsidiaries.

In future, declaration and payment of any dividends would require the recommendation of the Board and at their discretion. In addition, any final dividend for a financial year will be subject to Shareholder’s approval, but no dividend shall be declared in excess of the amount

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recommended by the Board. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, the payment by our subsidiaries of cash dividends to us, and other factors the Board may deem relevant. We do not have a fixed dividend payout ratio. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

OFFERING STATISTICS

The numbers in the following table are based on the assumptions that (i) the Capitalisation Issue and the Global Offering have been completed and 250,000,000 Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised; and (iii) 1,000,000,000 Shares are issued following the completion of the Capitalisation Issue and the Global Offering.

	<u>Based on the Offer Price of HK\$0.64 per Share</u>	<u>Based on the Offer Price of HK\$0.80 per Share</u>
Market capitalisation after completion of the Global Offering	HK\$640.0 million	HK\$800.0 million
Unaudited pro forma adjusted net tangible assets per Share ^(Note)	HK\$0.24	HK\$0.28

Note: Please refer to Appendix II in this prospectus for the adjustment in calculating the unaudited pro forma adjusted consolidated net tangible assets per Share.

USE OF PROCEEDS

Assuming an Offer Price of HK\$0.72 per Offer Share, being the mid-point of the Offer Price range between HK\$0.64 and HK\$0.80 and assuming that the Over-allotment Option is not exercised at all, we estimate that net proceeds of approximately HK\$119.3 million will be received from the Global Offering, after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering. We intend to use the net proceeds from the Global Offering as follows:

	% of net proceeds (approximately)	HK\$ million (approximately)
Developing and expanding our online marketing channels and resources for our marketing and promotion services	42.2	50.3
• Expanding our research and development team and operations team	14.4	17.2
• Meeting relevant property rental expenses	1.2	1.4
• Prepayments to be made to media publishers	26.6	31.7
Further developing and expanding our supplier base and types of virtual goods on offer	26.7	31.9
• Expanding our research and development team, operations team and commerce team	6.5	7.8
• Meeting relevant property rental expenses	0.6	0.7
• Prepayments to be made to virtual goods suppliers	19.6	23.4
Acquiring companies in marketing and related industries	14.9	17.8
Developing and operating our SaaS enterprise marketing service platform as a means to expand our marketing channels	6.3	7.5
• Expanding our research and development team and operations team	5.7	6.8
• Meeting relevant property rental expenses	0.6	0.7
General working capital	9.9	11.8

For further details, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

SUMMARY

LISTING EXPENSES

Assuming the Offer Price of HK\$0.72 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the total amount of expenses in relation to the Listing including the underwriting commission and other Listing expenses and fees are estimated to be approximately RMB50.4 million, equivalent to approximately 33.7% of the gross proceeds of the Global Offering, which shall be borne by our Company, among which (i) underwriting-related expenses, including underwriting commission and related expenses are estimated to be approximately RMB10.3 million; and (ii) non-underwriting-related expenses are estimated to be approximately RMB40.1 million, comprising (a) fees and expenses of legal advisors and the reporting accountants of approximately RMB16.9 million; and (b) other fees and expenses of approximately RMB23.2 million. For FY2020, FY2021 and 4M2022, we incurred listing expenses of approximately RMB6.1 million, RMB13.6 million and RMB1.3 million, respectively. Subsequent to the Track Record Period, it is estimated that in aggregate approximately RMB9.7 million will be charged to our Group's profit and loss for the eight months ending 31 December 2022, and approximately RMB19.7 million is estimated to be directly attributable to the issue of the new Shares and is to be accounted for as a deduction from the equity in accordance with the relevant accounting standard after Listing.

RISK FACTORS

There are certain risks involved in our business operations which may be beyond our control. These risks are more particularly described in "Risk Factors" in this prospectus. You should read the entire section carefully before deciding whether to invest in the Offer Shares. The major risks faced by us include the following: (i) we operate in a rapidly developing and evolving industry, and it may be difficult to evaluate our financial condition and business prospects given the short operating history of certain business segments; (ii) if our customers transact with marketing channel providers/media publishers/mobile app operators directly or if they conduct promotion and advertising activities on their own, we may be exposed to the risk of disintermediation; (iii) advances to our suppliers may expose us to credit risks and default risks; (iv) we are faced with intense competition with other intermediate advertising service providers; (v) we may be required to provide impairment losses for intangible assets and goodwill; (vi) any failure to maintain and expand our relationships with our customers and suppliers in our promotion and advertising services business may materially and adversely affect our business operations and financial results; (vii) we derive a substantial proportion of our revenue from our operations in the marketing industry, and any slowdown in growth of or decline in the marketing industry may materially and adversely affect our profitability and prospects; and (viii) if we fail to effectively manage and control our traffic acquisition costs and employee benefit expenses, our gross profit and financial results will be materially and adversely affected.

DEFINITIONS

In this prospectus, the following expressions shall have the meanings set out below unless the context requires otherwise. Certain technical terms are explained in “Glossary of Technical Terms” in this prospectus.

“4M2021”	the four months ended 30 April 2021
“4M2022”	the four months ended 30 April 2022
“Accountants’ Report”	the accountants’ report set out in Appendix I to this prospectus
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on 27 July 2022, which shall become effective upon Listing, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in the section headed “Summary of the Constitution of Our Company and the Cayman Companies Act — 2. Articles of Association” in Appendix III to this prospectus;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board;
“Banking Ordinance”	the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Board”	the board of directors of our Company
“business day(s)”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of Shares to be made upon capitalisation of certain sum standing to the credit of the share premium account of our Company as referred to in “Statutory and General Information — A. Further information about our Company and our Subsidiaries — 3. Resolutions of the Shareholders of Our Company” in Appendix IV to this prospectus

DEFINITIONS

“Cayman Companies Act”	the Companies Act (2022 Revision) of the Cayman Islands as amended, supplemented, or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS EIPO”	the application for the Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System (https://ip.ccass.com) or through the CCASS Phone System (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC’s Customer Service Centre by completing an input request
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China and, for the sole purpose of this prospectus, excludes Taiwan, Macao Special Administrative Region of the People’s Republic of China and Hong Kong

DEFINITIONS

“China Sports Lottery”	sports lottery authorised and issued by the China Sports Lottery Administration Centre* (中國體育彩票管理中心) in the PRC to raise funds for sports development
“China Welfare Lottery”	welfare lottery authorised and issued by the China Welfare Lottery Issuance and Administration Centre* (中國福利彩票發行管理中心) in the PRC to raise funds for public welfare
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Rego Interactive Co., Ltd (潤歌互動有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 8 August 2017
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“consolidated affiliated entity(ies)”	the entities we previously controlled through the Contractual Arrangements. For further details of these entities, see “History, Development and Reorganisation — Our Corporate History an Development — Former Major Subsidiaries of Our Group” in this prospectus
“Contractual Arrangements”	the series of contractual arrangements entered into among Hangzhou Rego, Zhejiang Runye and the Registered Shareholders, details of which are described in “History, Development and Reorganisation — Reorganisation for Listing — 5. Subsequent Termination of Zhejiang Runye’s Contractual Arrangements” in this prospectus
“Controlling Shareholder(s)”	the group of controlling shareholder(s) (having the meaning ascribed to it in the Listing Rules) of our Company, which collectively refers to Mr. Tian, Mr. Chen, Mr. Zhang, Tanshin Investments, Vicen Investments and Sprus Investments

DEFINITIONS

“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Deed of Indemnity”	the deed of indemnity dated 16 September 2022 entered into by our Controlling Shareholders in favor of our Company (for itself and as trustee for each of the subsidiaries) to provide certain indemnities, particulars of which are set out in the section headed “Statutory and general information — Other information — 6. Tax and other Indemnity” in Appendix IV to this prospectus
“Deed of Non-Competition”	the Deed of Non-Competition dated 16 September 2022 given by our Controlling Shareholders in favor of our Company (for itself and as trustee for each of the subsidiaries), particulars of which are set out in the section headed “Relationship with Controlling Shareholders — Deed of Non-Competition” in this prospectus
“Director(s)” or “our Directors”	the director(s) of our Company
“EIT”	the PRC enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), enacted on 16 March 2007, effective from 1 January 2008 and amended on 24 February 2017 and 29 December 2018 by the NPC
“electronic application instruction(s)”	instruction given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Hong Kong Public Offer Shares
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
“Foreign Investment Law”	the PRC Foreign Investment Law (《中華人民共和國外商投資法》), adopted by the NPC on 15 March 2019, and took effect on 1 January 2020
“FY[X]”	the financial year ended or (as the case may be) ending on 31 December of the year [X]. For example, “FY2020” refers to the year ended 31 December 2020
“GDP”	gross domestic product

DEFINITIONS

“Global Offering”	the Hong Kong Public Offering and the International Placing
“ GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at that time
“Hainan Rego”	Hainan Rego Network Technology Company Limited* (海南潤歌網絡科技有限公司), a limited company established in the PRC on 22 July 2019 and an indirect wholly-owned subsidiary of our Company
“Hangzhou Rego”	Hangzhou Rego Network Company Limited* (杭州潤歌網絡有限公司), a company established in the PRC with limited liabilities on 25 June 2009 and an indirect wholly-owned subsidiary of our Company
“Hangzhou Runsheng”	Hangzhou Runsheng Network Technology Company Limited* (杭州潤升網絡科技有限公司), a limited company established in the PRC on 16 November 2017 and an indirect wholly-owned subsidiary of our Company
“HKFRS(s)”	Hong Kong Financial Reporting Standards issued by the HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong Branch Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong dollars”, “HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Public Offer Shares”	the 25,000,000 new Shares initially being offered by our Company for subscription under the Hong Kong Public Offering, representing 10% of the initial number of Offer Shares, subject to any adjustment or re-allocation as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“Hong Kong Public Offering”	the issue and offer by our Company of the Hong Kong Public Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%) on and subject to the terms and conditions described in this prospectus
“Hong Kong Underwriters”	the Underwriters of the Hong Kong Public Offering listed in “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 29 September 2022 and entered into by, among others, our Company, the Controlling Shareholders, the Sole Sponsor, the Sole Representative and the Hong Kong Underwriters relating to the Hong Kong Public Offering, the particulars of which are set forth in “Underwriting” in this prospectus
“ICP License”	the value-added telecommunications business operation license issued by the relevant PRC government authorities with a service scope of information services
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any director, chief executive or substantial shareholders (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates

DEFINITIONS

“International Placing”	the placing of the International Placing Shares by the International Underwriters for and on behalf of our Company to professional, institutional and other investors at the Offer Price outside of the United States in offshore transactions in reliance on Regulation S, as further described in “Structure and Conditions of the Global Offering” in this prospectus
“International Placing Shares”	the 225,000,000 new Shares initially being offered by our Company for subscription under the International Placing, representing 90% of the initial number of the Offer Shares, subject to any adjustment or re-allocation, and together, where relevant, with any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option, as further described in “Structure and Conditions of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Placing who are expected to enter into the International Underwriting Agreement
“International Underwriting Agreement”	the underwriting agreement expected to be entered into on or before the Price Determination Date by, among others, our Company, the Controlling Shareholders, the Sole Sponsor, the Sole Representative and the International Underwriters relating to the International Placing
“iResearch”	Shanghai iResearch Co., Ltd, a market research consultant who is an Independent Third Party
“iResearch Report”	the industry report prepared by iResearch on the (i) advertising; (ii) third party to-B virtual goods and services; and (iii) lottery solutions industries in the PRC
“Jiangxi Yunjia”	Jiangxi Yunjia Technology Company Limited* (江西雲家科技有限公司), a limited company established in the PRC on 30 March 2016 and an indirect wholly-owned subsidiary of our Company, which was deregistered on 5 November 2021

DEFINITIONS

“Joint Bookrunners”	CMBC Securities Company Limited, China Galaxy International Securities (Hong Kong) Co., Limited, Alpha International Securities (HONG KONG) Limited, Zheshang International Financial Holdings Co., Limited, Blackwell Global Securities Limited, ABCI Capital Limited, BOCOM International Securities Limited, CCB International Capital Limited, China Everbright Securities (HK) Limited, Guotai Junan Securities (Hong Kong) Limited, Zhongtai International Securities Limited, SBI China Capital Financial Services Limited, Shenwan Hongyuan Securities (H.K.) Limited and China Industrial Securities International Capital Limited
“Joint Global Coordinators”	CMBC Securities Company Limited, China Galaxy International Securities (Hong Kong) Co., Limited and Alpha International Securities (HONG KONG) Limited
“Joint Lead Managers”	CMBC Securities Company Limited, China Galaxy International Securities (Hong Kong) Co., Limited, Alpha International Securities (HONG KONG) Limited, Zheshang International Financial Holdings Co., Limited, Blackwell Global Securities Limited, ABCI Securities Company Limited, BOCOM International Securities Limited, CCB International Capital Limited, China Everbright Securities (HK) Limited, Guotai Junan Securities (Hong Kong) Limited, Zhongtai International Securities Limited, SBI China Capital Financial Services Limited, Shenwan Hongyuan Securities (H.K.) Limited, China Industrial Securities International Capital Limited, Livermore Holdings Limited and West Bull Securities Limited
“Latest Practicable Date”	21 September 2022, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
“Listing”	the listing of the Shares on the Main Board
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date on which dealings in the Shares on the Main Board first commence

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“M&A Rules”	the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定), jointly issued by the State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會), MOFCOM, SAT, State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), the China Securities Regulatory Commission (中國證券監督管理委員會) and SAFE on 8 August 2006 and amended by MOFCOM on 22 June 2009
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company adopted on 27 July 2022, as amended from time to time, a summary of which is set out in the section headed “Summary of the constitution of the Company and Cayman Companies Act — 1. Memorandum of Association” in Appendix III to this prospectus
“MCT”	Ministry of Culture and Tourism of the PRC (中華人民共和國文化和旅遊部)
“MIIT”	The Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOC”	Ministry of Culture of the PRC (中華人民共和國文化部) (since March 2018 known as the MCT)
“MOFCOM”	the PRC Ministry of Commerce (中華人民共和國商務部), or its predecessor, the Ministry of Foreign Trade and Economic Cooperation, as appropriate to the context
“Mr. Chen”	Mr. Chen Ping (陳平), our Chairman, executive Director and Controlling Shareholder

DEFINITIONS

“Mr. Tian”	Mr. Tian Huan (田歡), our executive Director, chief executive officer and Controlling Shareholder
“Mr. Zhang”	Mr. Zhang Yongli (張永利), our executive Director, chief operating officer and Controlling Shareholder
“NPC”	The PRC National People’s Congress (中華人民共和國人民代表大會)
“Offer Price”	the final HK dollar price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%) at which the Hong Kong Public Offer Shares are to be subscribed under the Hong Kong Public Offering and the International Placing Shares are to be offered under the International Placing, to be determined in the manner described in “Structure and Conditions of the Global Offering – Pricing and Allocation” in this prospectus
“Offer Shares”	the Hong Kong Public Offer Shares and the International Placing Shares, where relevant, including any additional Shares issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Sole Representative (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 37,500,000 additional new Shares at the Offer Price, representing 15% of the initial number of Offer Shares offered under the Global Offering, at the Offer Price to, among other things, cover the over-allocations (if any) in the International Placing, as described in “Structure and conditions of the Global Offering — Over-allotment Option” in this prospectus

DEFINITIONS

“PRC Company Law”	Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People’s Congress on 27 October 2005 and effective on 1 January 2006 and last amended, effective and implemented on 26 October 2018, as amended, supplemented and otherwise modified from time to time
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Government” or “Chinese Government” or “State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or where the context require, any of them
“PRC Legal Advisers”	Zhong Lun Law Firm, our legal advisers as to the PRC laws
“Price Determination Date”	the date, expected to be on or around Friday, 7 October 2022 but in any event not later than Thursday, 13 October 2022, on which the Offer Price will be determined for the purposes of the Global Offering
“Registered Shareholders”	Mr. Tian and Mr. Zhang, as the registered shareholders of Zhejiang Runye
“Rego BVI”	Rego International Holdings Limited (潤歌國際控股有限公司), a BVI business company incorporated in the BVI on 15 August 2017 and a direct wholly-owned subsidiary of our Company
“Rego HK”	Rego Investments Limited, a company incorporated as a limited company in Hong Kong on 4 September 2017 and an indirect wholly-owned subsidiary of our Company
“Regulation S”	Regulation S under the US Securities Act
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reorganisation”	the pre-listing reorganisation of our Group, further details of which are described under the section headed “History, development and reorganisation — Reorganisation for Listing” in this prospectus

DEFINITIONS

“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAT”	State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“Securities and Futures (Price Stabilizing) Rules”	the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with par value of US\$0.001 each in the share capital of our Company
“Share Option Scheme”	the share option scheme conditionally adopted by our Company, further details of which are described in the section headed “Statutory and general information — D. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of our Share(s)
“Sole Representative”	CMBC Securities Company Limited
“Sole Sponsor”	CMBC International Capital Limited, a corporation licenced to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the sole sponsor appointed by our Group in connection with the Listing
“SP License”	the value-added telecommunications business operating license within the business scope of information services other than internet content provider
“Sprus Investments”	Sprus Investments Limited (雲杉投資有限公司), a BVI business company incorporated in the BVI on 14 July 2017, a Controlling Shareholder of our Company and a wholly-owned company of Mr. Zhang
“Stabilising Manager”	CMBC Securities Company Limited

DEFINITIONS

“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between Tanshin Investments and the Stabilising Manager (or its agents) on or around the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules, unless the context otherwise requires
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Tanshin Investments”	Tanshin Investments Limited (天歡投資有限公司), a BVI business company incorporated in the BVI on 14 July 2017, our Controlling Shareholder and a wholly-owned company of Mr. Tian
“Track Record Period”	the period comprising FY2019, FY2020, FY2021 and 4M2022
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States”, “US” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“VAT”	value-added tax

DEFINITIONS

“Vicen HK”	Vicen International Holdings (Hong Kong) Limited (緯晨國際控股(香港)有限公司), a company incorporated as a limited company in Hong Kong on 4 August 2017 and a wholly-owned subsidiary of our Company
“Vicen Investments”	Vicen Investments Limited (緯晨投資有限公司), a BVI business company incorporated in the BVI on 14 July 2017, a Controlling Shareholder of our Company and a wholly-owned company of Mr. Chen
“WLIAC”	the China Welfare Lottery Issuance and Administration Centre* (中國福利彩票發行管理中心), being a public institution under the Ministry of Civil Affairs of the PRC; for the purpose of this prospectus, “ provincial WLIAC ” refers to a WLIAC at the level of a province, municipality or autonomous region
“WFOE”	a wholly foreign-owned enterprise established in the PRC under the laws of PRC
“ White Form eIPO ”	the application of Hong Kong Public Offer Shares for issue in the applicant’s own name by submitting applications online through the designated website of the White Form eIPO Service Provider at <u>www.eipo.com.hk</u>
“ White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Xi’an Tiantai”	Xi’an Tiantai Innovation Technology Company Limited* (西安天泰創新科技有限公司), a limited company established in the PRC on 13 June 2007 and a wholly-owned subsidiary of our Company
“Yuncaitong”	Yuncaitong Technology (Beijing) Company Limited* (雲彩通科技(北京)有限公司), a limited company established in the PRC on 7 March 2016 and a wholly-owned subsidiary of our Company
“Zhejiang Runye”	Zhejiang Runye Information Technology Company Limited* (浙江潤也信息科技有限公司), a limited company established in the PRC on 14 September 2016 and a former consolidated affiliated entity of our Group prior to the termination of the Contractual Arrangements

DEFINITIONS

Zhejiang Yuanxing	Zhejiang Yuanxing Information Technology Co., Ltd.* (浙江元幸信息科技有限公司), a company incorporated in the PRC on 19 May 2004 and a connected person of our Company
“%”	per cent

In this prospectus, the English names of PRC nationals, entities, departments, facilities, certificates, titles, etc. marked “” are translations of their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*

Unless expressly stated or otherwise required by the context, all data contained in this prospectus are as at the Latest Practicable Date.

Unless otherwise specified, all references to any shareholding in our Company in this prospectus assume no exercise of the Over-allotment Option and no options which may be granted under the Share Option Scheme.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains certain definitions and technical terms in this prospectus which relate to our business and the industries and sectors that we operate in. As such, some terms and definitions may not correspond to standard industry definitions or usage of such terms.

“advertiser”	a business that is desirous of advertising and promoting their product or services
“AI”	artificial intelligence
“API”	application programming interface, an interface between a client and a server, which allows the client to receive a response to its request in a specific format or initiate a defined action
“app” or “mobile app”	application software designed to run on a mobile device
“CPA”	cost per action, a pricing mechanism where advertising is paid on the basis of each action of the mobile device user, such as download, installation or registration. Such actions normally require a higher degree of personal involvements from the audience, through experiencing or using the advertised products or services by activating/reactivating the products or services or registering as users
“CPM”	cost per mille, a non-performance-based pricing model where advertising is paid on the basis of thousand impressions
“CPS”	cost per sale, a pricing model where advertising is paid on the basis of the increased sale amount as a result of the advertising
“CTR”	click-through rate, i.e. the ratio of mobile device users who have clicked on an advertisement to the number of total mobile device users who have viewed the advertisement
“Fill rate”	as to the advertisement distribution services of our Group, the percentage of advertisement requests from the mobile apps that are filled by the media publishers

GLOSSARY OF TECHNICAL TERMS

“GMV”	gross merchandise value, which equals the sales price per item (inclusive of VAT) multiplied by the number of items sold
“impression(s)”	the number of advertisement views, represents the total number of times an advertisement is viewed by a user or displayed on a web page during a certain period of time
“IP”	intellectual property
“IT”	information technology
“lottery solutions”	hardware, system software, printing, marketing and/or other related services of lottery market
“media publisher(s)”	publisher(s), being primarily large-scale media platform operator(s), to which we deliver the advertisements of our advertisers for publication in our advertisement placement services business
“O2O”	online to offline, a phrase that is used in digital marketing to describe systems enticing consumers within a digital environment to make purchases of goods or services from physical businesses
“private traffic” (私域流量)	generation of online audience via various private pools of social media, such as mini programmes (小程序), official accounts (公眾號) and mobile apps, where brands have generally more control over such audience
“publisher”	an entity which ultimately presents advertisements to the audience for and on behalf of the advertiser(s) or the advertising agent(s) engaged by the advertiser(s)
“RegoAd SDK”	Rego Advertisement Software Development Kit, a set of software development tools developed by us that facilitate transmission of data between our customers (i.e. advertising agents) and our suppliers (i.e. mobile app operators engaged directly or through advertising agents), such as information about advertisements (from our customers to our suppliers) and information about advertising facilitates (from our suppliers to our customers), in our advertisement distribution services business

GLOSSARY OF TECHNICAL TERMS

“Rego Advertisement Operations and Management Platforms”	specific platforms developed by us for operating our advertisement placement business and advertisement management, which provide our staff with greater ease in accessing and extracting information on the advertisers and publishers, and in data processing and analysis respectively
“Rego Virtual Goods Platform”	our online platform developed for the purpose of providing our virtual goods sourcing and delivery services; it can be connected to the platforms of our customers and suppliers via API, and enables us to receive orders for virtual goods from enterprises for consumption by their individual customers (as the end users of the virtual goods), verify their orders, compare prices and inventories of the suppliers connected to our platform, place orders to our suppliers, and arrange for delivery of the virtual goods ordered to the enterprises or their individual customers on a real-time basis
“ROI”	return of investment
“SaaS”	software as a service, a software licensing and delivery model under which software is licensed on a subscription basis and centrally hosted
“SAS”	security access systems, which provides a secure and reliable lottery transmission network and various connection methods, relying on the internet accessed through asymmetric digital subscriber line (ADSL), broadband, fibre optic, 3G/4G and other access methods
“SDK”	software development kit, a collection of software development tools in one installable package
“SMS”	short message service
“user acquisition”	the act of gaining new users or customers for an app, platform, product or service; in the mobile industry, it is a strategy designed around generating installations, usually achieved by advertising campaigns and promotional offers

GLOSSARY OF TECHNICAL TERMS

“user engagement”	the process of interacting with existing users or customers and encouraging them to be interested in the work of an organisation, or its app, platform, product and/or service, where the primary goal is to cause the users or customers to find the app, platform, product and/or service valuable enough to continue using them
“user reactivation”	the act of incentivising existing users or customers to increase their level of activity on and/or usage of an app, platform, product or service
“user retention”	the processing of inducing continued use of an app, platform, product and/or service by existing users or customers
“VDPN”	virtual private dialup networks, through which lottery retailers could access the internet via dial-up connections and the network of China welfare lottery

FORWARD-LOOKING STATEMENTS

This prospectus contains, and the documents incorporated by reference herein may contain, certain statements that are “forward-looking” and uses forward-looking terminology such as “aim”, “anticipate”, “believe”, “consider”, “continue”, “could”, “estimate”, “expect”, “forecast”, “intend”, “may”, “ought to”, “plan”, “potential”, “project”, “seek”, “shall”, “should”, “will”, “would” and the negative of these terms and other similar expressions, as they relate to us. Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources, which reflect our management’s current view with respect to future events based on the beliefs of our management and assumptions made by and information currently available to our management, and are subject to certain risks, uncertainties and factors, including the risk factors described in “Risk Factors” in this prospectus. Potential investors of the Offer Shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. In light of these, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our Group’s plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in “Risk Factors” in this prospectus. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward-looking information.

RISK FACTORS

You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that a substantial part of our Group's operations are conducted in the PRC and are governed by a legal and regulatory environment that differs from that prevailing in other countries. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If our customers transact with marketing channel providers/media publishers/mobile app operators directly or if they conduct promotion and advertising activities on their own, we may be exposed to the risk of disintermediation.

Being an intermediate service provider, we are exposed to the inherent risk of disintermediation in our promotion and advertising services business, i.e. the situation where enterprise advertisers (and/or their advertising agents) and marketing channel providers/media publishers/mobile app operators (and/or their respective agents) dispense with, cease to engage and compete with intermediate advertising service providers (such as our Group) while transacting with each other directly. As an intermediate advertising service provider, we connect enterprise advertisers with marketing channel providers (in our traditional marketing and promotion services business), media publisher (in our advertisement placement services business) and mobile app operators (in our advertisement distribution services business) (collectively, the **"Promotion and Advertising Services Suppliers"**), directly or indirectly through their respective agents. We mainly provide platforms for specific areas of advertising operations, particularly delivery of advertisement content, in our promotion and advertising services business. Theoretically, the enterprise advertisers could furnish the advertising materials to and engage the Promotion and Advertising Services Suppliers directly, circumventing intermediate advertising service providers like us. For example, they may commence developing or expanding their business development and marketing functions to connect with the Promotion and Advertising Services Suppliers directly and cease to engage our services. There may also be the risk that the Promotion and Advertising Services Suppliers compete with us for business and directly acquire our enterprise advertisers, eliminating the need for intermediaries. Where the enterprise advertisers have developed their own resources, connections with marketing channel providers, optimisation and analytics and other marketing planning and execution capabilities, or where the Promotion and Advertising Services Suppliers have established such capabilities and functions in future similar to those currently offered by us, the enterprise advertisers may also transact with the Promotion and Advertising Services Suppliers directly and dispense with us. While we are not aware of any specific instance where our customers have ceased to transact with us and directly engaged the Promotion and Advertising Services Suppliers in our promotion and advertising services business, it is possible that some of our customers (including enterprise advertisers and/or their advertising agents) will transact directly with the Promotion and Advertising Services

RISK FACTORS

Suppliers and cease to acquire promotion and advertising services from us. According to the iResearch Report, there are also a large number of online advertising agencies that connect advertisers with designated channel agents of media publishers, or directly connect them with media publishers. In 2021, there were more than 1 million corporates in advertising industry in China. As a result, competition is fierce in the advertising industry.

Further, our customers may also elect to develop their in-house marketing departments to conduct promotion and advertising activities on their own. For example, enterprise advertisers with a larger operating scale may establish their own marketing channels, and such enterprise advertisers may make arrangements with their advertising agents (i.e. media publishers) or mobile app operators for direct distribution of advertisements to the mobile apps. According to iResearch, companies with a large scale of operation tend to establish their own marketing team and may conduct marketing and promotion activities without engaging intermediate advertising services providers, and thus, disintermediation is not an uncommon occurrence. We cannot assure that our customers (including enterprise advertisers and their agents) will not adjust their marketing strategy in the future to conduct marketing and promotion activities on their own and cease to engage intermediate advertising services providers.

There has not come to our attention any specific instance where our customers have ceased to transact with us and directly engaged the Promotion and Advertising Services Providers in our promotion and advertising services business. From 1 January 2022 and up to the Latest Practicable Date, we maintained on-going business relationship with our major customers in FY2021, who in aggregate contributed to 96.2% of our revenue from promotion and advertising services during FY2021. Nonetheless, occurrence of such events may expose us to further risk of disintermediation in addition to the common occurrence of disintermediation due to market competition, and our business, results of operations and financial position could be materially and adversely affected.

We operate in a rapidly developing and evolving industry, and it may be difficult to evaluate our financial condition, business and prospects given the short operating history of our advertisement distribution and placement services business.

We commenced our operation in traditional telecommunications marketing and promotion businesses in 2015 and have subsequently expanded our capacities in providing marketing services in accordance with the prevailing market trends and developments, including the introduction of advertisement distribution services through our RegoAd SDK in 2020 and advertisement placement services on platforms of large-scale media publishers in 2021. In an effort to diversify our business, enhance our market penetration in specific industries and create synergies with our existing business, we have also commenced providing IT solutions services in 2017. We expect to continue to grow our customer base and the scale of our business by (i) developing and expanding our online and offline marketing channels and resources; (ii) further developing and expanding our supplier base and types of virtual goods on offer; (iii) acquiring companies in marketing and related industries; and (iv) developing and operating our SaaS enterprise marketing service platform.

RISK FACTORS

However, due to our limited operating history, our historical growth rate may not be indicative of our future performance, which may be susceptible to certain risks, including our ability to (i) stay ahead or abreast of change in end user consumption behaviour and their preferences; (ii) maintain, expand our relationship with our business partners, including but not limited to, enterprise advertisers, advertising agents, media publishers and mobile app operators, enterprises with business needs for virtual goods and services, virtual goods and services procurement agents, provincial lottery centres and lottery systems companies; (iii) navigate the evolving legal and regulatory framework of the relevant industries in the PRC; (iv) update existing technology or develop new technology in time to stay ahead or abreast of market advances; (v) compete effectively with our competitors; and (vi) attract and retain experienced and skilled employees.

You should consider our financial condition, business and prospects in light of the risks and uncertainties we face as a growing company operating in a rapidly developing and evolving market. We may not be successful in addressing the risks and uncertainties listed above, among others, which may materially and adversely affect our business and prospects and future performance.

Our business has been substantially connected with the PRC mobile game industry. Any material change in the related laws and regulations or any adverse change in the business environment of the PRC mobile game industry may have a material adverse impact on our profitability and prospects.

During the Track Record Period, our business had been substantially connected with the mobile game industry. In particular, during the Track Record Period, (i) approximately 79.5%, 53.2%, 8.7% and 28.8% of our revenue from our traditional marketing and promotion services business and our advertisement placement services business was generated from promotion and advertising services provided to and/or related to mobile games; (ii) 75.3%, 37.6%, 57.1% and 53.3% of our revenue from our virtual goods sourcing and delivery services business was generated from virtual goods provided to online game operators; and (iii) 57.6%, 100.0%, 84.4% and 49.9% of our revenue from our mobile game and software development and maintenance services business was derived from customers who were mobile game developers and/or operators.

The mobile game industry in the PRC is subject to a high degree of uncertainty as it is still at a relatively early stage of development. The existing laws and regulations may be amended and new laws and regulations maybe adopted from time to time in relation to the regulation of the mobile game industry in the PRC. Given the regulatory uncertainties and rapidly evolving nature of the mobile game industry, we cannot assure you that our customers would be able to maintain their business and operations. If there is any unfavourable change in the regulatory or business environment of the PRC mobile game industry thereby affecting the business and operations of our customers, our financial conditions and prospects may also be materially and adversely affected.

RISK FACTORS

Our business has been, and will continue to be, connected with the PRC lottery industry. Any material change in the related laws and regulations or any adverse change in the business environment of the PRC lottery industry may have a material adverse impact on our operations, profitability and prospects.

During the Track Record Period, we had been providing solutions on lottery-related software systems and equipment in our IT solutions services business, and recorded a significant growth in revenue contribution from this business sub-segment. In particular, 1.3%, 21.2%, 20.2% and 7.7% of our total revenue was attributable to provision of solutions on lottery-related software systems and equipment during FY2019, FY2020, FY2021 and 4M2022, respectively. Going forward, our Group envisages a gradual expansion of our suite of lottery-related software systems and equipment to answer the business needs of lottery retailers. Moreover, we aim to further develop and operate our SaaS enterprise marketing service platform as a means to expand our marketing channels, and our SaaS enterprise marketing service platform will mainly target lottery retail stores. To this end, we intend to provide the lottery retail stores with marketing and promotion services for user acquisition, engagement and/or retention purposes, through which we stand to expand our marketing operations in the lottery industry in the PRC. Therefore, our business has been, and is expected to continue to be, connected with the PRC lottery industry.

The lottery industry is a highly regulated industry in the PRC. The existing laws and regulations in the PRC lottery industry may continue to develop and evolve from time to time, and could change or become more stringent, resulting in additional restrictions being imposed on us and/or our customers. The evolving laws and regulations in the lottery industry in the PRC may necessitate changes in business model or operating workflow of the market participants and other relevant stakeholders, and/or expose them to increased costs of compliance. The business and operations of our Group and/or our customers in the PRC lottery industry may be adversely affected as a result, which may in turn materially and adversely affect our business, operations, financial conditions and prospects.

We rely heavily on our top customers and suppliers. If we fail to maintain our relationships with our top customers and suppliers, our financial condition, results of operations and prospects may be materially and adversely affected.

The revenue generated from our top five customers was approximately RMB67.4 million, RMB68.2 million, RMB157.0 million and RMB56.2 million for FY2019, FY2020, FY2021 and 4M2022, respectively, accounting for 75.5%, 60.3%, 71.5% and 79.5% of our total revenue for the respective period. The costs of sales from our top five suppliers was approximately RMB33.1 million, RMB24.2 million, RMB81.1 million and RMB28.4 million for FY2019, FY2020, FY2021 and 4M2022, respectively, accounting for 74.2%, 65.1%, 74.2% and 83.3% of our total purchases for the respective period. In addition, during the Track Record Period, our advertisement distribution services were exposed to supplier concentration risk. In particular, approximately 96.6%, 85.0% and 97.8% of the revenue from our advertisement distribution services in FY2020, FY2021 and 4M2022, respectively, was generated from our collaboration of two financial services related mobile apps.

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As we have been, and are expected to continue to be, heavily reliant on our top customers and top suppliers, we are highly susceptible to risks discussed in this section which could adversely affect our relationships or business conditions with them. Many of these risks are beyond our control. We do not enter into long-term contracts with our customers and our suppliers. Our framework agreements with our customers and suppliers, which are generally for a term of a few months to two years, generally do not impose any obligations on them to procure from us or supply to us any fixed value of goods or services. If we are unable to maintain our business relationships with these top customers and suppliers, or if there are any unfavourable changes to the terms of our existing arrangements, our revenue and profitability may decline, and any such decline could be material.

Our advertisement distribution services and advertisement placement services are substantially connected with platforms operated by media publishers. Any adverse change in their business or our business relationship with them may have material and adverse impacts on our profitability and prospects.

During the Track Record Period, we provided advertisement distribution services to and acquired advertisement placement services from media publishers and/or their agents. In particular, the revenue directly attributable to Customer J (being a group company of a major media publisher in the PRC) under our advertisement distribution services amounted to approximately RMB13.7 million and RMB0.2 million in FY2021 and 4M2022, respectively, representing 12.7% and 0.6% of our revenue from advertisement distribution services and 6.2% and 0.3% of our total revenue for the respective year/period, respectively. To the best of our Directors' knowledge, information and belief, part of the demand from other customers of our advertisement distribution services (who are advertising agents) was also generated from Customer J and/or its group companies and/or other major media publishers in the PRC which obtained our advertisement distribution services through these advertising agents. On the other hand, during FY2021 and 4M2022, substantially all of the gross purchase costs (which has been net-off from our gross revenue) of our advertisement placement services were directly, and indirectly through advertising agents, attributable to media publishers, with approximately 29.1% and 12.1% of our gross purchase costs attributable to Supplier W (or its group companies) and 70.1% and 87.5% of our gross purchase costs attributable to Supplier BB (or its group companies) for the respective year/period, respectively.

As we have been, and are expected to continue to be, heavily reliant on a specific category of customers and suppliers, namely media publishers, we are highly susceptible to risks discussed in this section which could adversely affect their business or our relationships or business conditions with them. Many of these risks are beyond our control. We have not entered into any long-term contracts with these media publishers, and our framework agreements with them generally do not impose any obligations on them to procure advertisement distribution services from us. If these media publishers suffer any decrease in advertisement requests from their customers or business volume, or if we are unable to maintain our business relationships with these media publishers, or if there are any unfavourable changes to the terms of our existing arrangements, our financial conditions and prospects may be materially and adversely affected.

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Utilisation of prepayments made to our suppliers, including media publishers and virtual goods suppliers, may expose us to credit risks and default risks and our liquidity and cash flows may be affected as a result.

In our advertisement placement services business, we may from time to time make advance payments to media publishers and/or their agents on behalf of our customers. We also adopt prepayment model when we purchase virtual goods from our suppliers. Please refer to the sections headed “Business — Our Business Model — 1. Marketing and Promotion Services — 1A(ii). Advertisement Placement Services (Delivered through Media Publishers)” and “Business — Our Business Model — 1. Marketing and Promotion Services — 1B. Virtual Goods Sourcing and Delivery Services” in this prospectus for further details. This requires that we maintain certain levels of working capital to fund our operations. As at 31 December 2019, 2020 and 2021 and 30 April 2022, we recorded advances to suppliers of approximately RMB7.3 million, RMB28.9 million, RMB34.9 million and RMB43.3 million, respectively. If our cash outflows for advances to suppliers significantly exceed our cash inflows during any period, our liquidity and cash position will be adversely affected. We expect that as our business grows, we will need additional working capital. If we do not have sufficient working capital, we may not be able to pursue our growth strategy, enter into business relationship with sizable enterprises, respond to competitive pressures or fund key strategic initiatives, which may harm our business, financial condition and results of operations.

The utilisation of our prepayments to suppliers is subject to demand of our customers. Such prepayments to suppliers also expose us to the credit and default risks of such suppliers and may not be recovered. During the Track Record Period, we had not experienced any suppliers default in relation to our advance to suppliers. However, we cannot assure you that we will be able to recover the unutilised amounts of our advance to suppliers in the future. If we have disputes with any suppliers and are unable to reach an agreement on terms acceptable to us, we may not recover prepayments made to such suppliers. Advances to suppliers also expose us to the credit risks of our suppliers in the event of their insolvency or bankruptcy. We could incur substantial losses related to the write down or write off of prepayments made to suppliers. Any of the foregoing could materially and adversely affect our financial condition and results of operations.

We are exposed to credit risk in relation to our trade receivables.

There is no assurance that our customers will meet their payment obligations on time, in full or at all, or that our Group’s average trade receivables turnover days will not increase. During the Track Record Period, we generally grant credit periods of 5 to 60 days to our customers. Our average trade receivables turnover days were approximately 15 days for each of the three years ended 31 December 2019, 2020 and 2021 and approximately 26 days for 4M2022. As at 31 December 2019, 2020 and 2021 and 30 April 2022, the total gross balance of our Group’s trade receivables amounted to approximately RMB14.7 million, RMB41.0 million, RMB88.0 million and RMB139.8 million, respectively. We could not guarantee that we can successfully collect any or all debts due to us, and any failure on the part of our customers to settle or settle on time the amounts due to us may adversely affect our Group’s financial condition and operating cash flows. If we fail to adequately manage our credit risks, our bad debt expense could be significantly higher than historic levels, which could adversely

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affect our business, results of operations and financial condition. As at 31 December 2019, 2020 and 2021 and 30 April 2022, we made provisions for the impairment of our trade receivables in the amount of RMB0.6 million, RMB2.0 million, RMB5.8 million and RMB6.8 million, respectively.

Our intangible assets and goodwill may be subject to impairment.

Our intangible assets mainly include computer software and copyright, which are stated at cost less accumulated amortisation and accumulated impairment losses. As at 31 December 2019, 2020 and 2021 and 30 April 2022, our intangible assets amounted to RMB3.3 million, RMB21.1 million, RMB19.4 million and RMB18.2 million, respectively with the significant increase during FY2020 mainly attributable to the acquisitions of copyright through our acquisition of Xi'an Tiantai in July 2020. For details of copyright and patent that owned by our Group, please refer to the section headed “Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights” and “— 3. Copyright” in Appendix IV to this prospectus.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. As at 31 December 2019, 2020 and 2021 and 30 April 2022, we recorded goodwill of approximately RMB4.2 million, RMB14.3 million, RMB14.3 million and RMB14.3 million, respectively. Such increase in 2020 was mainly in related to acquisition of Xi'an Tiantai. Please refer to the section headed “History, Development and Reorganisation — Our Major Subsidiaries” in this prospectus for further details.

The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives, including computer software and copyright, are carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition less accumulated impairment losses, if any.

In evaluating the potential for impairment of goodwill, we make assumptions regarding future operating performance, business trends, and market and economic conditions. Similarly, in evaluating the potential for impairment of intangible assets, we make certain assumptions including those on their useful life. Such analyses further require us to make judgmental assumptions regarding, among other factors, revenue, major cost components, growth rates and discount rates. There are inherent uncertainties related to these factors and to management's judgment in applying these factors to the assessment of intangible assets or goodwill recoverability. We could be required to evaluate the recoverability of intangible assets or goodwill prior to the annual assessment if there are any impairment indicators, including experiencing disruptions to the business, unexpected significant declines in operating results of Xi'an Tiantai. Impairment charges would substantially affect our reported earnings in the periods of such charges. In addition, impairment charges would negatively impact our financial ratios and could limit our ability to distribute dividend and/or obtain financing in the future.

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We recorded net operating cash outflow for 4M2021 and 4M2022 and our business and financial condition could be materially and adversely affected if we fail to maintain effective cash flow management.

During 4M2021 and 4M2022, we recorded net cash used in operating activities of RMB30.3 million and RMB56.4 million, respectively, mainly attributable to the increase in trade receivables of RMB24.6 million and RMB51.8 million, respectively. For further details of our net operating cash outflows, please refer to the section headed “Financial Information — Liquidity and Capital Resources — Cash Flows of our Group — Net Cash Generated from/(used in) Operating Activities” in this prospectus.

We cannot assure you that we will be able to generate positive operating cash flow from operating activities in the future to meet our payment obligations and other cash outflows, or there will not be any change in the market sentiment or economic climate which may adversely affect our operating cash flow position. There could be a period during which we cannot generate net cash from operating activities. Net operating cash outflow could adversely impair our liquidity and restrict our ability in making capital expenditure, which may adversely affect our financial condition. Our future liquidity, payment of trade payables, and bank and other borrowings primarily depend on our ability to maintain adequate cash inflow from our operating activities and adequate external financing. If we are unable to maintain our sources of funding in a timely manner and on reasonable terms, we may not be able to maintain sufficient liquidity and our business, financial condition and results of operations may be materially and adversely affected.

Our business is subject to complex and evolving laws and regulations. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.

The industry in which we operate in is subject to a variety of laws and regulations, including privacy, data protection and personal information, rights of publicity, content, intellectual property, advertising, marketing, distribution, data security, data retention and deletion, electronic contracts and other communications, competition, protection of minors, consumer protection, telecommunications, product liability, taxation, economic or other trade prohibitions or sanctions. These laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the rapidly evolving industries in which we operate, and may be interpreted and applied inconsistently. These laws and regulations, including the changes in their application, interpretation and enforcement, could adversely affect the business of our customers, suppliers and business partners, which may in turn affect our business and operation.

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We strive to comply with all applicable laws and regulations relating to privacy and data collection, processing, use, and disclosure. There are evolution and uncertainties regarding the PRC laws and regulations and thus the measures we take to comply with these laws, regulations and industry standards may not always be effective. We may be subject to litigation or administrative penalties if we or our customers, suppliers or business partners including mobile application operators, media publishers and other marketing channel providers and/or their respective agents fail to abide by the applicable laws, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We are faced with intense competition with other intermediate advertising service providers, and our business operations and financial results may be affected if we cannot match up to our competitors.

As demand for intermediate advertising services continues to increase, we expect new competitors to enter these markets and existing competitors to allocate additional resources to these markets. In addition, our enterprise advertisers may potentially appoint more than one intermediate advertising service provider to help them conduct marketing campaigns at the same time. As a result, we expect competition in the marketing industry to intensify. Our direct competitors are other intermediate advertising service provider in the marketing and promotion services business and they are primarily based in China. Our ability to compete depends on many factors, some of which are beyond our control, including:

- (i) the popularity, usefulness, ease-of-use, performance and reliability of our services compared to those of our competitors;
- (ii) price, return on advertising expenditures and our ability to increase our customers' revenue and profit margin;
- (iii) our ability to compete with our competitors for enterprise advertisers, business partners and agency relationship with media agents or marketing channel providers;
- (iv) our ability to identify and capture new market opportunities in advance of our competitors;
- (v) our ability to manage and grow our operations cost-effectively; and
- (vi) our reputation and brand strength relative to our competitors.

Certain of our existing and future competitors may have longer operating histories, broader reach and significantly greater financial, technical and marketing resources than we do. These competitors may engage in more extensive research and development, marketing campaigns and sales efforts than we can and develop or promote services that are similar to or better than ours. Furthermore, according to iResearch, China's advertising industry is currently highly fragmented with a large number of online advertising agents connecting advertisers to designated channel agents of media publishers or the media publishers themselves directly. If

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big players invest into China's online marketing and promotion services market and dominate significant portions of the market size, it may result in a change in competitive landscape that affects our market position and demand for our marketing and promotion services. New and increased competition is likely to result in price reductions, reduced margins or a loss of our market leading position, any of which could cause us to lose enterprise advertisers or advertising agents, or decrease the marketing spending with us in a manner that causes our revenue to decline, which may materially and adversely affect our business, results of operations, profitability and financial conditions.

Any failure to maintain and expand our relationships with our customers and suppliers in our promotion and advertising services business may materially and adversely affect our business operations and financial results.

We provide marketing services to enterprise advertisers and advertising agents by connecting them with marketing channel providers and channel agents in our traditional marketing and promotion services and advertisement placement services business. Our ability to continue to grow our revenue and profit will depend largely on our ability to expand our business with our current customers while attracting new ones. We also rely on maintaining good business relationship with our customers, especially large-scale media platform operators, to attract enterprise advertisers to engage us for marketing services. We cannot guarantee that our business relationships with our major customers remain stable. We also cannot guarantee that we would secure new customers for our business. If we are unable to maintain our business with existing customers and attract new customers, then our sales will decrease and our operating results will be adversely affected.

In order to retain and attract new customers, we need to continuously improve our marketing campaign performance for our customers. We cannot assure you that we will successfully meet the expected performance for every campaign and retain our customers or attract new customers.

Our success also depends on our ability to retain channel agents and marketing channel providers, deepen or expand our relationships with our existing channel agents and marketing channel providers and attract new channel agents and marketing channel providers in the future. If they are no longer satisfied with their financial gains obtained, they may reduce or discontinue their cooperation with us and we would lose a portion, if not all, of our marketing channels and resources in connection with our traditional marketing and promotion services and advertisement placement services. We typically enter into agreements with our channel agents and marketing channel providers suppliers for a term of one to two years and they are generally not bound by long-term contracts with us.

Unlike our advertisement distribution services business which may be continuously sourced from advertising agents (i.e. large-scale media platform operators and/or their agents), our framework agreements with our customers in our traditional marketing and promotion services and advertisement placement services businesses generally do not oblige them to procure from us any minimum or fixed amount or value of goods and/or services. The fees that we can receive from our customers depend on the marketing needs of the relevant enterprise

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advertisers and/or their advertising agents in respect of each of the products and services that the enterprise advertisers are desirous to promote, or the types and volume of the virtual goods needed by enterprises for their individual customers, and/or the frequency and scale of the marketing campaign or project to be implemented by the customers from time to time. Accordingly, we may have limited visibility as to our future revenue streams and there is no assurance that we will be able to maintain or increase the volume of business with existing or potential customers. Should our customers decide to trim down their marketing budget or reduce the frequency or scale of the marketing campaign or project of any particular products or service, and/or engage our competitors for the related marketing services, or if we fail to attract or retain customers for any other factors, the demand for our marketing services may not grow or may even decline and our business, results of operations and financial condition may be materially and adversely affected.

We derive a substantial proportion of our revenue from our operations in the marketing industry, and any slowdown in growth of or decline in the marketing industry may materially and adversely affect our profitability and prospects.

Our profitability and prospects depend on the continuing development and growth of the online marketing industry as we derive a substantial proportion of our revenue from our online marketing and promotion services. The development and growth of the online marketing industry may be affected by a number of factors, many of which are beyond our control, including: (i) technological innovation or new business models of the online marketing industry or the changing requirements of app developers; (ii) acceptance of online marketing as an effective marketing channel and the emergence of other alternative marketing channels; (iii) changes in government regulations or policies affecting the online marketing industry; and (iv) the growth of the world Internet industry in general.

There can be no assurance as to the development and growth of the online marketing industry.

If we fail to effectively manage and control our traffic acquisition costs and employee benefit expenses, our gross profit and financial results will be materially and adversely affected.

A substantial portion of our revenue from marketing and promotion services is generated based on the performance of our services including CPA, CPS, impression, CTR or a mix of the above features. We pay our suppliers traffic acquisition costs for placing advertisements through marketing channel providers.

We seek to ensure that our traffic acquisition costs will not exceed the service fees we receive from our customers. However, we rely on data such as credits spent by our customers over a period of time and our suppliers' policies on rebates to conduct analysis and set advertisement placement strategies. Using such information, we may establish performance benchmarks or designate certain industries in which prospective customers operate as the focus

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of our business development. If our advertisement placement strategies do not lead to expected marketing targets, we may incur more costs than predicted, which will affect our gross profit, and if we cannot effectively manage such costs, our profitability and financial results will be adversely affected.

In addition, although we monitor user traffic and pay close attention to unusual traffic, there is no assurance that there will not be illegitimate or false performance data from advertisements and/or transactions, which would lower the return on the enterprise advertisers' investment and hence our customers' willingness to use our services would be adversely affected. Any of these events will impair the performance of our marketing and promotion business, reduce customer satisfaction, and lead to loss of customers, which could harm our reputation and adversely affect our business, financial condition, results of operations and prospects. Moreover, we depend on the accuracy and genuineness of data provided by our suppliers in evaluating the effectiveness of the enterprise advertisers' marketing campaigns and determining the marketing fees that we receive from our customers and the traffic acquisition costs that we pay to our suppliers. If the advertising performance data or other data provided by our suppliers is inaccurate, we will not be able to improve user targeting precision and achieve better performance for our enterprise advertisers' advertisements and greater monetisation efficiency for our marketing channel providers.

Further, as the number of our employees increases along with the growth of our business, we are subject to increasing employee benefit expenses. For FY2019, FY2020, FY2021 and 4M2022, our total employee benefit expenses (including those recorded in costs of sales, selling and distribution expenses, administrative expenses and research and development expenses) amounted to approximately RMB18.2 million, RMB18.3 million, RMB33.3 million and RMB13.0 million and accounted for 20.4%, 16.2%, 15.2% and 18.4% of our total revenue, respectively, for FY2019, FY2020, FY2021 and 4M2022. Any increase in employee benefit expenses may have more impact on us as we continue to increase both our headcount and our general remuneration package to recruit and retain key employees. There is no assurance that our revenue will grow and/or outweigh such additional costs and expenses, or that we will be able to pass on all or part of the increased employee benefit expenses and/or marketing expenses to our customers, and under such circumstances, our profitability, financial performance and conditions may be materially and adversely affected.

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

Although we contractually require our customers to represent to us that they ensure the advertisements to be distributed comply with applicable laws and regulations, we do not conduct a thorough verification of the content of such advertisements. If any of these representations are untrue, we may be exposed to potential liability and our reputation may be damaged. While our customers are typically obligated to indemnify us, such indemnification may not fully cover us, or we may not be able to collect. In addition to settlement costs, we may be responsible for our own litigations costs, which can be expensive.

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Under the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) (the “**Advertising Law**”), and the Interim Measures for Administration of Internet Advertising (《互聯網廣告管理暫行辦法》), the advertiser shall be responsible for the veracity of the content of the advertisement, and where an advertising operator provides advertising design, production or agency services with respect to an advertisement when it knows or should have known that the advertisement is fraudulent, misleading, or otherwise illegal, the competent PRC authority may confiscate the advertising operator's advertising revenue from such services, impose penalties, order it to cease dissemination of such false, fraudulent, misleading or otherwise illegal advertisement or correct such advertisement, or suspend or revoke its business licences under certain serious circumstances. Under the Advertising Law, “advertising operators” include any natural person, legal person or other organisation that provides advertising design, production, or agency services to advertisers for their advertising activities. Our marketing and promotion services include the provision of advertisement optimisation services, meaning we seek to improve the cost-efficiency and effectiveness of our customers' advertisements, which may include identifying target audience and media of the advertisements, recommending suitable marketing channels, matching advertisements with appropriate marketing channels and/or preparing marketing materials in the course of providing our promotion and advertising services. For further details of the possible values we add to our customers' advertising campaigns, please see “Business – Our Business Model – Marketing and Promotion Services – Promotion and Advertising Services” in this prospectus. As such, we are deemed as an “advertising operator” under the Advertising Law. We cannot ensure (i) that each advertisement placed on marketing channel providers' platforms complies with all PRC laws and regulations relevant to advertising activities; (ii) that supporting documentation provided by our customers is authentic or complete; or (iii) that we are able to identify and rectify all related non-compliances in a timely manner.

If we or our suppliers fail to protect data privacy of individual users, we might be subject to fines or other regulatory sanctions.

In the course of our business operations, we may come across personal information of individual users released by our customers to us when performing various marketing services, such as mobile phone numbers and member account names and numbers. While we do not proactively or directly collect any user-specific or device-specific data, any personal information we come across can be sensitive and subject to strict requirements under the applicable regulations in the PRC. Specifically, laws and regulations regarding data privacy and protection in China are generally complex and evolving, and the interpretation and application of such laws and regulations can be uncertain. On 14 November 2021, the Cyberspace Administrative of China (國家互聯網信息辦公室) published the Draft Internet Data Security Regulations, which requires data processing operators to apply for a cybersecurity review in accordance with relevant regulations when they carry out certain activities, including the proposed listing of the data processor in Hong Kong that affects or may affect national security.

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As at the Latest Practicable Date, the Draft Internet Data Security Regulations were released for public comment only and their operative provisions and the effective date remain uncertain. If the final version of the Draft Internet Data Security Regulations has a wider scope of application, we may be subject to review when conducting data processing activities, and may face challenges in addressing its requirements and make necessary changes to our internal policies and practices in data processing. Any actual or alleged failure to comply with the evolving data privacy and protection laws and regulations could damage our reputation and negatively affect our business operation and financial position.

While we have put in place appropriate physical, electronic, and managerial procedures to safeguard and secure our data assets, we may fail to avoid misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of personal data due to human error, employee misconduct or system breakdown. We also cooperate with our suppliers, to whom we may pass on the personal information received from our customers, in providing our services. Any leakage or abuse of personal data by our suppliers may be perceived by our customers and/or individual users as a result of our failure. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy-related legal obligations, or any compromise of information security that results in the unauthorised release or transfer of any personally identifiable information, could cause our customers to lose trust in us and could expose us to legal claims. Whilst we have made efforts to ensure our compliance with the applicable privacy laws and regulations, we may not be capable of adjusting our internal policies in a timely manner and any failure to comply with such laws and regulations could also result in regulatory enforcement actions against us.

Our revenue from advertisement placement services is subject to rebates to be granted to us by the media publishers.

We have introduced our advertisement placement services as part of our marketing and promotion services in 2021. For the transactions of our advertisement placement services where we directly contract with media publishers, our revenue was subject to rebates from the media publishers. The amount of rebates granted to us is determined by the designated media publisher based on numerous factors including the applicable rebate policy adopted by the media publisher, the gross spending of our customers and other discretionary incentive programs set up by the media publisher. However, we cannot assure that the rebates granted to us by the media publishers will be maintained at a stable level. If there is any change in the rebate policy of the media publishers or if we were not able to achieve the performance targets set by the media publishers, the rebates received by us may reduce and our profitability of the advertisement placement services and our results of operations may be adversely affected.

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Our collection of data is currently limited to our past performance record, and we may be placed in a disadvantaged position against other online marketing platforms that use SDK integration.

We currently assist enterprise advertisers to select suitable media agents and/or marketing channel providers by taking into account various factors such as past performance record and fee quoted by channel agents and marketing channel providers, the relationships of our channel agents with different marketing channel providers, familiarity with the interest of target users, user acquisition and activation needs for different industries in their local markets. At present, some online marketing service providers have shifted to using SDK integration to collect data. SDK can collect more types of data, such as data about the user's device environment information, types of apps installed on users' mobile devices, geographical location and impression data. In order to plan and optimise marketing campaigns and effectively provide performance-based marketing services, we need to access and analyse such information. Through SDK integration, there will also be a better and more precise audience targeting outcome. However, the installation of SDK requires higher cost, more technical capability and more time spent for coding, debugging and testing. After the Listing and as our services expand, we may seek to connect with channel agents and marketing channel providers through SDK integration, which requires channel agents and marketing channel providers to install in order to provide us further comprehensive data.

If we fail to develop capabilities to integrate SDK or other forms of connection that may become available in the future, we may lose our competitive positioning and our business will be adversely affected.

If we cannot procure the latest or new types of virtual goods through our third-party virtual goods suppliers, our operations and financial condition could be materially adversely affected.

We facilitate the sale of virtual goods offered by virtual goods suppliers and do not produce virtual goods or services ourselves. This exposes us to the risk that we may not be able to procure the latest or new types of virtual goods from virtual goods suppliers, which could make our service less attractive to our customers, including both virtual goods procurement agents and enterprises. We have been continually reviewing and increasing the number of the virtual goods we can offer to our customers. The types of virtual goods available on our Rego Virtual Goods Platform increased from four in FY2019 to over 60 in FY2021. However, if we fail to further diversify and increase the number of our virtual goods to meet the evolving demands of our customers, our business, results of operations and financial condition could be materially adversely affected.

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If we fail to enhance and introduce new services to keep up with technological developments or new business models of the marketing and promotion services industry, or to cope with the changing requirement of enterprise advertisers, our business, financial condition and results of operations may be materially and adversely affected.

The Internet and online marketing industries are rapidly evolving and is subject to continuous technological development and changing demands from enterprise advertisers. We may not be able to develop and promote new services to address the emerging online markets in order to maintain our competitive position. If we do not adapt our services to such changes in an effective and timely manner, we may lose enterprise advertisers and advertising agents who currently use our services.

Furthermore, changes in technologies or new business models may require substantial investments in IT infrastructure and other aspects of our operations. Our investments may not be successful due to a variety of reasons such as technical hurdles, inaccurate predictions of market demand or a lack of necessary resources. Failure to keep up with technological development or new business models of the online marketing industry or the changing requirements of enterprise advertisers may result in our services being less attractive to existing or potential enterprise advertisers, which in turn, may materially and adversely affect our business, results of operations and prospects. If we are unable to successfully react to such technological development or business model, our business, results of operations and prospects may be materially and adversely affected.

Any breaches to our security measures, including unauthorised access to our API connections, computer viruses and hacking, may adversely affect our operation, and damage our reputation.

We are potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions. Any accidental or wilful security breaches or other unauthorised access to our API connections, our system or the systems of third-party cloud service providers that store our data could cause confidential information to be stolen and used for illegal purposes. Security breaches or unauthorised access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third party action, employee error, and malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with our customers and our suppliers could be severely damaged. We could incur significant liability and our business and operations could be adversely affected. While we have adopted measures to comply with the applicable laws, regulations and standards, there can be no assurance that such measures will be effective. If we were found by any regulatory authorities to have failed to comply with applicable data security laws and regulations, we would be subject to warnings, fines, confiscation of illegal gains, revocation of licences, cancellation of filings, shutdown of our business operations or even criminal liability and our business, financial condition and results of operations would be adversely affected.

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If our API connections or any additional platforms that we may develop in the future or our IT systems is interrupted or contains undetected errors, our business could be adversely affected.

Our business operations rely on API connections and our IT systems. We may develop additional platforms or IT systems in the future for our business. The API connections and our IT systems that we rely on may now or in the future contain undetected errors or bugs which may lead to failure or non-performance of key functions of the API connections and our IT systems which are key to our operations. Errors or other design defects within the API connections and our IT systems on which we rely may result in a negative experience for our customers and suppliers, delay introductions of new features or enhancements, result in errors or compromise our ability to protect data or our intellectual property. Any errors, bugs or defects discovered in the API connections and our IT systems on which we rely could result in harm to our reputation, loss of customers or suppliers or liability for damages. In addition, since we rely on the performance of our suppliers (i.e. media agents and marketing channel providers) to deliver the advertisements, any interruption or failure of their information technology and communications systems may undermine the effectiveness of our marketing and promotion services and cause us to lose customers. Any of these incidents could adversely affect our business, results of operations and financial conditions.

We may be subject to intellectual property infringement claims, which may be time consuming and costly to defend.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may from time to time in the future be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products, services or other aspects of our business without our knowledge. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in various jurisdictions. If any third party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits.

Additionally, the application and interpretation of intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights are evolving and may be uncertain, and we cannot assure you that courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and financial performance may be materially and adversely affected.

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Seasonal fluctuations in marketing activities could have a material impact on our revenue, cash flow and operating results.

Our revenue, cash flow, operating results and other key operating and performance indicators could be subject to seasonal fluctuations of enterprise advertisers' marketing spending on marketing campaigns. For example, many enterprise advertisers allocate the largest portion of their budgets during festive seasons when increased consumer spending is expected. Moreover, service fees paid to our suppliers in holiday seasons may be more expensive due to increased demand for advertisement inventories offered by marketing channel providers. We expect our revenue to continue to fluctuate based on seasonal factors that affect the online marketing industry and virtual goods industry as a whole. Our historical revenue growth and the evolution and development of our business during the Track Record Period may have masked the impact of seasonality, but if our growth rate declines or seasonal marketing spending becomes more pronounced, seasonality could have a material impact on our revenue, cash flow and operating results from period to period.

If we are unable to identify and consummate acquisition opportunities, it may impair our ability to implement our strategies; if we consummate such acquisitions, we may be exposed to additional risks.

We have acquired a number of businesses in recent years. We expect to continue to pursue acquisitions opportunities in marketing and related industries in order to promote our principal business of marketing and promotion services and the user traffic of our platforms. However, we may be unable to identify suitable acquisition targets which are consistent with our business strategies. In addition, our ability to consummate acquisitions is subject to a number of risks and uncertainties. Even if we are able to consummate acquisitions, our ability to successfully grow our business through such acquisitions involves significant challenges and risks, including:

- difficulties integrating into our operations the personnel, operations, services, technology, internal controls and financial reporting of companies we acquire;
- disrupting our ongoing business, distracting our management and employees and increasing our expenses;
- actual or alleged misconduct or non-compliance by any company we acquire that occurred prior to our acquisition, which may lead to negative publicity, government inquiry or investigations against such company or against us;
- unforeseen or hidden liabilities or costs that may adversely affect us following our acquisition of such targets; and
- challenges in achieving the expected benefits of synergies and growth opportunities in connection with these acquisitions and investments.

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Consequently, there can be no assurances that any acquisitions will materialise or that any acquisitions we consummate will not have an adverse impact on our business results of operations and reputation.

Our plan to advance and expand our SaaS enterprise marketing service platform is untested and may not succeed.

We intend to advance and expand our SaaS enterprise marketing service platform, which is intended to connect offline retail stores in specific industries to form a network that could ultimately be transformed into a marketing service system with coverage across various parts of the PRC. This business plan has not previously been tested or implemented by us. Marketing services through offline retail stores, especially when concentrated in specific industries, may not be popular or yield effective results as marketing trends evolve over time. The operation of the platform may be subject to unforeseen technical issues which may significantly impact our customers' user experience and our brand image, and may cause substantial disruption to our business operations. Further, given the strict regulations on the PRC lottery industry, we may face substantial restrictions on the development of the platform from its initial stage shall the government tighten its control on the industry.

Our results of operations, financial condition and prospects may be adversely affected by fair value changes in our financial assets at fair value through profit or loss due to valuation uncertainty occasioned by the use of unobservable inputs.

During FY2019 and FY2020, to improve returns on our excess liquidity, we have invested in certain wealth management products classified as financial assets at fair value through profit or loss ("FVTPL"), which mainly included non-principal guaranteed commercial bank wealth management products issued by major and reputable financial institutions in the PRC. During FY2019 and FY2020, we have acquired financial assets at FVTPL in the aggregate amount of RMB75.1 million and RMB99.5 million, respectively, majority of which were redeemable on demand or with maturity of less than three months. As our wealth management products were matured or were being disposed by us during each of the financial year during the Track Record Period, we did not record any financial assets at FVTPL as at 31 December 2019 and 2020.

The values of financial assets at FVTPL are marked to market which may be uncertain due to the use of unobservable inputs. The net changes in their fair value are recorded as our operating income or loss, and therefore directly affects our results of operations. During FY2019 and FY2020, we recorded gain on financial assets at FVTPL of RMB0.6 million and RMB0.7 million, respectively. We did not incur any fair value losses for financial assets at FVTPL during the Track Record Period. However, we cannot assure you that we will not incur any such fair value losses in the future, whether due to the uncertainty in valuation of financial assets at FVTPL or otherwise. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

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The non-recurring nature of government grant may adversely affect our business, financial condition and results of operations.

During the Track Record Period, we enjoyed the tax incentives on input value-added tax according to the related regulations in the PRC. There are no unfulfilled conditions related to these government grants. For FY2019, FY2020, FY2021 and 4M2022, we received government grants of approximately RMB3.1 million, RMB4.3 million, RMB4.0 million and RMB0.9 million, respectively, from the PRC local government authorities as reimbursement of our Group's research and development activities. Please refer to the section headed "Financial Information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other Income and Other Gains or Losses" and Note 8 to the Accountants' Report for details.

We cannot assure you that we will be able to receive such government grants in the future as the availability and conditions of the government grants are subject to the discretion of the local government and may be affected by changes in the government policies. If there is any unexpected changes in the relevant government policies, we may cease to be eligible for such government grants accordingly. As government grants contributed to our income and profitability during the Track Record Period, the non-recurring nature of the government grants available to us may affect our Group's source of income and profitability. Our business, financial condition and results of operations may be adversely affected accordingly.

Our non-compliance with certain laws and regulations regarding social insurance and the housing provident fund in the PRC could lead to the imposition of fines and penalties on us.

Under the relevant PRC laws and regulations, we are required to contribute to certain employee social welfare schemes, including social insurance and the housing provident fund. During the Track Record Period and up to the Latest Practicable Date, certain of our PRC subsidiaries failed to make full contributions to social insurance and housing provident fund in accordance with the applicable PRC laws and regulations. The estimated aggregate shortfall of social insurance and housing provident fund contributions for FY2019, FY2020, FY2021 and 4M2022 amounted to approximately RMB1.4 million, RMB2.0 million, RMB3.4 million and RMB1.3 million, respectively. According to the applicable PRC laws and regulations, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions and may impose penalties for our past non-compliance. If we were ordered by the relevant PRC authorities to pay the outstanding contributions for social insurance and housing provident fund and/or penalties, our cash flows and financial positions may be adversely affected.

Our insurance coverage may be inadequate to cover all significant risk exposures.

During the Track Record Period, we have maintained limited insurance policies covering certain potential liabilities which may arise from our business operations. In line with industry practice, we have elected not to maintain certain types of insurance, such as business interruption insurance, product liability insurance, insurance policies covering damages to our network infrastructure or information technology systems, or insurance policies for our properties.

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There can be no assurance that such insurance coverage will be available or sufficient to cover all of our risk exposures of our business operations. Our existing liability insurance contains exclusions and limitations in relation to its coverage. In addition, insurance may not continue to be available to us at economically acceptable premiums. If insurance coverage is unavailable or insufficient to cover any such risk exposures, we may incur substantial costs and diversion of our resources which, in turn, could materially and adversely affect our business, financial condition and results of operations.

We face risks related to natural disasters, health epidemics, and other public safety concerns.

Our business could be materially and adversely affected by natural disasters, health epidemics or pandemic of infectious diseases (including without limitation, COVID-19) or other public safety concerns. Natural disasters may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to operate our business and provide solutions. Our business could also be adversely affected if our employees are affected by health epidemics or pandemics.

In addition, our results of operations could be adversely affected to the extent that any health epidemic or pandemic harms the national economy in general. The outbreak of COVID-19 in China has resulted in numerous confirmed cases and deaths. Any future outbreak of COVID-19, avian flu or other similar adverse epidemics or pandemics may, among others, significantly disrupt our business. If there is any disruption to transportation or even our office is forced to close during our usual operating hours, our normal business operations including promotion and advertising services may be delayed to the extent that the marketing campaigns are not managed by automatic rules operated by our API connections. The frequency and magnitude of effect brought by these risks are beyond our control and we could not guarantee that our IT infrastructure that allow for remote access of computer systems could adequately support our business operations. We may also encounter delays in the settlement of trade receivables or progress of our projects under solutions of lottery-related software systems and equipment if the business operations of our customers are affected by outbreak of epidemic or pandemic and the related restrictive measures imposed by the local government such as travel restrictions and lock-down. Also, the outbreak may severely affect and restrict the level of economic activity as the government may impose regulatory or administrative measures quarantining affected areas or other measures to control or contain the outbreak of the infectious disease, which in turn may have a material and adverse effect on our business, financial position and results of operations.

There is also no assurance that the COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations. To minimise the impact of the COVID-19 outbreak, we have also implemented company-wide self-protection policies for employees to either work remotely or onsite with protective measures. Currently, most of our management and employees reside in Hangzhou and Xi'an. Consequently, if any natural disasters, health epidemics or pandemics or other public safety concerns were to affect Hangzhou and/or Beijing or in our other offices in the PRC, our operations may experience material disruptions, which may materially and adversely affect our business, financial conditions and results of operations.

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RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Changes in China's economic, political, and social conditions, as well as government policies may have an adverse effect on us.

Our operations are conducted in China. All our customers and suppliers are companies operating business in the PRC. Accordingly, PRC economic, political, and social conditions, as well as government policies significantly affect our business, financial condition, results of operations, and prospects. The Chinese economy differs from the economies of most developed countries in many respects, including the structure, degree of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. While the Chinese economy has experienced significant growth in the past decades, growth has been uneven both geographically and across different sectors.

The PRC Government exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Any adverse change in the economic, political and social conditions as well as government policies in the PRC laws, regulations and policies could materially and adversely affect China overall economic growth, and such impact could adversely affect our businesses, leading to a reduction in demand from advertisers, which could adversely affect our competitive position.

The legal system of China is not fully developed, and inherent uncertainties may affect the protection afforded to our business and our Shareholders.

The legal system in China is a civil law system based on written statutes and PRC laws and regulations are interpreted by the Standing Committee of the NPC. Unlike common law systems, it is a system in which decided legal cases have little precedential value. The legal system in China evolves rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies. In addition, PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms. Therefore, it is difficult to evaluate the outcome of administrative and court proceedings and the actual level of legal protection we enjoy. These uncertainties may affect our judgement on the relevance of legal requirements and our decisions on the measures and actions to be taken to comply therewith, and may affect our ability to realise our rights under laws in connection with contract or tort. Further, we cannot predict the effect of future legal developments in China, particularly with regard to internet-related industries, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-exemption of local regulations by national laws. We cannot therefore assure that we will enjoy the same level of legal protection in the future, nor such new laws and regulations will not affect our operations, causing adverse effects on our financial condition and results.

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PRC governmental control of currency conversion may limit our ability to utilise our revenue effectively and affect the value of your investment.

The PRC Government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of money out of China. Shortages in the availability of foreign currency may restrict the ability of Hangzhou Rego to remit sufficient foreign currency to pay dividends or other payments to our Company, or otherwise satisfy the foreign currency-denominated obligations. Approval or registration from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

The PRC Government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Under existing PRC foreign exchange regulations, payment of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currencies and remitted out of China to pay capital expenses. The PRC Government may also exercise its discretion to restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

Fluctuations in exchange rate of the Renminbi may materially and adversely affect your investment.

The conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, is based on rates set by the People's Bank of China. On 30 November 2015, the Executive Board of the International Monetary Fund completed the regular five-year review of the basket of currencies that make up the Special Drawing Right (the “SDR”) and decided that with effect from 1 October 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen, and the British pound. With the development of the foreign exchange market and progress toward interest rate liberalisation and Renminbi internationalisation, the PRC Government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or the U.S. dollar in the future.

The net proceeds from the Global Offering are expected to be deposited overseas in currencies other than Renminbi. In case we decide to use a portion of the proceeds in the PRC, we need to obtain necessary approvals and filings from relevant PRC regulatory authorities to convert these proceeds into onshore Renminbi. If the net proceeds cannot be converted into onshore Renminbi in a timely manner, our ability to deploy these proceeds efficiently may be affected, as we will not be able to invest these proceeds on RMB-denominated assets onshore or deploy them in uses onshore where Renminbi is required, which may adversely affect our business, results of operation and financial condition.

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It may be difficult to effect service of process upon us, our Directors or our executive officers who reside in China or to enforce against them or us in China any judgements obtained from non-PRC courts.

The majority of our Directors and senior management reside in China and their assets may also be substantially located in China. Accordingly, it may not be possible for investors to effect service of process from outside China upon us or these persons or to enforce against us or them in China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan, and many other countries or jurisdictions. Therefore, the recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult or even impossible.

The Supreme People's Court of the PRC and the Government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院互相認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**2006 Arrangement**”) on 14 July 2006, and further signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**2019 Arrangement**”). The 2019 Arrangement establishes a bilateral legal mechanism with greater clarity and certainty for reciprocal recognition and enforcement of judgments between Hong Kong and the PRC in civil and commercial matters under both Hong Kong and PRC law. The 2019 Arrangement will only take effect on a date to be announced by Hong Kong and China, after both places have completed the necessary procedures to enable implementation and will apply to judgments made by the courts of Hong Kong and China on or after the commencement date of the 2019 Arrangement. Upon effective date of the 2019 Arrangement, the 2006 Arrangement will be superseded. However, the 2006 Arrangement will remain applicable to a “choice of court agreement in writing” within the meaning of 2006 Arrangement which is made before the effective date of 2019 Arrangement. Although the 2019 Arrangement has been signed, it remains unclear as to its effective date and uncertain as to the outcome and effectiveness of any action brought under the 2019 Arrangement.

Any termination of, or changes to, the preferential tax treatment that we enjoy could adversely affect our profitability

We enjoyed certain preferential tax rates in relation to our operations during the Track Record Period. Certain current and former members of the Group, including Hangzhou Rego, Zhejiang Runye, Jiangxi Yunjia and Xi'an Tiantai, were entitled to preferential tax treatment as a results of their accreditation as software enterprises and high and new technology enterprises. In addition, as enterprises engaging in research and development activities, certain member of our Group was entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses and our estimated deduction to be claimed thereunder

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amounted to RMB2.0 million, RMB2.9 million, RMB3.9 million and RMB1.4 million for FY2019, FY2020, FY2021 and 4M2022, respectively. As a result of the preferential tax treatment enjoyed by our Group, including but not limited to the foregoing, our effective income tax rate, which is calculated by dividing income tax expenses by profit before income tax for the same period, was approximately 4.5%, 8.9%, 12.7% and 13.9% for FY2019, FY2020, FY2021 and 4M2022, respectively. However, there is no assurance that we will continue to enjoy preferential EIT rates or be entitled to preferential tax treatment in the future. The accreditation of high and new technology of Hangzhou Rego will expire in December 2023, respectively, and there can be no assurance that we would be able to renew the accreditation upon their expiry. The discontinuation of any preferential tax treatment currently available to us would cause our effective tax rate to increase, which could have an adverse effect on our results of operations.

We may be classified as a PRC resident enterprise for PRC income tax purposes, which could result in unfavourable tax consequences to us and our non-PRC Shareholders.

Under the PRC EIT Law, and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In 22 April 2009, the SAT issued the Circular of the SAT on Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the Actual Standards of Organisational Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) implemented from 1 January 2008 (the “**SAT Circular 82**”), which provides certain specific criteria for recognising the “de facto management body” when all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organisations or personnel in China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China. Further to Circular 82, the SAT issued Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (《境外註冊中資控股居民企業所得稅管理辦法(試行)》) (the “**Bulletin 45**”), which took effect on 1 September 2011, to clarify the reporting and filing obligations of such “Chinese-controlled offshore incorporated resident enterprises.”

Circular 82 and Bulletin 45 may reflect SAT’s criteria for determining the tax residence of foreign enterprises in general, however, these rules apply only to offshore enterprises controlled by PRC enterprise, not those invested in or controlled by PRC individuals, like our type. Currently there are no further detailed rules or precedents applicable to us. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” As substantially all of our management members are based in China, it remains unclear how

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the tax residency rule will apply to our case. If the PRC tax authorities determine that any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations.

Laws and regulations governing the internet industry and related businesses in China are evolving and may involve significant uncertainty.

The PRC Government extensively regulates the internet industry, including the foreign ownership of, and the licensing and permit requirements pertaining to, companies in the Internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. In addition, risks and uncertainties relating to PRC regulation of internet businesses include new laws, regulations or policies may be promulgated or announced that will regulate internet activities, including online marketing businesses. If these new laws, regulations or policies are promulgated, additional licences may be required for our operations. If our operations do not comply with these new regulations after they become effective, or if we fail to obtain any licences required under these new laws and regulations, we could be subject to penalties and our business operations may be disrupted.

Enforcement of stricter labour laws and regulations may adversely affect our business and our profitability.

As at 30 April 2022, we had a total number of 191 employees and all of them were located in our offices in China. We have been subject to stricter regulatory requirements in terms of entering into labour contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees.

Pursuant to the PRC Labour Contract Law (《中華人民共和國勞動合同法》) and its implementation rules, employers are subject to stricter requirements in terms of signing labour contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labour contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labour practices, the PRC Labour Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees.

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As the interpretation and implementation of labour-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labour-related laws and regulations in China, which may subject us to labour disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labour-related law and regulations regarding including those relating to obligations to make social insurance payments and contribute to the housing provident fund. If we are deemed to have violated relevant labour laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

If we receive dividends from our subsidiaries in the PRC, such dividends may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our Shareholders.

We are a holding company incorporated under the laws of Cayman Islands and have subsidiaries in the PRC, from which we may receive dividends. Pursuant to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), a withholding tax rate of 10% currently applies to dividends paid by a PRC “resident enterprise” to a foreign enterprise, unless the jurisdiction of the foreign investor’s tax residence has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Double Tax Avoidance Arrangement and relevant PRC tax laws on the interpretation of the Arrangement, a preferential withholding tax rate of 5% may apply if the PRC enterprise is at least 25% held by the Hong Kong enterprise for at least 12 consecutive months prior to distribution of the dividends and certain other conditions, e.g., the beneficial ownership requirement, are met. Furthermore, under the Announcement of the SAT on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (《國家稅務總局關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》), which was issued in August 2015, the applicant for the preferential withholding rate is required to make a recordal with its in-charge tax authority and submit all the requisite application materials. No government approval for the application is required, although the relevant tax authorities may challenge the applicability of the preferential withholding rate later on. Please see “Regulatory Overview — Part II Summary of Regulatory Legislation — VII. Regulations on Taxation Supervision” in this prospectus for further details. We cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment will not be challenged by the relevant PRC tax authority or we will be able to complete the necessary filings with the relevant PRC tax authority and enjoy the preferential withholding tax rate under the Double Taxation Arrangement with respect to dividends to be paid by our PRC subsidiaries to our Company.

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We rely on future dividends to be paid by our subsidiaries for our cash needs, and limitations under the PRC laws on the ability of our PRC subsidiaries to distribute dividends to us could adversely affect our ability to utilise such funds.

Our Company is a holding company incorporated in the Cayman Islands and our business operations are conducted through our subsidiaries in the PRC. Therefore, the availability of funds to pay dividends to our Shareholders and to service any of our indebtedness depends on dividends received from these subsidiaries. If our subsidiaries incur any debt or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends or other distributions and to service our indebtedness will be restricted. PRC law requires that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC law also requires foreign invested enterprises, such as our subsidiaries in China, to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends.

PRC regulations on loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from making loans or additional capital contributions to our PRC entities.

As an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Such loans to our subsidiaries in China and capital contributions are subject to PRC regulations and approvals. For example, loans by us to our subsidiaries cannot exceed statutory limits and must be registered with SAFE or its local branch. Capital contributions to our PRC subsidiaries must be approved by or filed with the PRC Ministry of Commerce or its local counterpart. In addition, the PRC Government also restricts the convertibility of foreign currencies into Renminbi and use of the proceeds in case we use a portion of the proceeds in China. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. Violations of the applicable circulars and rules may result in severe penalties, including substantial fines as set forth in the PRC Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》). If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

RISK FACTORS

RISKS RELATING TO THE GLOBAL OFFERING

If we fail to comply with the applicable PRC laws or the Gambling Ordinance (Chapter 148 of the Laws of Hong Kong), the Stock Exchange may suspend the dealings in our Shares or cancel our Listing.

During the Track Record Period, we had engaged in the sale of lottery tickets through offline shops. Our revenue generated from the sale of lottery tickets represented less than 2.0% of our total revenue in each year/period during the Track Record Period. As confirmed by our PRC Legal Advisers, we have obtained all necessary licences issued by the relevant lottery centres operated by the PRC government and we have complied with all the applicable laws and regulations in respect of our sale of lottery tickets in all material respects. For details, please see “Regulatory Overview” in this prospectus. Nevertheless, if our licences for the sale of lottery tickets are revoked by the relevant government authorities or we are unable to renew such licences after expiry, any continued sale of lottery tickets by us may not be in compliance with the applicable laws in the PRC. Pursuant to Guidance Letter HKEX-GL71-14, if our sale of lottery business tickets (i) fail to comply with the applicable laws in the areas where such activities operate (namely, PRC), and/or (ii) contravene the Gambling Ordinance (Chapter 148 of the Laws of Hong Kong), we or our business may be considered unsuitable for listing under Rule 8.04 of the Listing Rules. Depending on the circumstances of the case, the Stock Exchange may require us to take remedial actions, and/or may suspend the dealings in, or may cancel the listing of, our Shares pursuant to Rule 6.01 of the Listing Rules.

There has been no prior public market for the Shares and an active trading market may not develop.

Prior to completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Sole Representative (for itself and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

The trading price of our Shares may be volatile, which could result in substantial losses to you.

The price and trading volume of our Shares may be volatile as a result of the following factors, as well as others, which are discussed in this section or elsewhere in this prospectus, some of which are beyond our control:

- actual or anticipated fluctuations in our results of operations;
- news regarding recruitment or loss of key personnel by us or our customers;

RISK FACTORS

- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- changes in general economic conditions or other developments affecting us or our industry;
- price movements on international stock markets, the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sale or perceived sale of additional Shares by us, the Controlling Shareholders or other Shareholders.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related or disproportionate to the operating performance of particular companies. Any such developments may result in large and sudden changes in the trading volume and price of our Shares. We cannot assure you that these developments will not occur in the future.

Investors will experience immediate dilution.

As the Offer Price of our Shares is higher than the consolidated net tangible assets per share immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution. Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their Shares. In addition, holders of our Shares may experience further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we issue additional Shares in the future to raise additional capital.

Future issues, offers, or sale of our Shares may adversely affect the prevailing market price of our Shares and our ability to raise future capital at a favourable time and price.

The market price of our Shares could decline as a result of substantial future sales of our Shares or other securities relating to Shares in the public market. Such a decline could also occur with the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could materially adversely affect the prevailing market price of our Shares and our ability to raise future capital at a favourable time and price. Our Shareholders would experience a dilution in their holdings upon the issuance or sale of additional securities for any purpose.

RISK FACTORS

The market price of our Shares when trading begins could be lower than the Offer Price as a result of, among other things, adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

The Offer Price will be determined on the Price Determination Date. However, the Offer Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be a few business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Offer Shares during that period. Accordingly, holders of the Offer Shares are subject to the risk that the price of the Offer Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price and trading volume of our Shares may decline.

The trading market for our Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Shares, the price of our Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

We may be unable to declare dividends on our Shares in the future.

The amount of dividends actually distributed to our Shareholders will depend on our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, Shareholders' interests and such other conditions and other factors that our Directors may deem relevant and will be subject to approval of our Shareholders. Our Board has the absolute discretion to recommend any dividends. Please see "Financial Information — Dividends and Dividend Policy" in this prospectus for further details. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. Our future payments of dividends will be at the absolute discretion of our Board. We cannot assure you when or whether we will pay dividends in the future.

We have not independently verified certain facts, forecasts and other statistics obtained from various government publications contained in this prospectus.

Certain facts, statistics, and data in this prospectus are derived from official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. While our Directors have taken reasonable care

RISK FACTORS

in extracting and reproducing the information, they have not been prepared or independently verified by us, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Controlling Shareholders, any of their or our Company's respective directors, officers or representatives, or any other person involved in the Global Offering. Therefore none of them makes any representation as to the accuracy or completeness of such facts, statistics, and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice, and other problems, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Investors should read the entire prospectus carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this prospectus.

There may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorised the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Global Offering.

RISK FACTORS

Investors may experience difficulties in enforcing Shareholder rights.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where investors may be located. The corporate affairs of our Company are governed by the Memorandum and the Articles, the Cayman Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Company and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to our Company under Cayman Islands laws are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. Shareholders may have different remedies in exercising their rights in the face of actions taken by the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favourable return. For details of our intended use of proceeds, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgement you must depend, for the specific uses we will make of the net proceeds from the Global Offering. We will make appropriate announcement and comply with all applicable requirements under the Listing Rules in the event that we change the use of proceeds as disclosed in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;
- there are no other matters the omission of which would make any statement herein or in this prospectus misleading; and
- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable.

INFORMATION AND REPRESENTATION

We have not authorised anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorised by our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in this Global Offering. No representation is made that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date subsequent to the date of this prospectus.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications in relation to subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attaching to them). It is emphasised that none of us, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors, agents, advisers, employees, personnel or any other persons or parties involved in the Global Offering accepts responsibility for any tax affairs or liabilities of any person resulting from the subscription for, purchase, holding or disposing of, dealing in our Shares, or the exercise of any rights attaching to our Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Issuer	Rego Interactive Co., Ltd
The Global Offering	<p>The Global Offering of initially 250,000,000 Shares comprising (i) 25,000,000 new Shares for subscription by the public in Hong Kong under Hong Kong Public Offering (subject to reallocation) and (ii) initially 225,000,000 new Shares for subscription under International Placing (subject to reallocation and the Over-allotment Option).</p> <p>If the Over-allotment Option is exercised in full, our Company will be issuing up to 37,500,000 additional new Shares.</p>
Offer Price range	Not more than HK\$0.80 per Share and not less than HK\$0.64 per Share
Share borrowing arrangements in connection with settlement	The Stabilising Manager or any person acting for it may borrow from Tanshin Investments up to 37,500,000 Shares (assuming the Over-allotment Option is exercised in full).
Over-allotment Option	Up to 37,500,000 additional new Shares to be issued by our Company
Procedure for application for Hong Kong Public Offer Shares	Please see “How to Apply for Hong Kong Public Offer Shares” in this prospectus for further details.
Conditions of the Hong Kong Public Offering	Details of the conditions of the Hong Kong Public Offering are set forth in “Structure and Conditions of the Global Offering — Conditions of the Global Offering” in this prospectus.
Lock-up undertakings by our Company and the Controlling Shareholders	Please see “Underwriting — Underwriting Arrangements and Expenses — Undertakings Given to the Stock Exchange pursuant to the Listing Rules” and “Underwriting — Underwriting Arrangements and Expenses — Undertakings Given to the Hong Kong Underwriters” in this prospectus for further details.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Stamp duty

Dealings in the Shares registered on our Company's Hong Kong branch register of members, to be maintained by our Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, will be subject to Hong Kong stamp duty. According to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), the current ad valorem rate of Hong Kong stamp duty is 0.13% of the consideration or, if higher, the value of the Shares for each contract note for the sale or purchase of the Shares.

Transfers of the Shares registered on our principal register of members in Cayman Islands, to be maintained by our Cayman Islands share registrar, Harneys Fiduciary (Cayman) Limited, will not be subject to Cayman Islands stamp duty unless our Company holds an interest in land in the Cayman Islands.

Application for listing on the Stock Exchange

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to exercise of the Over-allotment Option), the Capitalisation Issue and exercise of the options that may be granted under the Share Option Scheme. No part of the Share or the loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Restrictions on offers and offers for sale

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Eligibility for CCASS

Subject to the granting of the listing of, and permission to deal in, our Shares on the Stock Exchange and compliance of the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after the trade. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made for our Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Language

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, government authorities, institutions, natural persons or other entities included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

Rounding of figures

In this prospectus, where information is presented in hundreds, thousands, ten thousands, millions, hundred millions or billions, certain amounts of less than one hundred, one thousand, ten thousand, one million, a hundred million or a billion, as the case may be, have been rounded to the nearest hundred, thousand, ten thousand, million, hundred million or billion, respectively. Unless otherwise stated, all the numerical figures are rounded to one decimal place and figures in this prospectus are in approximate figures. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Exchange rate

For the purpose of illustration only and unless otherwise specified in this prospectus, the following exchange rates are adopted:

RMB1.00 = HK\$1.20

HK\$1.00 = RMB0.8302

RMB1.00 = USD0.15

USD1.00 = RMB6.79

No representation is made that the relevant amounts in any particular could have been, or could be, converted into such other currencies or vice versa at such rates or at any other rate on such date or on any other date.

Commencement of dealing in the
Shares

Dealings in our Shares on the Main Board are expected to commence at 9:00 a.m. (Hong Kong time) on Monday, 17 October 2022. Shares will be traded in board lots of 4,000 Shares each.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

In preparation for the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Since our headquarters and business operations are primarily based, managed and conducted in the PRC, other than Mr. Chen who intends to be ordinarily resident in Hong Kong upon the Listing, none of the executive Director has been, is or will intend in the near future to be based in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. Currently, all of our executive Directors are not ordinarily resident in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective channel of communication between the Stock Exchange and us, we have or will put in place the following measures:

- (a) we have appointed two authorised representatives (the “**Authorised Representatives**”) pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. Chen and Ms. Ho Wing Nga, one of our joint company secretaries who is ordinarily resident in Hong Kong. The Authorised Representatives have provided their usual contact details to the Stock Exchange and have confirmed that they will be readily contactable by telephone and email by the Stock Exchange and will be able to meet with the Stock Exchange on reasonable notice upon request of the Stock Exchange, if necessary, to deal with enquiries from the Stock Exchange from time to time;
- (b) each of the Authorised Representatives has the means to contact all the Directors (including the independent non-executive Directors) promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters;
- (c) all the Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice;
- (d) CMBC International Capital Limited, our Compliance Adviser, will act as an additional channel of communication with the Stock Exchange, for a period commencing on the date of the Listing until the date on which our Company announces its financial results and distributes its annual report for the first full financial year following the Listing. The contact person of the Compliance Adviser will maintain constant contact with the Authorised Representatives, the Directors and our senior management through various means, including regular meetings and

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

telephone discussions whenever necessary. He or she will be fully available to respond to enquiries from the Stock Exchange. Our Company will ensure that there are adequate and efficient means of communication among us, our Directors, other officers, and the Compliance Adviser;

- (e) each Director (including independent non-executive Directors) will provide their respective mobile phone numbers, office phone numbers, fax numbers (if available), email addresses and residential addresses to the Stock Exchange pursuant to Rule 3.20 of the Listing Rules and to the Authorised Representatives. This will ensure that the Stock Exchange and the Authorised Representatives should have means for contacting all Directors promptly at all times as and when required, including means to communicate with the Directors when they are traveling; and
- (f) meetings between the Stock Exchange and our Directors can be arranged through the Authorised Representatives, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in the Authorised Representatives and/or the Compliance Adviser in accordance with the Listing Rules.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

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

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

Note (2) to Rule 3.28 of the Listing Rules sets out the factors that the Stock Exchange considers when assessing an individual's relevant experience, including:

- (a) length of employment with the issuer and other issuers and the roles he played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

We have appointed Ms. Yang Chao (“**Ms. Yang**”) as one of our joint company secretaries. Please refer to the section headed “Directors and Senior Management — Joint Company Secretaries” in this prospectus for further biographical details of Ms. Yang. Given that Ms. Yang does not possess the specific qualification required under Note (1) of Rule 3.28 of the Listing Rules, her appointment as one of our joint company secretaries does not strictly comply with Rules 3.28 and 8.17 of the Listing Rules.

Therefore, we have appointed Ms. Ho Wing Nga (“**Ms. Ho**”) to act as one of our joint company secretaries. Ms. Ho is currently a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Accordingly, Ms. Ho fully complies with the requirements as stipulated under Rules 3.28 and 8.17 of the Listing Rules. Given the importance of the company secretary’s role in the corporate governance of a listed issuer, particularly in assisting the listed issuer as well as its directors in complying with the Listing Rules and other relevant laws and regulations, we have made the following arrangements:

- (a) Ms. Ho, as a joint company secretary of our Company, will work closely with, and provide assistance to, Ms. Yang in the discharge of her duties as a joint company secretary for an initial period of three years from the date of the Listing. Ms. Ho is a suitably qualified person to render assistance to Ms. Yang so as to enable her to acquire the “relevant experience” as is required of a company secretary under Rule 3.28 of the Listing Rules. Ms. Ho will communicate regularly with Ms. Yang on matters relating to corporate governance, the Listing Rules as well as other applicable Hong Kong laws and regulations which are relevant to the operations and affairs of our Company. In addition, Ms. Yang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the initial three-year period from the date of the Listing. Our Company will further ensure that Ms. Yang has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Both Ms. Yang and Ms. Ho will be advised by a Hong Kong legal adviser engaged by our Company as to Hong Kong laws and our Company’s compliance adviser when required.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

- (b) Prior to the end of the initial three-year period, the qualifications and experience of Ms. Yang and the need for on-going assistance of Ms. Ho will be further evaluated by us. We will liaise with the Stock Exchange to enable it to assess whether Ms. Yang, having benefited from the assistance of Ms. Ho for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience (within the meaning of Note (2) to Rule 3.28 of the Listing Rules) so that a further waiver will not be necessary. We understand that the waiver will be revoked immediately if Ms. Ho ceases to provide assistance to Ms. Yang during the three-year period, and can also be revoked if there are material breaches of the Listing Rules by our Company.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Chen Ping (陳平)	Villa 5 Monterey No. 23 Tong Chun Street Tseung Kwan O New Territories Hong Kong	Chinese
Tian Huan (田歡)	Room 302, Unit 1 Building 9, Jiaoluyuan, Zijin Garden Xihu District Hangzhou PRC	Chinese
Zhang Yongli (張永利)	No. 11, Gongnongbing Team 4 Shanhe Village, Wenyan Street Xiaoshan District Hangzhou PRC	Chinese
Xiao Yanfeng (校彥鋒)	Room 502, No. 18, Lane 1535 Puxiu Road Minhang District Shanghai PRC	Chinese
<i>Independent non-executive Directors</i>		
Hu Huijun (胡惠君)	Room 501, Unit 2 Building 1, Caihe Home Jiangnan District Hangzhou PRC	Chinese
Wan Lixiang (萬立祥)	Room 309 Block 15 Huafeng District Huzhou, Zhejiang PRC	Chinese
Zhao Zhongping (趙忠平)	Room 401, Tower 39 Bishui Haoyuan, Puyan Street Binjiang District Hangzhou PRC	Chinese

For detailed information of our Directors, please refer to the section headed “Directors and Senior Management” of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED

Sole Sponsor

CMBC International Capital Limited

45/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

Joint Global Coordinators

CMBC Securities Company Limited

45/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited

20/F, Wing On Centre
111 Connaught Road Central
Hong Kong

Alpha International Securities (HONG KONG) Limited

Office C, 18/F
235 Wing Lok Street Trade Centre
235 Wing Lok Street
Sheung Wan
Hong Kong

Joint Bookrunners

CMBC Securities Company Limited

45/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited

20/F, Wing On Centre
111 Connaught Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**Alpha International Securities
(HONG KONG) Limited**

Office C, 18/F
235 Wing Lok Street Trade Centre
235 Wing Lok Street
Sheung Wan
Hong Kong

**Zheshang International Financial
Holdings Co., Limited**

Room 4405, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Blackwell Global Securities Limited

26/F, Overseas Trust Bank Building
160 Gloucester Road
Wanchai
Hong Kong

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
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CCB International Capital Limited

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Certified Public Accountants

Registered Public Interest Entity Auditors

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CORPORATE INFORMATION

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Principal Place of Business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Company's Website	http://www.regopimc.com <i>(The information on the website does not form part of this prospectus)</i>
Joint Company Secretaries	Ms. Yang Chao Room 502, Unit 1 Building 10, Kaixuan Xincun Jiangan District Hangzhou PRC Ms. Ho Wing Nga 46/F., Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Authorised Representatives	Mr. Chen Ping Villa 5 Monterey No. 23 Tong Chun Street Tseung Kwan O New Territories Hong Kong

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Remuneration Committee	Mr. Zhao Zhongping (<i>Chairman</i>) Mr. Chen Ping Mr. Wan Lixiang
Nomination Committee	Mr. Chen Ping (<i>Chairman</i>) Mr. Zhao Zhongping Ms. Hu Huijun
Compliance Adviser	CMBC International Capital Limited 45/F, One Exchange Square 8 Connaught Place Central Hong Kong
Hong Kong Branch Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Share Registrar and Transfer Office	Harneys Fiduciary (Cayman) Limited 4th Floor, Harbour Place 103 South Church Street P.O. Box 10240 Grand Cayman KY1-1002 Cayman Islands

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**Industrial and Commercial Bank of China
Limited, Hangzhou Xixi Branch**

No. 8-1 Gudun Road, West Lake District
Hangzhou, Zhejiang Province
PRC

**Industrial and Commercial Bank of China
Limited, Beijing Anzhen Branch**

No. A28 Anding Road, Dongcheng District
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**Shanghai Pudong Development Bank
Co., Limited, Nanchang Qiushui Branch**

No. 160, Beijing West Road
Nanchang, Jiangxi Province
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by iResearch, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged iResearch to prepare the iResearch Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, or any of our or their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCES OF INFORMATION

Founded in 2002, iResearch is an independent and a PRC-based market research institution that provides consumer insights and online user data to companies in various industries, including consumer goods, advertising, mobile internet, finance, e-commerce, big data, information technology, etc.

iResearch has agreed to be paid a commission fee of approximately RMB550,000 for the “**iResearch Report**” on China’s advertising, to-B virtual goods and services and lottery solutions industries. The iResearch Report was compiled using both primary and secondary research conducted in China. Data for the iResearch Report on market size is mainly obtained through interviews with industry participants, marketing surveys, secondary sources and other research methods.

iResearch has prepared the iResearch Report on the assumptions that (i) the social, economic and political environments of China will remain stable during the forecast period, which ensures a sustainable and steady development of China’s advertising, to-B virtual goods and services and lottery solutions industries, (ii) the data quoted from authoritative agencies remain unchanged, (iii) related key industry drivers remain relevant and applicable in the forecast period, and (iv) there will be no subversive changes to the related industries. iResearch believes that the basic assumptions used in preparing the iResearch Report, including those used to make future projections, are factual, correct and not misleading.

After making reasonable inquiries, our Directors confirm that there has been no adverse change in the market information presented in the iResearch Report since the date of its issuance which may qualify, contradict or impact the information in this section.

INDUSTRY OVERVIEW

OVERVIEW OF MARKETING INDUSTRY IN CHINA

The Definition and Classification of the Marketing Industry

Marketing refers to activities a company undertakes to promote the buying or selling of a product or service. There are different marketing channels to promote a product in person or via different media. Marketing activities used in China mainly include: (i) Advertising: Refers to marketing methods that publicly and extensively deliver information to the public through a certain form of media and consumes a certain amount of cost, including online and offline methods such as traditional offline advertising, display advertising, content marketing, search engine advertising and e-commerce advertising; and (ii) Loyalty marketing: Loyalty marketing refers to a kind of marketing that focuses on attracting new customers and retaining existing customers through incentives such as membership system, point rewards, and value-added services.

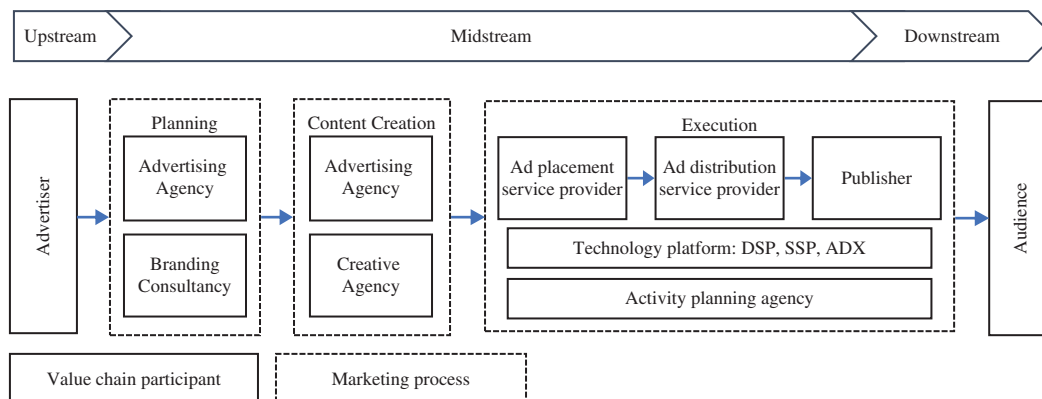
OVERVIEW OF ADVERTISING INDUSTRY IN CHINA

The Definition and Classification of the Advertising Industry

Advertisement refers to a marketing method that conveys information to the public openly and extensively through a certain form of media and consumes a certain amount of cost. The main advertising forms used in China can be divided into: (i) online advertising: display advertising, content marketing, search engine advertising and e-commerce advertising; and (ii) offline advertising: paper media advertising, TV advertising, radio advertising, outdoor exhibition board advertisement, cold calling and SMS advertising.

The Value Chain of the Advertising Industry

Intermediate advertising service providers connect the advertisers and media publishers in the advertising value chain. Typical functionalities of intermediate advertising service providers include (but are not limited to): (i) to connect with advertisers, integrate media sources of publishers and conduct advertisement placement services; (ii) to provide advertising optimization and analytics services for advertisers; (iii) to connect with publishers and app operators to help them monetize traffic by providing advertisement distribution services. The following diagram sets forth the value chain of the advertising industry:



INDUSTRY OVERVIEW

Core values of the intermediate advertising service providers include resource connection with media publishers, optimization and analytics, and the prepayment ability. As most advertisers have only limited in-house optimization capability, they are shifting reliance from direct procurement of marketing services to procurement through intermediate advertising service providers, who are equipped with better technology, expertise, and data sufficiency to perform optimization for their clients. As advertisers place more focus on online marketing and the marketing technologies rapidly develop, the intermediate advertising service providers are becoming increasingly important in the value chain of the marketing industry.

Advertising publishers, as the intermediary that ultimately present advertising content to audiences, mainly include various online and offline media such as social networks, video platforms, newspapers, and television. At the same time, with the development and diversification of Internet services, some service providers who reach consumers through the provision of content, tools or SaaS systems have also been qualified as advertising publishers and become new advertising media for advertisers. Typical new advertising media include: (i) Private domain traffic pool: refers to chat groups or official accounts that can directly convey information to consumers; (ii) Internet tools: refers to Internet applications providing users with system security services, software services, and file management services; (iii) SaaS platform: refers to software services that can reach consumers through its system or platform while providing solutions for SaaS users.

Advertisement Placement and Advertisement Distribution Service

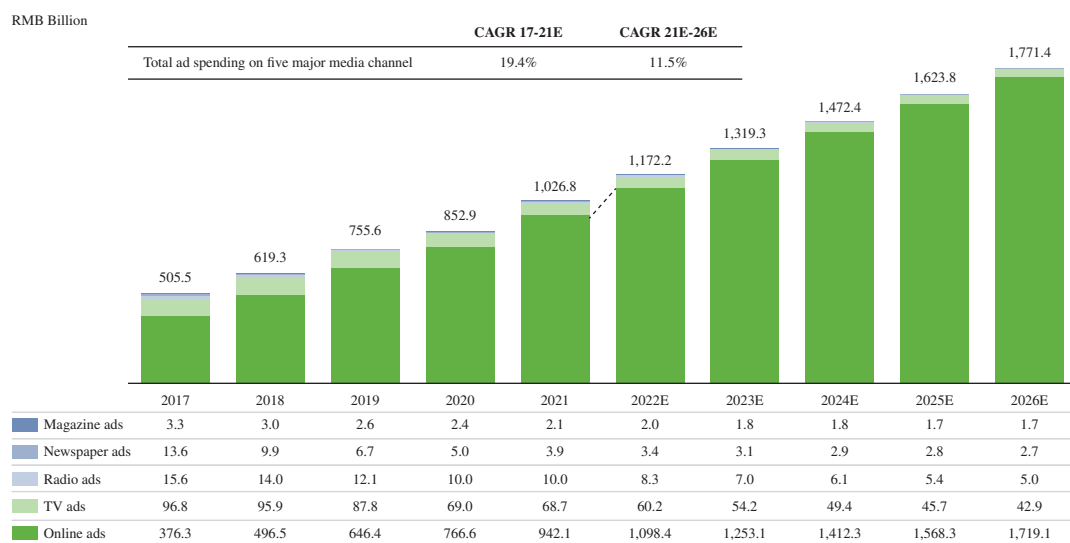
Intermediate advertising service providers can be generally divided into advertisement placement service providers, advertisement distribution service providers and technology platforms by major functions. Advertisement placement service providers refer to companies which purchase designated advertising spaces from various publishers (including platforms operated by large-size media publishers) and set advertisement display time on behalf of advertisers. Advertisement placement service providers are normally required to make prepayment to the publishers for purchasing the advertising spaces for the advertisers. Advertisement distribution service providers usually provide advertising SDKs for publishers to help them monetize traffic. Different from advertisement placement service providers and advertisement distribution service providers, technology platforms such as DSP, SSP and ADX usually act as integrators of advertisement resources to offer intelligent advertisement placement, distribution and related management and analysis services. With the quick evolution of functionalities of intermediate advertising service providers, overlaps of their business scopes are becoming increasingly common in the industry.

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The Market Size of Advertising Industry in China

In terms of corporate advertising expenditure, the total advertising market value of China's five major channels has increased from RMB505.5 billion in 2017 to RMB1,026.8 billion in 2021, representing a CAGR of 19.4%. Driven by the continuous innovation of the Internet and mobile technologies, the increased time consumers spend on digital devices, and the data-driven potential of online advertising, advertisers are gradually shifting their advertising expenditures from offline channels to online channels in order to reach a wider range but more targeted audiences and provide more customized advertising information in a cost-effective way. Therefore, the market size of the online advertising industry had recorded growth at a CAGR of 25.8% during 2017-2021 and is expected to further grow at a CAGR of 12.8% from 2021 to 2026. The total market size is expected to grow rapidly to RMB1,771.4 billion in 2026, which is equivalent to a CAGR of 11.5% from 2021. The following table sets forth the actual and expected growth of the market size of China's advertising industry by channel.

**Market size of the advertising industry by channel
in terms of advertising spending, China, 2017-2026E**



Note: The market size refers to all advertising spending received by ultimate media publishers, including the spending flowing through advertising agencies and intermediate marketing service providers, as well as the spending directly paid by the brands.

Source: National Radio and Television Administration, State Administration for Industry and Commerce of the People's Republic of China, Report on Development of China's Radio and Television Media (2016-2021), Report on Development of China's Media Industry (2016-2021), Statistical Bulletin of China's Radio and Television Industry 2021, expert interviews, public disclosures of companies, iResearch.

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Market Drivers of Advertising Industry in China

- *Continuous growth of GDP.* Advertising spending correlates with the health of an economy. China's macroeconomy, as indicated by its nominal GDP growth rate, has undergone a steady increase from the past years, providing economic support for the further growth of the advertising industry.
- *Internet and technology upgrades.* Internet and infrastructure upgrades have increased the amount of time people spent on mobile devices, which allows online advertising to have higher exposure and reach more people, and drives the growth of the online advertising market. Technological developments such as big data, artificial intelligence, 5G and others can better meet the enterprises' increasing demands for high efficiency and targeting precision of marketing. Thus, such technologies are expected to upgrade and transform the advertising industry.
- *Integration of data resources.* Top online media platforms are offering increasingly diverse formats of online content, such as online games, online video, online music, live streaming, and online paid knowledge, which enables them to collect multi-dimensional consumer behaviour data. Integration of such data resources will contribute to more comprehensive consumer tagging and therefore more efficient targeting, which is expected to support the future development of the advertising industry.

Market Trends of Advertising Industry in China

- *Increasing traffic acquisition cost.* With the retreat of the rapid growth period of Internet user traffic and the improvement of the bargaining power of large-size publishers, the traffic acquisition cost of advertisers has gradually risen, and it has become increasingly difficult for them to attract new consumers and promote their consumption.
- *Digital advertising based on SDK.* With the rapid technological innovations and the increasing concern of the advertisers over the efficiency of marketing activities, online advertising is becoming increasingly prevalent while the demand for traditional marketing and promotion services has been declining. The advertising SDK offers small and medium publishers a simple and convenient tool for commercialisation by connecting publishers with technology platforms and advertisement placement service providers. As a result, the advertising SDKs are being increasingly widely applied in the digital advertising market.
- *Reliance on intermediate advertising service providers for better optimization.* As most advertisers have only limited in-house optimization capability, it is expected that advertisers may shift reliance from direct procurement of marketing services to procurement through intermediate advertising service providers, who have better technology, expertise, and data sufficiency, for better ROI improvement in the advertising market

INDUSTRY OVERVIEW

- *Increasing application of big data and AI for precision marketing.* Big data and AI are applied to help brands in the whole advertising lifecycle and different consumption scenarios, such as targeting, content creation, delivery, and monitoring, to accurately grasp the advertising opportunities and provide comprehensive services for clients.
- *Rise of the O2O marketing model.* The rising cost of online advertising and the diminishing gap of online-offline advertising price are forcing advertisers to draw emphasis back to the offline channels in their marketing strategy, which give rise to the O2O marketing model. This model involves crossovers of online and offline experiences during the full user journey with each step tracked digitally, and thus provides better cost-efficiency, user experience, and digitalization of consumer journey.

Entry Barriers for Advertising Industry in China

- *Case accumulation.* Accumulation of successful marketing cases is crucial in business development for intermediate advertising service providers, as marketers rely heavily on past cases to evaluate their competences. New entrants without any real case record will find it hard to demonstrate their capabilities and win clients.
- *Professionalism and optimization.* Established companies have built comprehensive understandings of user behaviours and preferences which can be leveraged to form more effective advertising strategies for their clients. New entrants without such knowledge will not be able to provide the optimization service, which largely weakens their competitiveness.
- *Technology & expertise.* New entrants have to invest considerably in the recruitment and training of technological expertise required to successfully deploy various IT tools for advertising.
- *Data accumulation.* Lack of data accumulated through real cases limits the effectiveness of new entrants' use of advanced technologies like precision marketing, big data and AI.
- *Economies of scale.* Large players can negotiate advantageous prices and policies from suppliers and are more resistant to the fluctuation of demands and supplies over time. New entrants have to bear higher prices from suppliers and higher risks of operation during market fluctuation.

INDUSTRY OVERVIEW

Competitive Landscape of Intermediate Advertising Service Providers in China

According to the iResearch Report, China's advertising industry is currently highly fragmented. A large number of online advertising agencies connect advertisers with designated agents of advertising publishers, or directly connect them with advertising publishers. It is common and more cost-efficient for enterprises to conduct their marketing activities through intermediate advertising service providers. In 2021, there were more than 1 million corporates in advertising industry in China. According to the iResearch Report, in terms of revenue, the top five intermediate advertising service providers accounted for 6.4% of the market share in 2021. Our Group's revenue from promotion and advertising services accounted for approximately 0.0116% of the total market size in 2021.

The following table sets forth information about the top five intermediate advertising service providers in China by revenue in 2021.

Top 5 intermediate advertising service providers, in terms of revenue, China, 2021							
Ranking	Company	Year of establishment	Place of listing	Headquarter	Main Business	Revenue (RMB billion)	Market Share by Revenue
1	Leo Group Co., Ltd.	2001	Main Board of SZSE	Shanghai	Integrated online advertising and marketing solutions	16.2	1.6%
2	Zhewen Interactive Group Co., Ltd.	1993	Main board of SSE	Beijing	Integrated online advertising and marketing solutions	14.2	1.4%
3	Hylink Digital Solutions Co., Ltd.	1994	Main board of SSE	Beijing	Integrated online advertising and marketing solutions	13.2	1.3%
4	Guangdong Advertising Group Co., Ltd.	1979	SME Board of SZSE	Guangzhou	Online and offline advertising, marketing solutions	13.0	1.3%
5	Bluefocus Intelligent Communications Group Co., Ltd.	1996	GEM of SZSE	Beijing	Integrated online advertising and marketing solutions	9.5	0.9%
Top 5						66.1	6.4%
Others						960.7	93.6%
Total						1,026.8	100.0%

Note: possible calculation differences due to rounding

Source: public disclosures of companies, iResearch

INDUSTRY OVERVIEW

OVERVIEW OF THIRD-PARTY TO-B VIRTUAL GOODS AND SERVICES INDUSTRY IN CHINA

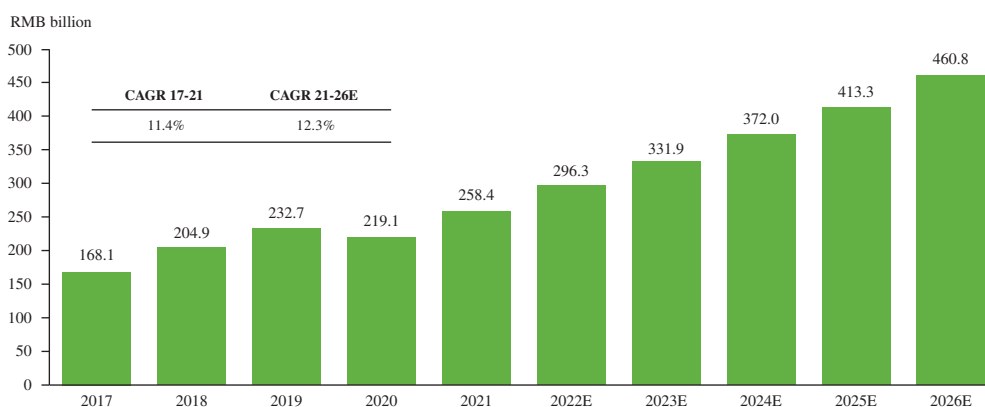
Definition and Characteristics of Loyalty Marketing

Loyalty marketing refers to a marketing method that focuses on attracting new customers and retaining existing customers through incentives such as membership systems, point rewards, value-added services, etc. These incentives form part of consumers' measurement on the comprehensive value of products and purchase decisions, which can help companies increase the utilisation rate of consumers' lifetime value, and thereby increasing operating profits. As an important part of incentive methods in loyalty marketing, virtual goods and services are the main purchase objects for enterprises when they conduct loyalty marketing. Enterprises can purchase virtual goods and services from upstream product suppliers and their resellers or third-party to-B virtual goods and service providers, and they can also purchase virtual goods and services from virtual goods and services procurement agents.

Market Size of Loyalty Marketing Industry in China

In terms of corporate expenditure on loyalty marketing, the total market size of loyalty marketing industry in China has increased from RMB168.1 billion in 2017 to RMB258.4 billion in 2021, representing a CAGR of 11.4%. Driven by the increasing difficulty and cost of acquiring new customers as well as the increasing attention from corporates to loyalty management on existing customers, the total market size is expected to grow rapidly to RMB460.8 billion in 2026, which is equivalent to a CAGR of 12.3% from 2021.

Market size of the loyalty marketing industry in terms of corporate expenditure, China, 2017-2026E



Sources: Ministry of Industry and Information Technology, China Banking and Insurance Regulatory Commission, China National Tourism Administration, Civil Aviation Administration, expert interviews, public disclosures of companies, iResearch

INDUSTRY OVERVIEW

Definition and Classification of To-B Virtual Goods and Services Industry in China

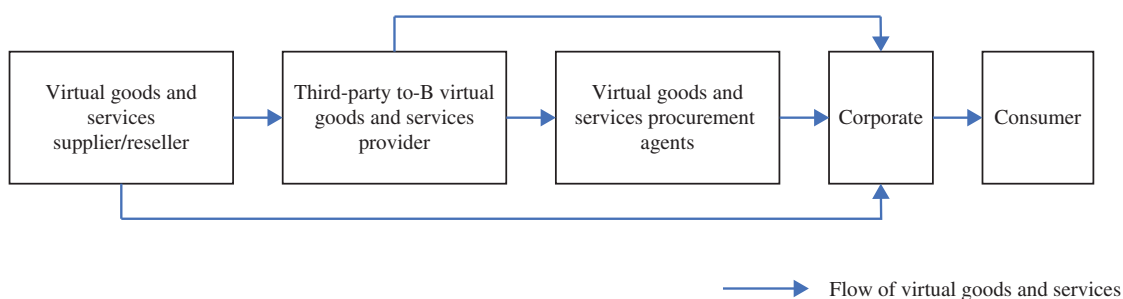
The virtual goods and services refer to goods and services in digital forms, such as gift cards of e-marketplaces, telecommunication top-ups, membership of online entertainment platforms, virtual items of online games, etc., as well as the virtual claims for physical goods and offline services, such as gift cards of offline marketplaces, gift cards of gas stations, prepaid vouchers, or meals at restaurants, etc.

The market of virtual goods and services in China can be classified into two segments: (a) to-C market, consisting of resellers of virtual goods and services, who distribute, resell or operate the retail channels of virtual goods and services to end consumers for the upstream providers; (b) to-B market, consisting of to-B virtual goods and services providers and virtual goods and services procurement agents, who source the virtual goods and services for enterprises to use in their marketing and customer retaining processes.

Typical uses of virtual goods and services in enterprises' marketing and customer retaining processes include registration incentives, membership benefits and promotional campaigns. Typical enterprises of virtual goods and services are from the financial, internet, telecom, and airline industries.

Overview of Third-Party to-B Virtual Goods and Services Providers in China

Third-party to-B virtual goods and services providers connect goods and services suppliers with enterprises in the value chain by purchasing goods and services from their respective suppliers or resellers, and providing enterprises with integrated product solutions. They can broaden the range of end customers that virtual goods suppliers or resellers can reach, and help virtual goods sales channels to deepen customer relationships. The value chain of the third-party to-B virtual goods and service industry is shown in the figure below:



In addition to third-party to-B virtual goods and services providers, the value chain of the to-B virtual goods and services industry also mainly includes other two types of third-party institutions, which are third-party virtual goods and services resellers and virtual goods and services procurement agents. Third-party virtual goods and services resellers refer to companies that sell virtual goods and services on behalf of suppliers as their agencies. Because there are certain thresholds and costs to obtain agency qualifications from suppliers, and due to the pressure of sales KPIs, resellers usually have a certain price advantage compared to suppliers when the purchase volume is small, third-party to-B virtual goods and services providers may also purchase products from those resellers in addition to purchasing directly

INDUSTRY OVERVIEW

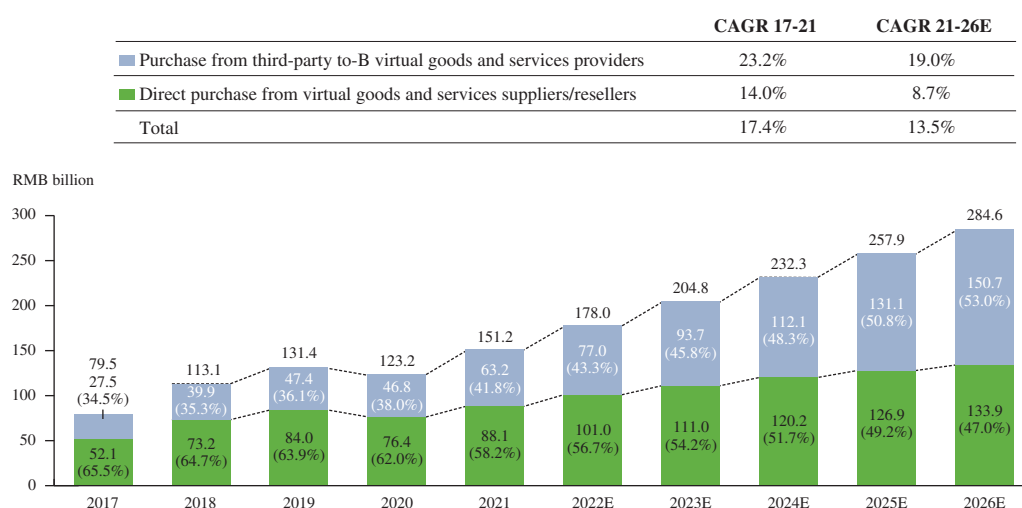
from suppliers. Virtual goods and services procurement agents refer to companies who usually act as agencies for downstream corporates to source virtual goods and services from resellers and third-party to-B virtual goods and services providers. Because the thresholds of becoming a virtual goods and services provider for some large corporate customers are relatively high, and the process of bidding and reviewing is also required, third-party to-B virtual goods and service providers may also resell the goods and services to downstream corporate customers through these qualified virtual goods and services procurement agents.

The key value of third-party to-B providers is to provide integrated offerings of goods and services at lower costs of money and management than what enterprises can achieve with in-house teams alone. Third-party virtual goods and services providers usually get favourable prices from suppliers or resellers of virtual goods and services with aggregate demands from enterprises, and they are experienced in internal control and after-sales services. In order to meet the diverse needs of customers for product portfolios, it is an industry practice for different third-party to-B virtual goods and services providers to purchase products and services from each other in order to achieve better distribution efficiency and satisfy customers' diverse product portfolio needs.

The Market Size of To-B Virtual Goods and Services Industry in China

According to the iResearch Report, the total market size of China's to-B virtual goods and services industry in terms of GMV will increase from RMB79.5 billion in 2017 to RMB151.2 billion in 2021, with a CAGR of 17.4%. It is expected that it will rapidly grow to RMB284.6 billion in 2026, which is equivalent to a CAGR of 13.5% since 2021. The following chart sets forth the actual and expected growth in the market size of China's to-B virtual goods and services industry:

Market size of to-B virtual goods and services in terms of GMV, China, 2017-2026E



Sources: expert interviews, public disclosures of companies, iResearch

INDUSTRY OVERVIEW

In 2021, third-party to-B virtual goods and service providers accounted for 41.8% of the total market GMV. With its ability to provide enterprises with integrated products, better pricing and convenient management platforms, the number of third-party to-B virtual goods and service providers engaged by enterprises to purchase virtual goods and services will increase continuously. Therefore, the market share of third-party to-B virtual goods and service providers is expected to further increase to 53.0% in 2026, which is equivalent to a GMV of RMB150.7 billion and a CAGR of 19.0% from 2021 to 2026. As the industry naturally transitions from the initial stage to a more mature stage, the CAGR is expected to decrease over time.

Market Drivers of Third-party to-B Virtual Goods and Services Industry in China

- *Acquiring new customers is increasingly difficult.* The increasing cost of user acquisition and the slowing down natural population growth rate in China require companies to adopt more efficient tools, such as virtual goods and services, for user acquisition and engagement to fully exploit the potential value of each user.
- *Demands for online virtual goods and services grow as users' consumption behaviors shift.* The development of the mobile internet is reshaping people's consumption behaviors. Also, the improving cognition for IP protection and user payment behaviors contribute to recognition for the value of online membership and online gift cards, driving the demand for virtual goods and services.
- *The trend of outsourcing is on the rise as companies pursue better operation efficiency.* The growing trend of business process outsourcing among domestic companies, especially large numbers of small and micro enterprises, will continuously drive the growth of third-party to-B virtual goods and services providers from the demand side.

Market Trends of Third-party to-B Virtual Goods and Services Industry in China

- *More industries will introduce virtual goods and services for marketing activities.*
- *Provide end-to-end marketing and operation service packages for corporate customers.* Solution providers can deliver more end-to-end services, covering back-end IT infrastructure construction, mid-end software development and product design, as well as front-end publicity and event operations.

Entry Barriers for Third-party to-B Virtual Goods and Services Providers in China

- *Client accumulation and proven track record.* Due to the high risk and long reaction time (1-6 months) of changing providers, corporate clients tend to rely on the provider with a stable business relationship. In addition, enterprises in certain industries, such as banking, are highly conservative in working with outside providers, making the proven track record within the same industries especially important in bidding.

INDUSTRY OVERVIEW

- *Access to upstream suppliers.* Existing players may build long-term contracts with key product suppliers. New entrants may not have enough orders from clients to qualify for direct cooperation with or discounts from the suppliers.
- *Capital barrier and prepayment ability.* It is the market practice in the industry for third-party virtual goods and services providers to pay the suppliers in advance and allow corporate clients to pay the bills at the end of a certain billing period, such as one month or one quarter, requiring enough amounts of capital.

Competitive Landscape of Third-Party to-B Virtual Goods and Services Providers in China

According to the iResearch Report, the to-B virtual goods and services market in China is relatively fragmented. There are over 1000 to-B virtual goods and services providers in China in 2021, most of which are local players serving regional markets. In terms of revenue of virtual goods and services in 2021, the top 5 players together account for 16.5% of the market share. Our Group's revenue from virtual goods sourcing and delivery services accounted for about 0.3% of the total market size in 2021.

The following table sets forth information about the top 5 third-party to-B virtual goods and services providers in terms of revenue in China in 2021.

Top 5 third-party to-B virtual goods and services providers, in terms of revenue, China, 2021							
Ranking	Company	Year of establishment	Place of listing	Headquarter	Main Business	Revenue	Market Share by Revenue
(RMB million)							
1	Shanghai Vipplus Science and Technology Development Co., Ltd.	2007	Not listed	Shanghai	Providing loyalty marketing solutions to corporates	780.0	6.1%
2	Qitian Technology Group Co., Ltd.	1996	GEM of SZSE	Shanghai	Providing loyalty marketing solutions to corporates	626.4	4.9%
3	e-Buy Information Technology (Shanghai) Co., Ltd.	2011	Not listed	Shanghai	Providing loyalty marketing solutions to corporates, selling and distributing virtual products and services	340.0	2.7%
4	Shaanxi Jiazhiyi Network Technology Co., Ltd.	2015	Not listed	Shaanxi	Providing loyalty marketing solutions to corporates	200.0	1.6%
5	Shanghai Toplist Information Technology Service Co., Ltd.	2009	Not listed	Shanghai	Providing loyalty marketing solutions to corporates	155.0	1.2%
						Top 5	2,101.4
						Others	10,667.1
						Total	12,768.5
							16.5%
							83.5%
							100.0%

Source: expert interviews, public disclosures of companies, iResearch

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Due to the different charging rates of third-party to-B virtual goods and services providers on different virtual goods and services, and their different business focuses of major products provided, the ranking of third-party to-B virtual goods and services providers in terms of GMV is different from that in terms of revenue. At the same time, due to the existence of transactions between third-party to-B virtual goods and services providers, there may be duplication between their GMVs, which leads to an increase in the market share of the top five companies in the ranking in terms of GMV, reaching 22.6% in 2021. Our Group's GMV from virtual goods sourcing and delivery services accounted for about 1.3% of the total market size in 2021.

Top 5 third-party to-B virtual goods and services providers, in terms of GMV, China, 2021

Ranking	Company	Year of establishment	Place of listing	Headquarter	Main Business	GMV	Market Share by GMV
<i>(RMB million)</i>							
1	Fulu Holdings Limited	2009	Main board of HKEX	Hubei	Providing loyalty marketing solutions to corporates, selling and distributing virtual products and services	6,000	9.5%
2	Shanghai Viplus Science and Technology Development Co., Ltd.	2007	Not listed	Shanghai	Providing loyalty marketing solutions to corporates	2,600	4.1%
3	Qitian Technology Group Co., Ltd.	1996	GEM of SZSE	Shanghai	Providing loyalty marketing solutions to corporates	2,500	4.0%
4	e-Buy Information Technology (Shanghai) Co., Ltd.	2011	Not listed	Shanghai	Providing loyalty marketing solutions to corporates, selling and distributing virtual products and services	1,700	2.7%
5	Shaanxi Jiazhiyi Network Technology Co., Ltd.	2015	Not listed	Shaanxi	Providing loyalty marketing solutions to corporates	1,500	2.4%
						Top 5	14,300
						Others	48,864.1
						Total	63,164.1
							22.6%
							77.4%
							100.0%

Note: possible calculation differences due to rounding

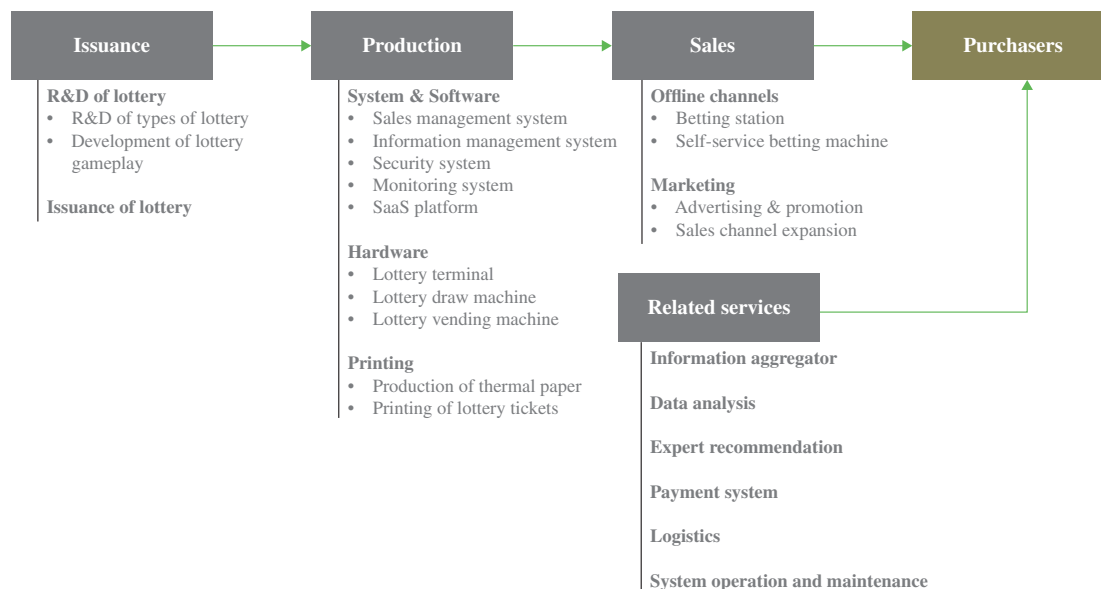
Source: expert interviews, public disclosures of companies, iResearch

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OVERVIEW OF LOTTERY SOLUTIONS INDUSTRY IN CHINA

The Definition and Classification of Lottery Solutions

The industry value chain of the lottery market in China involves the issuance of lottery (R&D and issuance), lottery production (security systems, lottery terminals, printing services, etc.), lottery sales (various sales channels, marketing, offline sales channel expansion) and other lottery-related services (data analysis, payment system operations, logistics, etc.). The entire value chain is regulated and supervised by the PRC government.



Source: independently prepared by iResearch

Lottery solutions providers refer to companies that provide hardware, system and software, printing, marketing and/or other related services of the lottery market in China. Lottery hardware mainly include lottery terminals, lottery draw machines and lottery vending machines, while lottery system and software generally include sales management systems, information management systems, security systems, monitoring systems and SaaS platforms.

Involving SaaS platforms is an emerging method to improve the digitalization of lottery retail. Through SaaS platforms, lottery station owners are able to enhance their operation model and generate new revenue and value-producing opportunities. In terms of store management, SaaS platforms can equip lottery station owners with convenient tools to manage inventory, in-store payment and staff. As regards customer management, SaaS platforms can offer lottery station owners comprehensive customer management tools with online channels such as apps and social media programmes to utilise customer data, conduct marketing activities and offer customer services. Moreover, with SaaS platforms, station owners would also be able to monetize user traffic by publishing advertisements through online channels and generate new income sources. SaaS platform providers can benefit from user traffic monetization activities as well by the potential profit sharing among station owners and SaaS platform owners.

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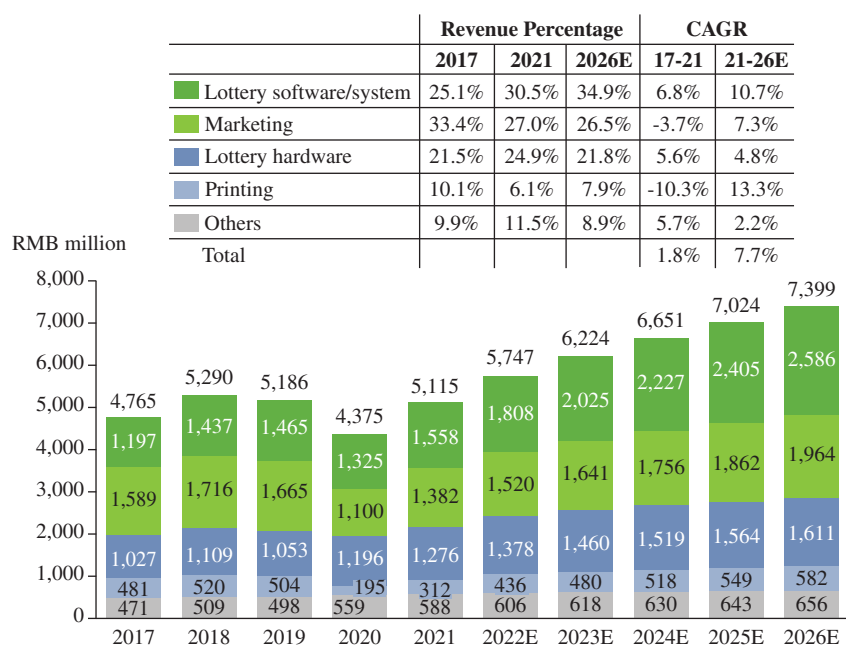
The Market Size of Lottery Solutions Industry in China

From 2017 to 2018, the lottery solutions industry escalated from RMB4,765 million to RMB5,290 million. However, there was a decrease in market size in 2019 due to the tightened government control on high-frequency lottery, sports lottery and unauthorized online lottery sales which led to a drop of investment in related lottery solutions.

Moreover, the decrease in market size in 2020 was majorly due to the COVID-19 outbreak as the government fund used to invest in lottery solutions was transferred to pay for epidemic prevention and control supplies. As a result, the market size of the lottery solutions industry in China dropped by 15.6% from RMB5,186 million in 2019 to RMB4,375 million in 2020 with a CAGR of 1.8% from 2017 to 2021. However, with the importance of developing more intelligent lottery hardware and system and upgrading the existing lottery sales channel and the stagnation of such development and upgrades in 2021, the government investment is expected to get back to normal and the market size of the lottery solutions industry is expected to increase to RMB5,747 million in 2022.

Due to (i) the rapid development of the lottery industry in the PRC, (ii) the innovation of lottery games and (iii) the adoption of the franchise store model for lottery sales channels in China, the market size of the lottery solutions industry in China is expected to grow to approximately RMB7,399 million at a CAGR of 7.7% from 2021 to 2026. Due to the sharp decline in the lottery printing service market during the epidemic, the market has the highest CAGR from 2021 to 2026. However, among all other categories, lottery software and systems shows the fastest pace of growth and is expected to become the largest category in 2026.

Market size of the lottery solutions industry, China, 2017-2026E



Sources: Centre of China Government Procurement, public disclosures of companies, iResearch

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Market Drivers of Lottery Solutions Industry in China

- *The rapid development of the sports industry.* The State Council released a plan in September 2019 to promote mass-market sports and high-quality development of the sports sector. As a major part of the sports industry and a major source of income for sports facility development, the sales of sports lottery rose constantly, and it surpassed the sales of welfare lottery in 2018.
- *The innovation of lottery games.* The Ministry of Civil Affairs and General Administration of Sports of China are both advancing the research and development of new lottery types and new games and promoting the high-quality and healthy development of welfare lottery. The lottery will become more interesting to play and will attract more people to purchase.
- *The adoption of the franchise store model.* Lottery sales channels in China are predominantly offline channels and most of these channels are specialty stores. These lottery betting stations have only limited room for further growth due to higher operation costs, limited coverage and a single source of income. In contrast, such specialty stores are absent in the overseas market, where lottery sales are commonly attached to convenience stores, gas stations, supermarkets and other retail outlets across the country, which is also known as the franchise store model. In recent years, following the ban on online lottery sales and the rise of new retail concepts to converge digital and offline experiences, lottery solutions providers and internet giants are shifting their focus on offline sales channel expansion and gradually adopting the franchise store model in China.

Entry Barriers of Lottery Solutions Industry in China

- *Strict regulations from the government.* The lottery industry in China is strictly regulated, and companies need to have certain qualifications, past project performance, and permit from relevant regulatory authorities in order to participate in this industry. Thus, the products and services that are allowed to be provided by lottery solutions providers are dominated by several large independent lottery solutions providers and the market is relatively concentrated.
- *Client accumulation, credentials, and reputation.* Leading lottery solutions providers take advantage of their strong brand recognition and proven track records. Once the business relationship becomes stable, the lottery authorities are highly likely to continue to cooperate with the chosen providers as changing providers would bring extra administrative and time costs.

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Market Trends of the Lottery Solutions Industry in China

- *The shifting focus to the young generation of customers.* The development of the franchise store model in lottery sales and new forms of lottery games would attract younger customers and increase their willingness to purchase lottery. The lottery authorities would also seek help from lottery solutions providers to gain insights and target young generations.
- *The demand of customer management for station owners.* Most lottery solutions providers cooperate with national and provincial lottery authorities to provide lottery solutions. However, each lottery betting station has certain geographical coverage, and it is very important for them to retain existing customers, cultivate their loyalty and stimulate lottery purchase in the long term. Thus, there lies an opportunity for lottery solutions providers to serve station owners directly and develop customer management platforms for their lottery purchasers.
- *Increasing demand for keno terminals.* The new keno-type game “Happy 8” of China Welfare Lottery has been approved for pilot sales across the country since October 2020. It is estimated that there will be demand for 300,000-400,000 keno terminals nationwide in the next two years.
- *The upgrade to smart retail of traditional lottery betting stations.* China Sports Lottery Administration Centre is upgrading the traditional sports lottery betting stations into smart retail channels, which can provide sports event viewing, information consultation, multi-screen sports data display and interaction between online and offline channels. The digital development trend will also bring procurement demand for corresponding hardware, systems and SaaS solutions.

Competitive Landscape of Lottery Solutions Providers in China

The lottery solutions market in China is relatively concentrated. In 2021, there are about 150-200 lottery solutions providers in China. In 2021, The leading 5 lottery solutions providers accounted for 15.5% of the market share. Leading providers vary in their core competence and focused expertise but are expanding to the upstream and downstream of the industry to provide integrated solutions. The lottery solutions market in China contains a wide range of lottery related solution services which are required by lottery sales points. For example, lottery software and systems solution services include but not limited to solutions for internet and systems connection, cybersecurity, ticketing, information management and display, operations and office automation.

Our Group’s IT solutions services in respect of lottery-related software systems and equipment generally relate to the provision of internet and systems connection services and software in relation to cybersecurity. Due to the vast number of products and types of services in the lottery solutions market in China, our Group’s market share remained limited and our Group’s revenue from lottery solutions accounted for about 0.9% of the total market size in 2021.

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The following table sets forth the top 5 lottery solutions providers in terms of revenue in China for the year of 2021

Top 5 lottery solutions providers, in terms of revenue, China, 2021

Ranking	Company	Year of establishment	Place of listing	Headquarter	Main Business	Revenue (RMB million) ¹	Market Share by Revenue ³
1	Telling Telecommunication Holding Co., Ltd	1997	Main board of SZSE	Beijing	Lottery software/system, lottery hardware, marketing and others	316.4	6.2%
2	AGTech Group Limited	2003	GEM of HKEX	Hong Kong	Lottery software/system, lottery hardware, marketing and others	171.0	3.3%
3	Shenzhen Sinodata Tech Co., Ltd.	1998	Not listed	Shenzhen	Lottery software/system, lottery hardware, marketing and others	112.4	2.2%
4	Jiangsu Yingmai Culture Media Co., Ltd.	2003	Not listed	Nanjing	Online and offline advertising	97.3	1.9%
5	China Ecotourism Group Limited	2000	Main board of HKEX	Hong Kong	Lottery software/system, lottery hardware and marketing	94.9 ²	1.9%
Top 5						792.0	15.5%
Others						4,323.5	84.5%
Total						5,115.5	100.00%

Notes:

- 1 Calculated based on HDK/CNY exchange rate (~0.81) at the end of 2021.
- 2 Unaudited.
- 3 Possible calculation differences due to rounding

Source: expert interviews, public disclosures of companies, iResearch

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Competitive Landscape of Lottery Marketing Solutions Providers in China

Lottery marketing solution providers refer to companies that provide advertising services, advertisement publishing devices, promotion activities planning and execution services, publicity program production and other services or products used for attracting new lottery purchasers and managing relationships with existing lottery purchasers to lottery centers or lottery stations.

The lottery marketing solutions industry in China is relatively concentrated. In 2021, there are about 60-100 companies participated in lottery marketing solutions industry in China. Other than companies focusing on providing marketing services, television companies and retail companies were also active in the industry by offering program production services or goods used for lottery marketing and advertising activities. In 2021, The leading 5 lottery solutions providers accounted for 19.1% of the market share.

Top 5 lottery marketing solutions providers, in terms of revenue, China, 2021

Ranking	Company	Year of establishment	Place of listing	Headquarter	Main Business	Revenue (RMB million)	Market Share by Revenue
1	Beijing Century Lottery Video Media Technology Co., Ltd.	2011	NEEQ	Beijing	Lottery video marketing solutions	100.6	7.3%
2	Jiangsu Yingmai Culture Media Co., Ltd.	2003	Not listed	Nanjing	Online and offline advertising	97.3	7.0%
3	CTV Golden Bridge Advertising Co., Ltd	2010	Not listed (Branch of an HKEX Main board company)	Shanghai	Advertising and media operation	24.9	1.8%
4	Guangdong Advertising Group Co., Ltd.	1979	SME Board of SZSE	Guangzhou	Online and offline advertising, marketing solutions	21.7	1.6%
5	China Telecom Co., Ltd. Chongqing Branch	2008	Not listed (Branch of an SSE Main board company)	Chongqing	Telecommunication and information system services	19.6	1.4%
Top 5						264.1	19.1%
Others						1,117.5	80.9%
Total						1,381.6	100%

Source: expert interviews, public disclosures of companies, iResearch

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Competitive edge of the Group in the lottery marketing segment includes:

- (i) Business relationships built with provincial WLIACs and a large amount of lottery sales points by offering IT solutions which can become potential clients for lottery marketing solutions;
- (ii) The Group's case accumulation, technologies and experience of offering advertising and promotion services as well as virtual goods and services solutions in marketing industry would equip the Group with marketing-related capabilities in serving clients in lottery industry;
- (iii) Lottery purchaser network built by establishing social media chatting groups and social media accounts for WLIACS and lottery sales points which has equipped the Group with user traffic, advertising channels and experience in managing consumer relationship to offer marketing services to WLIACS and lottery sales points;
- (iv) Technology base and business relationships with lottery centres and lottery sales points allow the Group to develop and promote SaaS solutions, which would be helpful in attracting new consumers and managing relationships with existing consumers for lottery centres and lottery sales points by engaging online apps or social media programmes of the SaaS platform. Moreover, because the SaaS platform would bring extra income sources to lottery centres and lottery sales points by monetizing user traffic through advertising, it would be easier for the Group to achieve clients and maintain long-term relationships with them.

OVERVIEW OF NEW RETAIL SAAS INDUSTRY IN CHINA

The Definition of the New Retail Industry

New retail refers to the retail model that companies, relying on the Internet, upgrade and transform the process of production, circulation and sales using advanced technology such as big data and artificial intelligence, thereby reshaping the industry structure and ecosystem, and deeply integrating online services, offline experience and logistics in retail businesses.

Different from traditional offline retail and online retail that rely on single sales and operation channel, new retail models usually combines online and offline sales and operation channels. For example, for online retailers, they can set up offline stores to provide consumers with product experience, broaden the source of consumer traffic, and collect more comprehensive consumer data, so as to improve the consumer journey and enhance consumer experience. Meanwhile, for offline retailers, using online apps or social media programs and other tools can allow consumers to browse product information online, participate in interactive marketing activities, and even complete product purchases through online channels, thereby enhancing consumers' loyalty and shopping experience. In addition, evolvement of

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online payment methods, technology optimization of logistics, and development of SaaS system to assist retailers in store and customer management also form part of the new retail models, which further improves the operational efficiency of retail companies and the shopping experience of consumers.

New retail is not only an empowerment of physical retail stores, but also an adjustment of the online retail structure. The introduction of more precise and high-quality traffic brings back momentum to online retail. Moreover, not only core retail industries like food and consumer goods can benefit from new retailing, other retail related industries like telecommunication and lottery industries can also benefit from new retailing by applying new technologies. Adopting SaaS solutions is an important method for retail companies to drive sales, leverage customer data, expand customer acquisition channels, improve shopping experience and generate new income streams.

The Definition and Application of New Retail SaaS Industry in China

New retail SaaS providers refer to companies that provide technical solutions for the transformation of offline and online retail enterprises to the new retail model. Typical solutions offered by new retail SaaS providers include customer management, precise marketing, intelligent customer services, inventory analysis, intelligent operation and unmanned retail services.

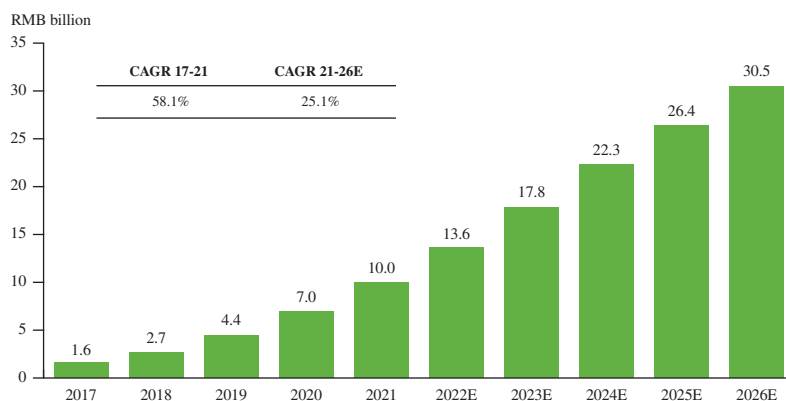
In core retail industries such as food and consumer goods, new retail SaaS can help merchants integrate online and offline sales data, perform inventory management, and use data accumulation to help merchants conduct precision marketing and customer management. In addition, in retail related industries such as telecommunications and lottery, store owners can also use SaaS systems to realise the digitalization of customer management and inventory management. At the same time, through online channels such as app and social media programmes of the SaaS platform, store owners can also conduct customer service and marketing activities more conveniently. Moreover, these online channels can also help store owners monetize traffic through advertising and generate new sources of income.

The Market Size of New Retail SaaS Industry in China

Since 2017, the penetration rate of new retail SaaS in core retail industries like food and consumer goods has rapidly increased, resulting in a rapid growth in its market size. In 2021, the market size of new retail SaaS was approximately RMB10.0 billion, with a CAGR of 58.1% since 2017. It is expected that in the future, although the growth rate of the new retail SaaS market will slow down to a certain extent, due to the increase in the coverage of the new retail SaaS in the retail related industries such as telecommunications and lottery, its market size will still maintain a relatively high growth rate. It is estimated that in 2026, the scale of the new retail SaaS market can reach RMB30.5 billion, with a CAGR of 25.1% since 2021.

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Market size of new retail SaaS industry, 2017-2026E



Sources: National Bureau of Statistics, expert interviews, public disclosures of companies, iResearch

In 2021, there were approximately 600-800 new retail SaaS companies in China, and as the market size is expected to grow, the number of market participants will also increase. The concentration of the domestic new retail SaaS industry is relatively low, with an unapparent effect of leading enterprises to carry out full business coverage. Companies with relative advantages (such as technology capability and access to customers' network) tend to extend their value-added services to capture a higher market share in the industry.

LEGAL REGULATION AND LEGAL BRIEFS IN CHINA

Part I. Main regulatory authorities

- (1) The Ministry of Industry and Information Technology of the People's Republic of China and its agencies are in charge of national industrial and informatization work, formulating and organising the implementation of industrial sector plans, industrial policies and standards; monitoring the daily operation of the industrial sector; promoting the development of major technical equipment and independent innovation; managing the communications industry, guiding the promotion of informatisation construction; coordinating the maintenance of national information security, and being responsible for the approval of telecommunications equipment access to the Internet (including trial), the licensing of telecommunications business, the organisation and implementation of technical specifications and standards for software, system integration and services, and the approval of radio transmission equipment models. Local Economic and Information Commissions are the departments in charge of local industry and information technology.
- (2) The National Copyright Administration, Copyright Protection Center of China and local software registration offices. The National Copyright Administration is in charge of registration and management of software copyright, while the Copyright Protection Center of China and the local software registration offices set up by the Center are mainly responsible for software registration.
- (3) The Ministry of Commerce of the People's Republic of China and local commercial authorities are responsible for the supervision and management of foreign investment.
- (4) The Ministry of Human Resources and Social Security of the PRC and local departments of Human Resources and Social Security are responsible for labour security supervision.
- (5) The SAT and its sub-bureaus are responsible for collection and administration of tax, and assume the function of enforcing state taxation.
- (6) The State Administration of Foreign Exchange and its sub-bureaus are responsible for carrying out supervision and inspection of foreign exchange in accordance with the law, and imposing penalties for violations of foreign exchange management.
- (7) The Cyberspace Administration of China and local cyberspace offices are responsible for the management of Internet information content, and for the approval and daily supervision of online news services and other related businesses.

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- (8) Civil affairs departments and sports administrative departments are responsible for the administration of welfare lotteries and sports lotteries in their respective administrative regions in accordance with their respective responsibilities.
- (9) The State Administration of Market Regulation and the local market supervision bureaus are responsible for market supervision and management of business activities.
- (10) China National Intellectual Property Administration is responsible for the examination, registration and administrative adjudication of intellectual property rights, and trademark registration, patent examination, and registration of integrated circuit layout design.

Part II. Summary of regulatory legislation

I. Regulations concerning foreign investment

Foreign investors investing in China shall comply with the “Catalogue of Industries for Encouraging Foreign Investment” and the “Special Management Measures (Negative List) for the Access of Foreign Investment” jointly issued by the State Development and Reform Commission and Ministry of Commerce. Catalogue of Industries for Encouraging Foreign Investment was amended on 27 December 2020 and became effective on 27 January 2021, further reducing restrictions on foreign investment. On 27 December 2021, the State Development and Reform Commission and the Ministry of Commerce jointly issued the “Special Management Measures (Negative List) for the Access of Foreign Investment (2021 version)” to further reduce foreign investment restrictions, which took effect on 1 January 2022 (the “**Negative List**”). The Negative List lists industries that prohibit or restrict foreign investment. Foreign investors are not allowed to invest in prohibited industries; for restricted industries, foreign investment must meet certain conditions stipulated in the Negative List. According to the Negative List and Catalogue, the foreign share ratio for entities engaging in value-added telecommunications services (except e-commerce, domestic multi-party communications, storage-forwarding and call centers) shall not exceed 50%, and the cyber culture operation industry (except for music) is still prohibited from foreign investment.

On 15 March 2019, the National People’s Congress passed the “Foreign Investment Law of the People’s Republic of China”, which took effect on 1 January 2020 and replaces the main laws and regulations governing China’s foreign investment, including the “Law of the People’s Republic of China on Chinese-Foreign Equity Joint Ventures”, “Law of the People’s Republic of China on Chinese-Foreign Contractual Joint Ventures” and “Law of the People’s Republic of China on Wholly Foreign-Owned Enterprises”. The Foreign Investment Law aims to further expand opening to the outside world, actively promote foreign investment and protect the legitimate rights and interests of foreign investment. According to the Foreign Investment Law, China applies the administrative system of pre-establishment national treatment plus negative

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list to foreign investment. The Negative List will be issued, amended or announced by the State Council from time to time. Management of foreign investment in the areas beyond the Negative List shall be implemented in accordance with the principle of equality between domestic and foreign investment.

On 26 December 2019, the State Council issued “Regulation for Implementing the Foreign Investment Law of the People’s Republic of China”, which came into effect on 1 January 2020. According to the Regulation, if the regulations on foreign investment made before 1 January 2020 are inconsistent with the Foreign Investment Law and the Regulation, the provisions of the Foreign Investment Law and the Implementing Regulations shall prevail. The Regulation also indicate that foreign investors investing in industries on the Negative List that restricts foreign investment shall comply with the special administrative measures in the Negative List relating to equity, senior management and other matters.

On 30 December 2019, the Ministry of Commerce and the State Administration of Market Regulation issued the “the Measures for the Reporting of Foreign Investment Information”, which became effective on 1 January 2020. From 1 January 2020, if a foreign investor conducts investment activities in China directly or indirectly, the foreign investor or foreign-invested enterprise is required to report information to the competent authorities of the Ministry of Commerce in accordance with the Measures.

Enterprises established, operating and managed in the PRC are subject to the Company Law of People’s Republic of China as last amended on 26 October 2018.

II. Regulations on Internet security and privacy protection

On 28 December 2000, the Standing Committee of the National People’s Congress issued “the Decision on Maintaining Internet Security”, which was amended on 27 August 2009. It provides that whoever commits any of the following acts will be prosecuted for criminal liability: (a) intruding into computer information systems in the fields of State affairs, national defence construction, and advanced science and technology; (b) using the Internet to spread rumours, slander or publish or disseminate other rumours or slander for the purpose of inciting subversion of the state political power; (c) stealing or leaking State secrets, intelligence or military secrets via the Internet; (d) disseminating false or inappropriate commercial information; or (e) infringing on the intellectual property rights of others.

“The Provisions on Technical Measures for the Internet Security Protection” issued by the Ministry of Public Security on 13 December 2005 require all Internet information service providers to take appropriate measures to control computer viruses, back-up data and keep records of certain user information (including user registration information, log-in and log-out times, Internet addresses or domain names, the content of information posted by users and the time of posting) for at least 60 days. Under these measures, value-added telecommunications business licensees are required to regularly update the information security and content control systems of their websites and are required to report any illegal dissemination of content to the local public security authorities.

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According to the “Several Provisions on Regulating the Market Order of Internet Information Services” issued by the Ministry of Industry and Information Technology on 29 December 2011, Internet information service providers are prohibited from collecting users’ personal information or providing it to others without users’ consent.

In addition, “the Decision on Strengthening Information Protection on Networks”, issued by the Standing Committee of the National People’s Congress on 28 December 2012, emphasises the need to protect electronic information that can identify citizens’ personal identity and other privacy. The Decision requires Internet information service providers to formulate and disclose rules for the collection and use of personal electronic information, and to take necessary measures to ensure information security and prevent disclosure, destruction and loss. In addition, “Provisions on Protecting the Personal Information of Telecommunications and Internet Users”, issued by the Ministry of Industry and Information Technology on 16 July 2013 and effective on 1 September 2013, contain specific requirements on the use and collection of personal information, according to which in the course of providing services telecommunications business operators and Internet information service providers collecting and using users’ personal information, shall follow the principles of lawfulness, legitimacy and necessity and shall be responsible for the security of the personal information of users collected and used in the course of providing services.

On 7 November 2016, the Standing Committee of the National People’s Congress issued “the Cybersecurity Law of the People’s Republic of China” (effective on 1 June 2017), which applies to the construction, operation, maintenance and use of networks and the supervision and administration of network security in China. “The Cybersecurity Law of the People’s Republic of China” defines a “network” as the system comprising computers or other information terminals and equipment that collects, stores, transmits, exchanges and processes information under specific rules and procedures. According to “the Cybersecurity Law of the People’s Republic of China”, network operators are generally responsible for safeguarding their networks against interference, damage or unauthorised access, as well as for preventing data leakage, theft or falsification. In addition, network operators are also required to comply with specific rules in accordance with their classification under the multi-tiered network security assurance scheme. Network products and service providers must comply with national standards and ensure the security of their products. Critical network equipment and network security products must be tested by certification and evaluation centers before entering Chinese market. “The Cybersecurity Law of PRC” excludes information that after processing cannot be used to identify a specific individual and cannot be recovered from the test. Internet information service providers must clearly inform users of the manner, content and purpose of collecting and processing personal information of users, and may only collect information necessary for the provision of their services. Internet information service providers are also required to keep users’ personal information securely and, in the event that users’ personal information is or is likely to be disclosed, to take immediate remedial action and to report any material leakage to the telecommunications regulatory authority.

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On 28 May 2019, pursuant to “the Cybersecurity Law of the People’s Republic of China”, the Cyberspace Administration of China issued “the Measures for the Administration of Data Security (Consultation Paper)” which relates to safeguarding the security of important data and personal information. The Data Security Law of the People’s Republic of China was issued on 10 June 2021 and implemented on 1 September 2021, reiterating that organisations and individuals must obtain permission to carry out data processing activities. The Personal Information Protection Law of the People’s Republic of China was issued on 20 August 2021 and implemented on 1 November 2021. This law will further protect the rights and interests of personal information, regulate personal information processing activities, and promote the reasonable use of personal information. To support the implementation of the Data Security Law, on 28 December 2021, the Cyberspace Administration of China (國家互聯網信息辦公室), jointly with other 12 governmental authorities, issued the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective from 15 February 2022. According to the Review Measures, the internet platform operators possessing personal information of more than one million users who are applying for overseas listing, shall make are subject to cybersecurity review by the Office of Cybersecurity Review.

On 14 November 2021, the Cyberspace Administration of China (國家互聯網信息辦公室) published the draft Administrative Regulations on Internet Data Security (《網絡數據安全管理條例(徵求意見稿)》) which provides that, among others, an application for cyber security review shall be made by any entity which is regarded as a “data processing operator” if such entity (i) is an Internet platform operator which is in possession of information related to national safety, economic development and public interests which is undergoing merger, restructuring or separation or otherwise affect or might affect national security; (ii) possesses personal information of more than one million users and is contemplating an overseas listing; (iii) is contemplating a listing in Hong Kong and will or might affect national security; or (iv) undertaking any data processing activities which will or might affect national security.

III. Laws and regulations on foreign exchange control

(i) Foreign exchange control

According to the “Regulation of the People’s Republic of China on Foreign Exchange Administration”, which was last amended on 5 August 2008, RMB is generally freely convertible for payment of current items, such as foreign exchange transactions and dividend payments related to trade and services, and is not freely convertible for capital items such as capital transfer, direct investment, securities investment, derivative products or loans unless prior approval or registration is obtained from the State Administration of Foreign Exchange.

According to “the Provisions on the Settlement and Sale of and Payment in Foreign Exchange”, which came into effect on 1 July 1996, a foreign-invested enterprise may conduct foreign exchange settlement, sale and payment of foreign exchange in respect of capital projects only after providing valid commercial documents and obtaining approval from the State Administration of Foreign Exchange. Pursuant to the Notice of the State

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Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (Huifa [2015] No. 13), which came into effect on 1 June 2015, certain of the aforesaid approval powers of the State Administration of Foreign Exchange were granted to eligible banks.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (Hui Fa [2015] No. 19), which came into effect on 1 June 2015, and “the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under the Capital Account”, which came into effect on 9 June 2016, foreign-invested enterprises whose main business is to invest are permitted to make equity investments in the PRC using any RMB funds exchanged from their registered capital. At the same time, the exchanged RMB funds may not be used for the following purposes:

- (1) Such receipts and funds shall not, directly or indirectly, be used for the expenditures beyond the business scope of domestic institutions or the expenditures prohibited by laws and regulations of the State;
- (2) Unless otherwise provided, such receipts and funds shall not, directly or indirectly, be used for investment in securities or other investments than banks’ principal-secured products;
- (3) Such receipts and funds shall not be used for the granting of loans to non-affiliated enterprises, with the exception that such granting is expressly permitted in the business license; and
- (4) Such receipts and funds shall not be used for construction or purchase of real estate for purpose other than self-use (exception applies for real estate enterprises).

In October 2019, the State Administration of Foreign Exchange issued “the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment”, which (among other things) removes the restriction on domestic equity investment in the capital of non-investment foreign-invested enterprises, allowing non-investment foreign-invested enterprises to make domestic equity investments with capital funds in accordance with the law, provided that they do not violate the existing special administrative measures for access to foreign investment (the Negative List) and that the projects invested in the territory are genuine and legal.

In addition, foreign-invested enterprises may carry out voluntary settlement of foreign exchange capital; the foreign exchange capital in the capital account of foreign-invested enterprises which has been confirmed by the relevant foreign exchange bureaus (or registered by the bank for currency contributions) may be settled in banks according to the actual operational needs of the enterprises. At present, the percentage of

foreign exchange capital of foreign-invested enterprises willing to settle foreign exchange is 100%. The State Administration of Foreign Exchange may adjust the above ratio according to the prevailing balance of payments situation.

According to Document No. 37, which came into effect on 4 July 2014, a “special purpose company” refers to a foreign enterprise that is directly established or indirectly controlled by a domestic resident (including domestic institutions and domestic individuals) for the purpose of investment or financing, with legally held domestic assets or interests, or with legally held foreign assets or interests. Foreign special purpose companies established or controlled by domestic residents for the purpose of making repatriated investments in China are required to register for foreign exchange with the local foreign exchange bureau. In accordance with “the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment”, preliminary foreign exchange registration by domestic residents in respect of the establishment or control of special purpose companies may be made at a designated bank (in lieu of the local foreign exchange bureau).

(ii) Regulations relating to dividend distribution

“The Company Law”, “the Foreign Investment Law” and “the Regulation for Implementing the Foreign Investment Law” govern the distribution of dividends by foreign-invested enterprises. According to the above laws and regulations, foreign-invested enterprises in China may only pay dividends from the accumulated profits, if any, calculated in accordance with Chinese accounting standards and regulations. WFOEs are required to allocate at least 10% of their after-tax profits to statutory general reserves until the accumulated amount of such reserves reaches 50% of their registered capital. Such reserves may not be distributed as cash dividends.

IV. Regulations on taxation supervision

(i) Corporate income tax

According to “the Corporate Income Tax Law”, which entered into force on 1 January 2008 and was last amended on 29 December 2018, and “the Implementation Regulations for the Corporate Income Tax Law of the People’s Republic of China”, which entered into force on 1 January 2008 and was last amended on 23 April 2019 (collectively, the “**Corporate Income Tax Law**”), taxpayers include resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises established in China in accordance with Chinese law, or enterprises established in accordance with foreign (regional) law but with their actual management offices in China. Non-resident enterprises are enterprises established under foreign (regional) laws and whose actual management is not located in China, but (i) have established an institution or premise in China, or (ii) have not established an institution or premise in China, but have income derived from China. Under the Corporate Income Tax Law, foreign-owned enterprises in

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China are required to pay corporate income tax at a flat rate of 25%. A non-resident enterprise that has not established an institution or premise in China, or that, although it has established an institution or premise receives income that has no de facto relationship with the institution or premise it has established, shall pay withholding tax at a rate of 10% on its income derived from within China.

“The Notice on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management”, issued by the SAT and last amended on 29 December 2017, sets out whether the “actual management body” of an enterprise registered outside China and controlled by a Chinese enterprise or a Chinese group of enterprises comply with the China’s standards and procedures.

According to the Corporate Income Tax Law, high-tech enterprises with independent intellectual property rights and in compliance with rules of the corporate income tax and other relevant laws and regulations will be entitled to a 15% reduction in the enterprise income tax rate. “The Measures for the Administration of the Accreditation of High-Tech Enterprises”, jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the SAT on 14 April 2008 with retroactive effect from 1 January 2008 and amended on 29 January 2016 with retroactive effect from 1 January 2016, set out the detailed criteria and procedures for the administration of the accreditation of high-tech enterprises.

According to Notice of the Ministry of Finance and the SAT on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (No. 13 [2019] of the Ministry of Finance), the annual taxable income of a small low-profit enterprise that is not more than 1 million yuan shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%; and the annual taxable income that is not less than 1 million yuan nor more than 3 million yuan shall be included in its taxable income at the reduced rate of 50%, with the applicable enterprise income tax rate of 20%. According to the Notice of the Ministry of Finance and the SAT on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Notice 2021 No. 12 of the Ministry of Finance and the SAT), small low-profit enterprises with an annual taxable income of less than RMB1 million have been able to have their corporate income tax halved in addition to the preferential tax policy stipulated in Rule 2 of the Notice of the Ministry of Finance and the SAT on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (Cai Shui [2019] No. 13).

(ii) Value-added tax

According to “Provisional Regulation of the People’s Republic of China on Value Added Tax”, which came into effect on 1 January 1994 and was last amended on 19 November 2017, and “Implementation Rules for the Provisional Regulations the People’s Republic of China on Value-added Tax”, which were last amended on 28 October 2011 and subsequently implemented on 1 November 2011 all enterprises and individuals, engage in sales of goods, providing processing, repairing and maintenance services, sales of services, intangible assets and immovables and importing goods shall pay the value-added tax.

In accordance with “the Notice of the Ministry of Finance and the SAT on Adjusting Value-added Tax Rates”, which came into effect on 1 May 2018, taxpayers incurring VAT taxable sales or importing goods for which the tax rates of 17% and 11% previously applied were adjusted to 16% and 10%, respectively, and is further adjusted to 13% and 9% respectively in accordance with the Announcement of the Ministry of Finance, the SAT and the General Administration of Customs on Policies Relating to the Deepening of Value-added Tax Reform (Ann. No. 39 of 2019 by the Ministry of Finance, the SAT and the General Administration of Customs) effective and implemented on 1 April 2019.

(iii) Tax on city maintenance and construction and education surcharge

According to “the Provisional Regulations on the Collection of Education Surcharges”, which were amended on 8 January 2011, all entities and individuals paying consumption tax, value-added tax and business tax shall pay an education surcharge. The education surcharge, which is based on the actual amount of value-added tax, business tax and consumption tax paid by each entity or individual, is 3% and is payable at the same time as the value-added tax, business tax and consumption tax, respectively. According to the Urban Maintenance and Construction Tax Law of the People’s Republic of China effective and implemented on 1 September 2021, any entity or individual paying consumption tax, value-added tax and business tax shall pay urban maintenance and construction tax. The urban maintenance and construction tax shall be based on the actual amount of consumption tax, value-added tax and business tax paid by the taxpayer, and shall be paid at the same time as the consumption tax, value-added tax and business tax, respectively. If the taxpayer’s location is in an urban area, in a county city or town, or not in an urban area, county city or town, the city maintenance and construction tax rates are 7%, 5% and 1% respectively.

(iv) Dividend tax

Under the “Corporate Income Tax Law”, income from equity investment (e.g. dividends and bonuses) between qualified PRC resident enterprises, i.e. investment income derived from direct investment by a resident enterprise in another resident enterprise, is exempt from tax.

In addition, according to “the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income” which came into effect on 8 December 2006, a PRC resident enterprise is required to pay income tax under PRC law when distributing dividends to its Hong Kong shareholders, except that if the beneficiary of the dividends is a Hong Kong resident enterprise which directly holds at least 25% equity interest in the aforementioned enterprise (i.e. the dividend payer), the dividends distributed shall be taxed at the rate of 5%.

According to “the Notice of the SAT on Issues Relating to the Implementation of the Dividend Provisions of Tax Agreements”, which came into effect on 20 February 2009, the preferential tax rate for the treatment under the tax agreement is subject to the following conditions: (i) according to the Tax Agreement the tax resident receiving the dividend shall be limited to the corporation; (ii) the percentage of such Chinese resident’s interest and voting shares directly owned by the tax resident shall each be in accordance with the proportions set forth in the tax agreement; and (iii) such tax resident’s direct ownership of interest in such Chinese resident corporation shall have been in accordance with the proportions set forth in the tax agreement at any time within twelve consecutive months prior to the receipt of the dividend.

“Announcement on Issues Relating to ‘Beneficial Owner’ in Tax Treaties” issued by the SAT on 3 February 2018, which came into effect on 1 April 2018, provides clearer guidance and a comprehensive assessment approach to determine whether a company is a beneficial owner eligible for preferential tax rates on dividends.

In accordance with “the Notice on Widening the Scope of Application of Temporary Waiver for Withholding Income Tax for Overseas Investors Using Distributed Profits for Direct Investments”, which came into effect on 1 January 2018, the profits distributed by a PRC resident enterprise to a foreign investor and invested directly in a prohibited investment project that meets certain conditions are subject to deferred taxation and temporarily exempted from withholding tax.

V. Labour and social security regulation

According to “the Labour Law of the People’s Republic of China” (amended, effective and implemented on 29 December 2018), companies must conclude labour contracts with their employees based on the principle of fairness and by consensus. The company must establish and improve the labour hygiene system, strictly implement the national rules and standards on labour safety and hygiene, and educate workers on labour safety and hygiene to prevent accidents in the labour process and reduce occupational hazards. In addition, the company must also pay social insurance premiums for its employees.

(i) Labour contracts

“The Labour Contract Law of the People’s Republic of China” (issued on 29 June 2007, amended on 28 December 2012, and re-entered into force on 1 July 2013) is the main law regulating the labour contract relationship between companies and workers, according to which an employment relationship is established between an employer and a worker from the date of employment. The employer must conclude a written contract of employment with the worker. In addition, the probationary period and the calculation of damages are subject to legal restrictions to ensure the legitimate rights and interests of the worker.

(ii) Social Security and Housing Fund

According to “the Social Insurance Law of the People’s Republic of China”, which came into force on 1 July 2011 and was last amended on 29 December 2018, “the Provisional Regulations on the Collection and Payment of Social Insurance Premiums”, which came into force on 22 January 1999 and was last amended on 24 March 2019, and “the Decision of the State Council on the Establishment of a Basic Medical Insurance System for Urban Employees”, which came into force on 14 December 1998, “the Decision of the State Council on Establishing a Unified Basic Pension Insurance System for Enterprise Employees”, which came into force on 16 July 1997, “the Regulations on Work-related Injury Insurance”, which were amended on 20 December 2010 and subsequently implemented on 1 January 2011, “the Regulations on Unemployment Insurance”, which came into force on 22 January 1999, “the Trial Measures on Employee Maternity Insurance of Enterprises”, which came into force on 1 January 1995 and “Regulations on the Administration of Housing Provident Fund”, which came into effect on 3 April 1999 and were recently amended on 24 March 2019, the employer shall pay for workers’ basic medical insurance, basic pension insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing fund. If the employer does not register for social insurance, the social insurance administrative department shall order the employer to make corrections within a specified period of time; if the employer fails to do so, a fine shall be imposed on the employer. If the employer fails to pay social insurance premiums in full and on time, the social insurance premium collection agency shall order the employer to pay or make up the full amount within a specified period, and impose a late payment fee; if the employer still fails to pay, the employer shall be fined.

If the employer does not register for the deposit of the housing fund, the Housing Fund Management Center shall, in accordance with the relevant laws and regulations, order the payment of the deposit within a time limit; if the deposit is still not paid after the deadline, an application may be made to the People's Court for compulsory enforcement.

Pursuant to “the Reform Plan for the Collection and Administration System of State Taxes and Local Taxes”, which came into effect on 20 July 2018, from 1 January 2019, the social insurance collection and administration agencies will be transferred from the Ministry of Human Resources and Social Security to the SAT. On 18 September 2018, the executive meeting of the State Council announced that the social insurance policy would remain unchanged until the transfer of the social insurance agencies was completed. On 21 September 2018, the Ministry of Human Resources and Social Security of the People's Republic of China issued the “Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council to Effectively Stabilise the Collection of Social Insurance Premiums”, requiring the policy on the rate and base of social insurance contributions to remain unchanged until the completion of the reform of the transfer of social insurance institutions. On 16 November 2018, the SAT issued “the Notice on the Implementation of Certain Measures to Further Support and Serve the Development of the Private Economy”, which stipulates that social insurance policies remain stable and that the SAT will work with relevant authorities to reduce social insurance contribution rates to ensure that the overall burden of corporate social insurance contributions is reduced.

VI. Regulation of Intellectual Property Rights

(i) Trademarks

“The Trademark Law of the People's Republic of China” (issued on 23 August 1982, last amended on 23 April 2019 and re-entered into force on 1 November 2019) and “the Implementation Regulations on the Trademark Law of the People's Republic of China” (State Council Decree No. 651, entered into force on 15 September 2002, amended on 29 April 2014 and entered into force on 1 May 2014) provide that the exclusive right to register a trademark is limited to the trademark and the goods for which the registration is approved. The validity period of a registered trademark is ten years from the date of approved registration. The use of a trademark identical or similar to a registered trademark on the same goods or on similar goods without the permission of the trademark registrant is an infringement of the exclusive right to use the registered trademark. The infringer shall, in accordance with the relevant provisions, stop the infringement, take corrective measures and compensate for the loss.

(ii) Patent

“The Patent Law of the People’s Republic of China” (amended on 17 October 2020 and effective and implemented on 1 June 2021) and “the Rules for the Implementation of the Patent Law of the People’s Republic of China” (State Council Decree No. 569, entered into force on 1 July 2001, amended on 9 January 2010 and entered into force on 1 February 2010) stipulate that after the patent right for inventions and utility models is granted, except as otherwise provided in the Patent Law, no entity or individual shall, without the permission of the patentee, enforce the patent, i.e., manufacture, use, promise to sell, sell or import the patented product for production and business purposes, or use the patented method as well as use, promise to sell, sell or import the product directly obtained by the patented method. After the patent right of the design is granted, any unit or individual shall not enforce the patent without the permission of the patentee, that is, shall not manufacture, promise to sell, sell, or import the patented product of the design for the purpose of production and business operation. Where infringement is established, the infringer may be ordered to cease the infringement, take corrective measures and compensate for damages in accordance with the relevant provisions.

(iii) Copyright

According to “the Copyright Law of the People’s Republic of China” (amended on 11 November 2020 and effective and implemented on 1 June 2021) and the Implementation Regulations of the Copyright Law of PRC (issued on 30 January 2013 and effective and implemented on 1 March 2013), Chinese citizens, legal persons or other organisations are entitled to copyright in their works, whether or not these works are published. Works include written works; oral works; musical, dramatic, melodic, choreographic and acrobatic artistic works; works of art and architecture; photographic works; cinematographic works and works created by methods similar to filming; graphic works and models such as engineering designs, product designs, maps and diagrams; computer software; and other works stipulated by laws and administrative regulations.

According to “the Regulations on the Protection of Computer Software” (last amended on 30 January 2013 and effective on 1 March 2013), software copyright arises from the completion of software development. The software copyright of a legal person or other organisation shall be protected for 50 years, i.e. it is protected until 31 December of the 50th year after the first publication of the software, but if the software has not been published for 50 years from the date of completion of development, the Regulations no longer protect it. The software copyright owner may register the software with the software registration agency recognised by the copyright administration department of the State Council. The documentary proof of registration issued by the software registration authority is the preliminary proof of the registration matter. On 20 February 2002, the National Copyright Administration of China issued “the Measures for the Registration of Computer Software Copyright”, and the Copyright Protection Center of China is the software registration authority.

(iv) Regulations on Internet domain names

In accordance with “the Measures for the Administration of Internet Domain Names”, which came into effect on 1 November 2017, and “the Implementing Rules for the Registration of National Top Level Domain Names”, “the Rules for Dispute Resolution of National Top Level Domain Names” and “the Procedural Rules for Dispute Resolution of National Top Level Domain Names”, which came into effect on 18 June 2019, domain name registration is processed through a domain name service agent established in accordance with relevant regulations, and the applicant becomes a domain name holder upon successful registration.

VII. Laws and regulations relating to advertising

“The Advertising Law of the People’s Republic of China” was issued by the National People’s Congress on 27 October 1994, and last amended, effective and implemented on 29 April 2021. The Advertising Law regulates the content of advertisements, the regulation of advertising conduct and the supervision and management of the advertising industry, and stipulates that advertisers, advertising agencies and advertising publishers engaging in advertising activities shall comply with laws and regulations, act with honesty and integrity, and engage in fair competition. Advertisers, advertising agencies and advertising publishers shall enter into written contracts among themselves in the conduct of advertising activities pursuant to the law. According to the Advertising Law, advertisers shall be responsible for the veracity of the contents of advertisements, and advertising agencies and advertising publishers shall verify the relevant proof documents pursuant to laws and administrative regulations, and verify advertisement contents. Advertising publishers shall not publish advertisements with inconsistent content or incomplete supporting documents. In addition, for false advertisements of goods or services relating to the life and health of consumers which cause harm to consumers, the advertising agency shall bear joint and several liability with the advertiser. For false advertisements of goods or services other than those stipulated in the preceding paragraph which cause harm to consumers, where the advertising agency is aware or should be aware that the advertisement is false yet still provide design, production, agency or publishing services, or provide recommendation or endorsement, the advertising agency shall be jointly and severally liable with the advertiser and may be punished with fines, including confiscation of advertising revenue, and the Chinese authorities may revoke or cancel its business license.

To regulate Internet-related advertising activities, on 4 July 2016 the State Administration for Industry and Commerce issued “the Interim Measures for Administration of Internet Advertising”, which became effective on 1 September 2016. According to the Measures, when engaging in the Internet advertising activities, Internet advertisers, advertising agencies and advertising publishers shall sign a written contract according to law. Publishing and sending advertisements through the Internet shall not affect users’ normal use of the Internet. For example, Publishing advertisements on the Internet through a pop-up page or in other forms shall provide a prominently marked “CLOSE” button to ensure “one-click closure”. No entity or individual shall use deceptive means to induce users to click on the content of an advertisement. Internet advertising publishers and advertising agencies shall establish and

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improve the management systems regarding registration, review and filing of the Internet advertising businesses, and examine, verify and register the identity information of advertisers. The Measures for Administration of Internet Advertising also stipulate that Internet advertisers shall be responsible for the authenticity of the content of their advertisements, and that Internet advertising publishers and advertising agencies shall examine relevant certificates, verify the contents of advertisements, and shall refuse to design, produce, act as agent for or publish and advertisements if the verification fails or if the certificates are incomplete, failing which they shall be ordered by the administration for market regulation to make correction and may be subject to a fine of not more than RMB50,000.

VIII. Laws and Regulations on Lottery Sales

“The Regulations on the Administration of Lotteries”, issued by the State Council on 4 May 2009 and put into effect on 1 July 2009, stipulate that lottery issuers and distributors may enter into contracts on agent sale of lotteries with, and issuing licences to, third party entities and individuals for agent sale of lottery tickets. The Regulations also provide that lottery issuers, lottery sales organisations and lottery agents shall not engage in false or misleading propaganda, engage in unfair competition by slandering their peers, or sell lottery tickets to minors. If a lottery ticket sales agent engages in acts such as entrusting the sale of lottery tickets, the civil affairs department or sports administrative department shall order the correction of such acts and impose a fine of no less than RMB2,000 and no more than RMB10,000; if there is illegal income, the illegal income shall be confiscated. Lottery issuers and lottery sales organisations have the right to cancel contracts on agent sales of lotteries.

As advised by our PRC Legal Advisers, there are currently no specific anti-money laundering laws and regulations targeting the agent sale of lottery tickets. Accordingly, the anti-money laundering risks associated with our lottery sale is very low.

IX. Regulations on consumer protection

Law of the People’s Republic of China on the Protection of Consumer Rights and Interests was adopted by National People’s Congress on 31 October 1993 and amended for the second time in accordance with the Decision on Amending the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests adopted on 25 October 2013. A business operator providing a commodity or service to a consumer shall perform obligations in accordance with the Product Quality Law of the People’s Republic of China and other relevant laws and regulations. A business operator shall provide consumers with true information concerning commodities and shall not conduct false advertising. When collecting and using consumer personal information, business operators shall follow the principles of lawfulness, fairness, and necessity, and shall not collect and use information in violation of laws, regulations, and agreements between the parties.

X. Regulations on M&A

Provisions of the Ministry of Commerce on M&A of a Domestic Enterprise by Foreign Investors was issued by the Ministry of Commerce, State Assets Supervision and Administration Commission of the State Council, SAT, State Administration for Industry and Commerce, China Securities Regulatory Commission and State Administration of Foreign Exchange on 8 August 2006 and revised by the Ministry of Commerce on 22 June 2009. A foreign investor who merges a domestic enterprise to establish a foreign-invested enterprise shall, in accordance with these Provisions, be approved by the examination and approval authority and go through the modification registration or establishment registration with the registration management authority. Competent authorities in charge of commerce, relevant entities, and persons that participate in M&A security reviews shall assume an obligation of confidentiality with regard to state secrets, trade secrets, and other information that should be kept confidential in M&A security reviews.

Guidance on Administration for Foreign Investment Access was issued by the Ministry of Commerce on 18 December 2008. The transfer of equity in an established foreign-invested enterprise to a foreign party, regardless of whether there is an association relationship between the Chinese and foreign parties, and whether the foreign party is an original shareholder or a new investor, does not refer to the merger regulations. The target companies in the merger regulations include only domestic companies.

HISTORY, DEVELOPMENT AND REORGANISATION

OUR KEY MILESTONES

The following table sets forth the key milestones and achievements in the business development of our Group:

Years	Events
2009	<ul style="list-style-type: none">• We established Hangzhou Rego in the PRC
2015	<ul style="list-style-type: none">• We commenced our operation in traditional value-added telecommunications marketing and promotion business services
2017	<ul style="list-style-type: none">• We expanded into the pan-entertainment market and began to provide marketing and promotion services to, among others, online game operators• Hangzhou Rego was awarded the High and New Technology Enterprise Certificate• We began to operate our provision of virtual goods businesses by launching a virtual goods sourcing and delivery services platform• We began to engage in the provision of IT solutions services
2018	<ul style="list-style-type: none">• Zhejiang Runye was awarded the High and New Technology Enterprise Certificate• Hangzhou Rego was awarded the Software Enterprise Certificate
2019	<ul style="list-style-type: none">• We upgraded our virtual goods and services delivery platform with more diversified offering options• Zhejiang Runye was awarded the Software Enterprise Certificate
2020	<ul style="list-style-type: none">• We strategically acquired Xi'an Tiantai for offering IT solutions services with an aim to further expand our potential marketing channel• We launched our RegoAd SDK to establish direct cooperation with app operators to satisfy the mobile advertising needs of our customers
2021	<ul style="list-style-type: none">• We introduced to our advertisers a new type of marketing services, namely advertisement placement services. As an intermediate marketing service provider, we connect our advertisers with publishers, which are primarily large-scale media platform operators

HISTORY, DEVELOPMENT AND REORGANISATION

OUR CORPORATE HISTORY AND DEVELOPMENT

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 August 2017. As a result of the Reorganisation, our Company became the holding company of our Group for the Listing purpose with our businesses conducted via our subsidiaries. Please refer to the paragraph headed “Reorganisation for Listing” in this section for more details.

Our Corporate History

The history of our Group can be traced back to 2009 when Hangzhou Rego was established in the PRC as a limited company by Mr. Tian together with Mr. Zhang Tao (張濤) (“**Mr. Zhang Tao**”) and two Independent Third Parties with the initial focus on the research and development of software. For details of the working experiences and background of Mr. Tian, our executive Director and executive officer, please refer to the section headed “Directors and Senior Management — Directors” in this prospectus. Mr. Zhang Tao is our Group’s technical expert in software research and development. He has been working in our Group since its establishment and has accumulated over 10 years of experience in such field. The other two founders are companies established in PRC with limited liability principally engaged in the promotion and sale of real estate. The shareholders of these two founders have been acquainted with Mr. Tian for years and participated in the establishment of Hangzhou Rego with initial intention to leverage Mr. Tian’s expertise in research and development of software to develop the online display and promotion of their real estate business. In 2010, Mr. Chen (our chairman, executive Director and Controlling Shareholder) invested in Hangzhou Rego through a company controlled by him. Hangzhou Rego was founded or invested by the abovementioned parties with their own respective financial resources.

Being optimistic about development of the marketing services industry of telecommunication and in order to broaden our revenue stream, Hangzhou Rego commenced its operation in traditional value-added telecommunications marketing and promotion businesses in the PRC in 2015, by leveraging Mr. Tian’s experiences and in-depth knowledge and Mr. Chen’s networking in such area. The provision of marketing services to address corporate needs has been lying at the heart of our business operation ever since. Over the years, we have been expanding our capacities in providing comprehensive and tailored marketing services in accordance with the market developments. In 2017, we launched a self-developed virtual goods and services delivery platform to cater corporate needs in customer acquisition or retention by offering gifts or benefits to customers.

We also believe that by establishing a foothold in the targeted industries through the provision of excellent IT solutions services will ultimately conduce to a better understanding of the corporate needs, and more efficient implementation of our marketing proposals to market players. Therefore, since 2017, we began to engage in the provision of IT solutions services to the market players of the PRC online game industry for the purpose of enhancing the synergy effect with our marketing and promotion services. Through the strategic acquisition of Xi’an Tiantai in July 2020, we had built indirect business relationships with the provincial WLIACs in 23 provinces, municipalities and autonomous regions in the PRC covering over 97,000 lottery sales points as at the Latest Practicable Date, thereby expanding our retail lottery marketing channel.

HISTORY, DEVELOPMENT AND REORGANISATION

Our Major Subsidiaries

During the Track Record Period, the principal businesses of our Group had been operated under the following major operating subsidiaries, which made material contribution to our revenue during the Track Record Period. The following chart sets out the details of our major operating subsidiaries:

<u>Name of entity</u>	<u>Place of Establishment</u>	<u>Date of Establishment/ consolidating as our Group's member</u>	<u>Registered Capital</u>	<u>Principal Business Activities</u>
Hangzhou Rego	PRC	25 June 2009	RMB15 million	Marketing and promotion services and IT solutions services
Hangzhou Runsheng	PRC	16 November 2017	RMB10 million	Promotion and advertising services
Yuncaitong	PRC	6 June 2018	RMB50 million	Marketing and promotion services and sales of lottery tickets
Hainan Rego	PRC	22 July 2019	RMB1 million	Promotion and advertising services
Xi'an Tiantai	PRC	31 July 2020	RMB10 million	Solutions on lottery related systems and equipment

Note:

During the Track Record Period, Zhejiang Runye Information Technology Company Limited* (浙江潤也信息科技有限公司) (“**Zhejiang Runye**”) and Jiangxi Yunjia Technology Company Limited* (江西雲家科技有限公司) (“**Jiangxi Yunjia**”) were our consolidated affiliated entity and subsidiary, respectively, with material revenue contribution. As at the Latest Practicable Date, (i) Zhejiang Runye was no longer a member of our Group due to the termination of the Contractual Arrangements with our Group; and (ii) Jiangxi Yunjia had been deregistered.

For details, please refer to the paragraphs headed “Former major subsidiaries of our Group”, and “Reorganisation For Listing — 5. Subsequent Termination of Zhejiang Runye’s Contractual Arrangements” in this section.

HISTORY, DEVELOPMENT AND REORGANISATION

Hangzhou Rego

Hangzhou Rego was jointly established as a limited company in the PRC on 25 June 2009, with an initial registered capital of RMB1 million, by Mr. Tian, Mr. Zhang Tao, and two Independent Third Parties upon its establishment. Hangzhou Rego was owned by Mr. Tian, Mr. Zhang Tao and the two Independent Third Parties by 30%, 15% and 55%, respectively. The two Independent Third Parties owned 45% (the “**First Ex-shareholder**”) and 10% (the “**Second Ex-shareholder**”) equity interest in Hangzhou Rego respectively, and divested their investments in Hangzhou Rego in 2010 and 2016 respectively due to their own business decisions.

On 31 December 2010, for the purpose of introducing Zhejiang Lande Venture Capital Company Limited* (浙江蘭德創業投資有限公司) (“**Zhejiang Lande**”) (Mr. Chen was the then majority shareholder of Zhejiang Lande) as a new investor and due to the business decision of the First Ex-shareholder to exit, Mr. Tian transferred his 10% equity interest in Hangzhou Rego to Zhejiang Lande at a consideration of RMB100,000, Mr. Zhang Tao transferred his 5% equity interest in Hangzhou Rego to Zhejiang Lande at a consideration of RMB50,000, and the First Ex-shareholder transferred its 15% and 30% equity interest in Hangzhou Rego to Zhejiang Lande and the Second Ex-shareholder at the considerations of RMB150,000 and RMB300,000, respectively. The considerations were determined by the parties based on arm’s length commercial negotiation with reference to the paid-up capital of Hangzhou Rego at the time of the transaction. The considerations were fully settled in January 2011. Set forth below the shareholding structure of Hangzhou Rego immediately before and after these transfers:

Name	Approximate equity interest % before the transfers	Approximate equity interest % after the transfers
Mr. Tian	30	20
Mr. Zhang Tao	15	10
First Ex-shareholder	45	0
Zhejiang Lande <i>(Note)</i>	0	30
Second Ex-shareholder	10	40
Total	100	100

Note:

At the time of the above transfers, Zhejiang Lande was owned by Shanghai Aifusheng Information Technology Co., Ltd.* (上海艾孚生信息科技有限公司) (“**Shanghai Aifusheng**”) as to 70% and Hangzhou Saier Telecommunication Equipment Co., Ltd.* (杭州賽爾通信設備有限公司) (“**Hangzhou Saier Equipment**”) as to 30%. At the time of the above transfers, Mr. Chen and Mr. Chen’s father, Mr. Chen Guocai (陳國才) owned 90% and 10% equity interests in Shanghai Aifusheng, respectively, and Hangzhou Saier Equipment was wholly owned by Mr. Chen.

HISTORY, DEVELOPMENT AND REORGANISATION

On 26 November 2012, due to its business decision to reduce its investment in Hangzhou Rego, the Second Ex-shareholder transferred its 13.75%, 0.625% and 8.125% equity interest in Hangzhou Rego to Mr. Tian, Mr. Zhang Tao and Zhejiang Lande at the considerations of RMB137,500, RMB6,250 and RMB81,250, respectively. The considerations were determined by the parties based on arm's length commercial negotiation with reference to the paid-up capital of Hangzhou Rego at the time of the transaction. The considerations were fully settled in December 2012. Set forth below the shareholding structure of Hangzhou Rego immediately before and after these transfers:

Name	Approximate equity interest % before the transfers	Approximate equity interest % after the transfers
Mr. Tian	20	33.75
Mr. Zhang Tao	10	10.625
Second Ex-shareholder	40	17.5
Zhejiang Lande	30	38.125
Total	100	100

On 4 May 2016, due to Mr. Zhang Tao's decision to focus on his role as a technical expert without the financial burden of being an investor, the Second Ex-shareholder's business decision to divest its investment and Mr. Chen's decision to hold his indirect interest in Hangzhou Rego by another company, (i) Mr. Zhang Tao transferred the entire 10.625% of his equity interest in Hangzhou Rego to Mr. Tian at a consideration of RMB106,250, (ii) Zhejiang Lande transferred 12.245% and 25.88% of its equity interest in Hangzhou Rego to Mr. Tian and Hangzhou Gongjia Investment Management Co., Ltd.* (杭州共佳投资管理有限公司) (formerly known as Hangzhou Gongjia Information Technology Co., Ltd.* (杭州共佳信息技术有限公司)) ("**Hangzhou Gongjia**") at the considerations of RMB122,450 and RMB258,800, respectively; and (iii) the Second Ex-shareholder transferred its remaining 17.5% equity interest in Hangzhou Rego to Hangzhou Gongjia at a consideration of RMB175,000. The considerations were determined by the parties based on arm's length commercial negotiation with reference to the paid-up capital of Hangzhou Rego at the time of the transaction. The considerations were fully settled in May 2016. Set forth below the shareholding structure of Hangzhou Rego immediately before and after these transfers:

Name	Approximate equity interest % before the transfers	Approximate equity interest % after the transfers
Mr. Tian	33.75	56.62
Mr. Zhang Tao	10.625	0
Second Ex-shareholder	17.5	0
Zhejiang Lande	38.125	0
Hangzhou Gongjia ^(Note)	0	43.38
Total	100	100

Note: Hangzhou Gongjia was owned by Shanghai Aifusheng and an Independent Third Party as to 91% and 9%, respectively. Shanghai Aifusheng was owned by Mr. Chen and Mr. Chen Guocai as to 90% and 10%, respectively.

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On 14 July 2017, with a view to recognising the contribution of Mr. Zhang (our executive Director, chief operating officer, and Controlling Shareholder) and Mr. Tian in the business of Hangzhou Rego, Hangzhou Gongjia transferred its 15% and 3.38% equity interest in Hangzhou Rego to Mr. Zhang and Mr. Tian at the considerations of RMB150,000 and RMB33,800, respectively. The considerations were determined by the parties based on arm's length negotiation with reference to the paid-up capital of Hangzhou Rego at the time of the transaction. The considerations were fully settled in July 2017. Upon the completion, Hangzhou Rego was owned by Mr. Tian, Hangzhou Gongjia and Mr. Zhang as to 60%, 25% and 15%, respectively. Set forth below the shareholding structure of Hangzhou Rego immediately before and after these transfers:

Name	Approximate equity interest % before the transfers	Approximate equity interest % after the transfers
Mr. Tian	56.62	60
Hangzhou Gongjia	43.38	25
Mr. Zhang	0	15
Total	100	100

During the Track Record Period, Hangzhou Rego was principally engaged in the provision of (i) marketing and promotion services; and (ii) IT solutions services.

Hangzhou Runsheng

Hangzhou Runsheng was established as a limited company in the PRC on 16 November 2017 for the purpose of expanding our Group's types of virtual goods offering and advertisement distribution services, with an initial registered capital of RMB10 million. Upon its establishment, Zhejiang Runye (a previous consolidated affiliated entity of our Group during the Track Record Period) owned 100% of the equity interest in Hangzhou Runsheng.

On 9 March 2018, Mr. Xia Yuanbo (夏遠波) and Mr. Yang Lei (楊磊) entered into an equity transfer agreement with Zhejiang Runye, respectively, under which Zhejiang Runye transferred 17.5% of its equity interest in Hangzhou Runsheng to each of them at nil consideration. The consideration was determined by the parties based on arm's length commercial negotiation with reference to the circumstances that the registered capital of Hangzhou Runsheng had not been paid at that time. Upon the completion of the transfer, Zhejiang Runye's equity interest in Hangzhou Runsheng decreased to 65%. As the then shareholders of Hangzhou Runsheng, Mr. Xia Yuanbo and Mr. Yang Lei have injected RMB350,000 and RMB350,000 to the same company as its paid-up capital, respectively. Both Mr. Xia Yuanbo and Mr. Yang Lei had extensive experience in sales and marketing business in value-added telecommunications and internet industries at the time of the above transaction.

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For the purpose of attracting and retaining talents with extensive marketing capability to assist Hangzhou Runsheng's business development, we invited Mr. Xia Yuanbo and Mr. Yang Lei to invest in Hangzhou Runsheng. Mr. Yang Lei was a deputy general manager of Hangzhou Runsheng at the relevant time and Mr. Xia Yuanbo subsequently joined Hangzhou Runsheng as a general manager in April 2018. Save as abovementioned, there was no other relationship between Mr. Xia Yuanbo, Mr. Yang Lei and the Group.

Considering (i) the future business development of Hangzhou Runsheng may require additional capital contribution from shareholders, and (ii) their respective personal financial situations, Mr. Xia Yuanbo and Mr. Yang Lei decided to divest their interests in Hangzhou Runsheng. On 11 December 2019, each of Mr. Xia Yuanbo and Mr. Yang Lei entered into an equity transfer agreement with Zhejiang Runye so as to transfer each of their 17.5% equity interest in Hangzhou Runsheng to Zhejiang Runye, respectively at the consideration of RMB350,000, respectively. The considerations were determined by the parties based on arm's length commercial negotiation with reference to the paid-up capital of Hangzhou Runsheng at the time of the transactions. Zhejiang Runye fully settled the considerations on 25 December 2019. Mr. Xia Yuanbo and Mr. Yang Lei are currently our senior management. For details of the background of Mr. Xia Yuanbo and Mr. Yang Lei and their key responsibilities, please refer to the section headed "Directors and Senior Management — Senior Management" in this prospectus. In December 2020, the entire equity interest of Hangzhou Runsheng was transferred to Hangzhou Rego.

Yuncaitong

Yuncaitong was established as a joint stock company in the PRC on 7 March 2016, with an initial registered capital of RMB50 million. Upon its establishment, Yuncaitong was owned by Mr. Zhang Shidong (張士東) and Mr. Yao Daming (姚達明) (Independent Third Parties by then) as to 50% and 50%, respectively.

We acquired Yuncaitong in 2018. Considering Yuncaitong was a joint stock company at that time the acquisition was conducted separately by two of our then members for the compliance with Article 78 of PRC Company Law that a joint stock company should maintain at least two shareholders. On 6 June 2018, Mr. Zhang Shidong and Mr. Yao Daming entered into agreements with Zhejiang Runye to transfer their 50% and 20% shareholding in Yuncaitong to Zhejiang Runye at the considerations of RMB5.4 million and RMB1 million, respectively. The considerations were determined by the parties based on arm's length commercial negotiation with reference to, among other things, Yuncaitong's lottery sales points coverage and other lottery-related resources as well as its paid-up capital. On 12 October 2018, the considerations were fully settled by Zhejiang Runye.

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On 6 November 2018, Mr. Yao Daming further entered into an agreement with Jiangxi Yunjia to transfer his remaining 30% shareholding in Yuncaitong to Jiangxi Yunjia at a consideration of RMB2.7429 million. The consideration was determined by the parties based on arm's length commercial negotiation with reference to, among other things, Yuncaitong's lottery sales points coverage and other lottery-related resources as well as its paid-up capital. On 24 January 2019, the amount of the consideration was fully settled by Jiangxi Yunjia. Upon the completion of this transfer, Yuncaitong was owned by Zhejiang Runye and Jiangxi Yunjia as to 70% and 30%, respectively, and became an indirect wholly-owned subsidiary of our Company upon the completion of the transfer. Since Article 78 of PRC Company Law requires that a joint stock company should have at least two shareholders, in order to maintain only one shareholder of Yuncaitong, we decided to convert Yuncaitong into a limited liability company and the registration was completed in April 2020. Zhejiang Runye and Jiangxi Yunjia transferred their respective 70% and 30% equity interests in Yuncaitong to Hainan Rego. The acquisition of Yuncaitong does not constitute material acquisition according to Rule 4.05A of the Listing Rules and subsequent to the acquisition and up to 30 April 2022, Yuncaitong has contributed profit to our Group in the amount of approximately RMB713,000.

Yuncaitong principally engaged in lottery business in Hubei Province and has established business relationship with Hubei Province China Sports Lottery Administration Centres* (湖北省體育彩票管理中心). Yuncaitong mainly engaged in the provision of marketing and promotion service and sales of lottery tickets since the acquisition by our Group in 2018. We believe that the acquisition had enabled us to expand our marketing channels through Yuncaitong's lottery sales points network. We also believe that such acquisition will enable us to develop future business in the sports lottery industry by providing the IT solutions services.

Hainan Rego

Hainan Rego was established as a limited company in the PRC on 22 July 2019 with an initial registered capital of RMB1 million. Upon its establishment, Hangzhou Rego owned 100% of the equity interest in Hainan Rego. Since 2021, Hainan Rego started to engage in the provision of promotion and advertising services and has been one of our major subsidiaries.

Xi'an Tiantai

Xi'an Tiantai was established as a limited company in the PRC on 13 June 2007 with an initial registered capital of RMB3 million. Prior to the Separation (as defined below), Xi'an Tiantai was wholly-owned by Xi'an Tiantai Huitou Enterprise Management Group Company Limited* (西安天泰匯投企業管理集團有限公司) ("**Tiantai Huitou**"), which was in turn owned by two Independent Third Parties.

For the purpose of selling the software development business of Xi'an Tiantai to Hangzhou Rego, on 30 April 2020, Xi'an Tiantai entered into a company separation agreement with its proposed derivative companies Xi'an Caipingfang Enterprise Management Co., Ltd.* (西安彩平方企業管理有限公司) and Xi'an Youran Lexiang Culture Media Co., Ltd.* (西安悠然樂享文化傳媒有限公司) for spinning off of all its assets, liabilities, business, registered and

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paid-up capitals based on Xi'an Tiantai's assets as at 31 December 2019 (the “**Separation**”) to these two companies. After the Separation, Xi'an Tiantai continued to hold and carry on the software development business, while the lottery business and advertising businesses were held and carried out by Xi'an Caipingfang Enterprise Management Co., Ltd. and Xi'an Youran Lexiang Culture Media Co., Ltd., respectively.

On 31 July 2020, Tiantai Huitou entered into an agreement with Hangzhou Rego to transfer its entire equity interest in Xi'an Tiantai to Hangzhou Rego at a consideration of RMB15 million. The consideration was determined by the parties based on arm's length commercial negotiation with reference to, among other things, the appraised value of Xi'an Tiantai of RMB15.8 million as at 31 March 2020 as set out in a valuation report issued by an independent valuer on 31 July 2020. The consideration was fully settled on 22 December 2020. Following the completion of the equity transfer, Xi'an Tiantai became a wholly-owned subsidiary of Hangzhou Rego.

Xi'an Tiantai has developed and owned many innovative products and solutions for lottery industry, including but not limited to an integrated business security access system (一線通), an electronic payment system for lottery industry (一付通) and an unified certification system for lottery industry (一證通). As at the Latest Practicable Date, Xi'an Tiantai had established business relationship with the provincial WLIACs in 23 provinces, municipalities and autonomous regions of the PRC covering over 97,000 lottery sales points. Xi'an Tiantai is also a Hightech Enterprise (national level). We believe that the strategic acquisition of Xi'an Tiantai will enable us to (i) take advantage of its extensive lottery sales points coverage as our potential marketing channel, and (ii) leverage its established stable relationship with WLIAC to keep abreast of the change in market trend and demand of the PRC lottery market at an early stage, which would assist our Group in providing tailor-made marketing and promotion proposals to the industry players more efficiently.

Former Major Subsidiaries of Our Group

During the Track Record Period, Zhejiang Runye and Jiangxi Yunjia were members of our Group with material revenue contribution. As at the Latest Practicable Date, (i) Zhejiang Runye was no longer a member of our Group due to the termination of its Contractual Arrangements with our Group; and (ii) Jiangxi Yunjia had been deregistered. Details of Zhejiang Runye and Jiangxi Yunjia are set forth below:

Zhejiang Runye

Zhejiang Runye was established as a limited company in the PRC on 14 September 2016, with an initial registered capital of RMB10 million. When we established Zhejiang Runye, we intended it as an entity to explore the business opportunities in the internet industry and therefore it might apply for an ICP license. Accordingly, Mr. Tian and Mr. Zhang have been the Registered Shareholders of Zhejiang Runye as to 70% and 30%, respectively. As Mr. Chen is a Hong Kong permanent resident, he was not arranged to be a registered owner of Zhejiang Runye but the Contractual Arrangements as set out below had been subsequently entered.

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On 1 January 2018, Zhejiang Runye, Mr. Tian and Mr. Zhang (as the Registered Shareholders of Zhejiang Runye) entered into a set of Contractual Arrangements (as supplemented and superseded by another set of Contractual Arrangements dated 24 February 2021) with Hangzhou Rego, pursuant to which, among other things, Hangzhou Rego would have the right to exercise control over the operation and enjoy all the economic benefits of Zhejiang Runye. After signing of the Contractual Arrangements, Zhejiang Runye became our consolidated affiliated entity. During the Track Record Period, Zhejiang Runye principally engaged in the provision of (i) marketing and promotion services, and (ii) IT solutions services. In 2018, Zhejiang Runye obtained an ICP License preparing for the intended operation of an mobile games application which however was not materialised subsequently.

As at the Latest Practicable Date, the Contractual Arrangements had been terminated and Zhejiang Runye was no longer a member of our Group. During the Track Record Period, Zhejiang Runye generated profit before income tax in the amount of RMB15.3 million, RMB14.0 million and RMB3.3 million for FY2019, FY2020 and FY2021, respectively, and contributed to approximately 58.9%, 25.1% and 2.9 % of our total revenue for FY2019, FY2020 and FY2021, respectively. Following the termination of the Contractual Arrangements, Hangzhou Rego had taken up the business operated by Zhejiang Runye. For details, please refer to the paragraph headed “Reorganisation for Listing — 5. Subsequent Termination of Zhejiang Runye’s Contractual Arrangements” in this section.

Jiangxi Yunjia

Jiangxi Yunjia was established on 30 March 2016 and upon its establishment, it was wholly owned by Jiangxi Tiansheng Yunsheng Technology Group Company Limited* (江西天盛雲生科技集團有限公司) (“**Jiangxi Tiansheng**”), an Independent Third Party. Jiangxi Yunjia had an initial registered share capital of RMB10 million.

On 17 January 2018, we (through Zhejiang Runye) entered into an agreement with Jiangxi Tiansheng to acquire its entire equity interest in Jiangxi Yunjia at the consideration of RMB2 million, which was determined by the parties based on arm’s length commercial negotiation with reference to Jiangxi Yunjia’s business prospects and its experienced team in internet business.

During the Track Record Period, Jiangxi Yunjia principally engaged in the provision of promotion and advertising services and mobile game and software development and maintenance services.

As Jiangxi Yunjia no longer conducted any business, on 2 September 2021, we resolved to deregister Jiangxi Yunjia for the purpose of saving administration cost and expenses and streamlining the structure of our Group. The deregistration was completed on 5 November 2021. Prior to its deregistration, Jiangxi Yunjia transferred all of its assets to Hangzhou Rego. As advised by our PRC Legal Advisers, Jiangxi Yunjia had not been involved in any litigation or non-compliances prior to its deregistration. During the Track Record Period, Jiangxi Yunjia generated profit in the amount of approximately RMB2.9 million and RMB377,000 for FY2019 and FY2021 (up to 5 November 2021) and made loss in the amount of approximately RMB237,000 for FY2020.

Compliance with Rule 4.05A of the Listing Rules

Our Directors confirmed that, none of the companies acquired by us during the Track Record Period would be classified as a major transaction or a very substantial acquisition (based on the applicable percentage ratios as stipulated under the Listing Rules. Accordingly, we are not required to disclose the pre-acquisition financial information of any of the companies acquired by us during the Track Record Period pursuant to Rule 4.05A of the Listing Rules.

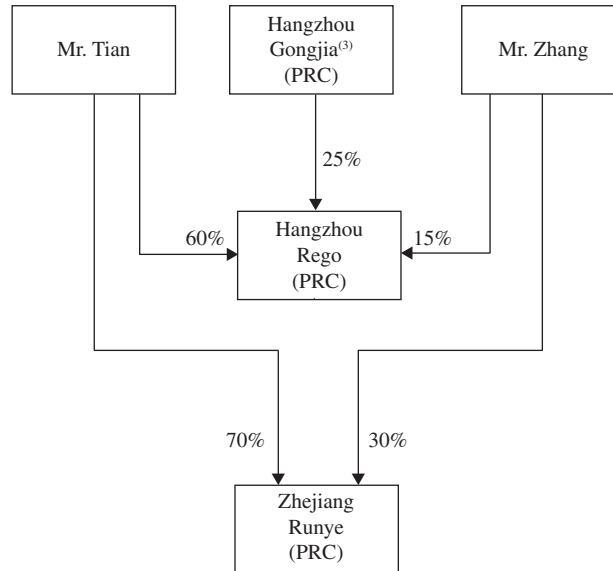
Common control by Acting-in-Concert Agreement

On 22 October 2021, Mr. Tian, Mr. Chen and Mr. Zhang (together, the “**Concerted Group**”), entered into an acting-in-concert agreement (the “**Acting-in-Concert Agreement**”) confirming that since 14 July 2017 when they started to own the equity interest of Hangzhou Rego in the proportions of 60%, 25% and 15%, respectively, directly and indirectly, among other things (i) the Concerted Group has been acting in concert in all major matters of our Group, and has reached unanimous consensus before exercising their voting rights at the shareholders’ meetings or other occasions for deciding major matters of our Group and voted unanimously; and (ii) the Concerted Group and the directors of respective members of our Group appointed by them have reached unanimous consensus and voted unanimously, when they exercise their decision making powers on major matters of our Group in the capacity as directors at the board meetings or other occasions, or exercising other powers on major matters in their capacity as senior management of the respective members of our Group. The Acting-in-Concert Agreement will remain in effect until (i) the parties to the Acting-in-Concert Agreement agree to terminate the Acting-in-Concert Agreement in writing; (ii) any party to the Acting-in-Concert Agreement ceases to have an interest in our Group, directly or indirectly; (iii) any party to the Acting-in-Concert Agreement deceases or no longer has normal capacity; or (iv) our Company and Hangzhou Rego are dissolved.

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REORGANISATION FOR LISTING

The following chart sets forth the corporate and shareholding structure of our Group in 2017 and immediately before the Reorganisation⁽¹⁾⁽²⁾:



Notes:

1. Prior to the Reorganisation and at the time of our Company's incorporation, the existing and former major subsidiaries of our Company, including Hangzhou Runsheng, Yuncaitong, Hainan Rego, Xi'an Tiantai and Jiangxi Yunjia, have not been established or acquired by our Group.
2. During the Track Record Period, our Group had certain insignificant non-wholly-owned subsidiaries, including Hangzhou Xinyou Network Technology Company Limited* (杭州信游網絡科技有限公司), Hainan Rego Huicai Network Technology Company Limited* (海南潤歌慧彩網絡科技有限公司) and Wuhan Cairun Technology Company Limited* (武漢彩潤科技有限公司). These companies were established or acquired after the commencement of the Reorganisation and had been subsequently disposed or deregistered.

Our PRC Legal Advisers have confirmed that (i) all of the above companies had not been involved in any material and/or systemic non-compliances during the Track Record Period up to the completion date of their respective disposal or deregistration; and (ii) each of the above disposal or deregistration was legally and properly completed and fully settled (if applicable), all approvals and permits had been obtained and were valid as at the Latest Practicable Date, and all procedures involved were in compliance with the PRC laws and regulations.

3. Hangzhou Gongjia was owned by Shanghai Aifusheng and an Independent Third Party as to 91% and 9%, respectively. Shanghai Aifusheng was owned by Mr. Chen and Mr. Chen Guocai as to 90% and 10%, respectively.

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The following are the major steps of our Reorganisation:

1. Incorporation of our offshore structure

On 14 July 2017, Mr. Tian incorporated Tanshin Investments Limited (天歡投資有限公司) (“**Tanshin Investments**”) (originally known as Tianyang Investments Limited (天陽投資有限公司)); Mr. Chen incorporated Vicen Investments Limited (緯晨投資有限公司) (“**Vicen Investments**”); and Mr. Zhang incorporated Sprus Investments Limited (雲杉投資有限公司) (“**Sprus Investments**”), in the BVI, respectively, as their respective special purpose vehicles.

2. Incorporation of our Company, Share subdivision and increment of Share capital

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 August 2017 with an authorised share capital of USD50,000 divided into 50,000 ordinary Shares with a par value of USD1 each. Upon its incorporation, one fully paid Share of USD1 was issued to its first subscriber, which was then transferred to Tanshin Investments. On the same date, our Company allotted and issued 79 fully paid Shares of USD1 each to Tanshin Investments, and 20 fully paid Shares of USD1 each to Sprus Investments, respectively.

On 28 March 2019, Tanshin Investments transferred 20 Shares to Vicen Investments at a consideration of USD20, and Sprus Investments transferred five Shares to Vicen Investments at a consideration of USD5, respectively. The considerations were determined based on the par value of the Share, and were fully settled subsequently. Subsequently, Tanshin Investments, Vicen Investments and Sprus Investments held 60%, 25% and 15% of our Company, respectively.

Pursuant to an ordinary resolution of our Company dated 29 January 2021, each ordinary Share of a par value of USD1 in the authorised share capital of our Company (including issued and unissued share capital) was subdivided into 1,000 Shares of a par value of USD0.001 each (“**Share Subdivision**”). Immediately following the Share Subdivision, the authorised share capital of our Company became USD50,000.00 divided into 50,000,000 Shares of par value of USD0.001 each, all of which were designated as ordinary Shares and that the number of issued Shares to Tanshin Investments, Sprus Investments and Vicen Investments became 60,000 Shares of par value of USD0.001 each, 15,000 Shares of par value of USD0.001 each and 25,000 Shares of par value of USD0.001 each, respectively.

By ordinary resolution of the shareholders of our Company passed on 27 July 2022, the authorised share capital of our Company was increased to USD2,000,000 divided into 2,000,000,000 Shares of UDS\$0.001 each by creation of additional 1,950,000,000 Shares of USD0.001 each.

3. Incorporation of our Hong Kong and BVI subsidiaries

Vicen HK

Vicen International Holdings (Hong Kong) Limited (“**Vicen HK**”) was incorporated as a limited company in Hong Kong on 4 August 2017, with an issued share capital of HKD1 divided into one ordinary share. Upon incorporation, Vicen HK was wholly owned by Vicen Investments Limited, which was a wholly-owned company of Mr. Chen. On 4 February 2019, Vicen Investments Limited transferred its entire interest in Vicen HK to our Company.

Rego HK

Rego Investments Limited (“**Rego HK**”) was incorporated as a limited company in Hong Kong on 4 September 2017, with an issued share capital of HKD1 divided into one ordinary share. Upon incorporation, Rego HK was wholly owned by Rego BVI.

Rego BVI

Rego International Holdings Limited (“**Rego BVI**”) was incorporated in the BVI on 15 August 2017 which is authorised to issue a maximum of 50,000 shares with a par value of USD1 each. One share was allotted and issued to our Company at a consideration of USD1 which was determined with reference to the par value of the share allotted and issued. Upon completion of the allotment, Rego BVI became a direct wholly owned subsidiary of our Company.

4. Connecting the offshore structure to Hangzhou Rego

During the Reorganisation and the Track Record Period, Hangzhou Rego has been one of the major subsidiaries of our Company and an onshore holding company of our PRC subsidiaries.

On 10 October 2017, Hangzhou Gongjia entered into a share transfer agreement with Mr. Tian, pursuant to which Hangzhou Gongjia agreed to transfer its 25% equity interest in Hangzhou Rego to Mr. Tian at a consideration of RMB250,000. The consideration was determined by the parties based on arm’s length negotiation with reference to the paid-up capital of Hangzhou Rego at the time of the transaction. On 23 October 2017, the consideration was fully settled. Upon the completion of the transfer, Hangzhou Rego was owned by Mr. Zhang and Mr. Tian as to 15% and 85%, respectively.

On 26 October 2017, Mr. Tian entered into a share transfer agreement with Vicen HK, pursuant to which Mr. Tian agreed to transfer his 25% equity interest in Hangzhou Rego to Vicen HK at a consideration of RMB250,000. The consideration was determined by the parties arm’s length negotiation with reference to the paid-up capital of Hangzhou Rego at the time of the transaction. On 14 January 2019, the consideration was fully settled. At the time of the above transfer, Vicen HK was indirectly wholly-owned by Mr. Chen. Upon the completion of the transfer, Hangzhou Rego was owned by Mr. Zhang, Mr. Tian and Vicen HK as to 15%, 60% and 25%, respectively.

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On 10 November 2017, Mr. Tian entered into a share transfer agreement with Rego HK, pursuant to which Mr. Tian agreed to transfer his remaining 60% equity interest in Hangzhou Rego to Rego HK at a consideration of RMB0.6 million. On the same date, Mr. Zhang entered into a share transfer agreement with Rego HK, pursuant to which Mr. Zhang agreed to transfer his 15% equity interest at a consideration of RMB150,000 to Rego HK. Both considerations were determined by the parties arm's length negotiations with reference to paid-up capital of Hangzhou Rego at the time of the transaction. On 14 January 2019, the considerations were fully settled by Rego HK. Upon the completion of the transfer, Hangzhou Rego was owned by Rego HK and Vicen HK as to 75% and 25%, respectively.

On 11 August 2020, the registered capital of Hangzhou Rego was increased from RMB1 million to RMB15 million. Rego HK and Vicen HK subscribed RMB10.5 million and RMB3.5 million registered share capital of Hangzhou Rego, respectively. Immediately after the increase of the registered capital and up to the Latest Practicable Date, Hangzhou Rego was owned by Rego HK and Vicen HK as to 75% and 25%, respectively.

5. Subsequent Termination of Zhejiang Runye's Contractual Arrangements

During the Track Record Period, Zhejiang Runye principally engaged in the provision of (i) marketing and promotion services, and (ii) IT solutions services, and Zhejiang Runye had not carried out the intended business in the internet industry which requires an ICP License. However, in view of the holding of the ICP License, as mentioned in the sub-section headed “– Former Major Subsidiaries of Our Group” in this section, Mr. Tian and Mr. Zhang entered into a set of Contractual Arrangements with Hangzhou Rego on 1 January 2018, which were superseded by another set of contractual agreements on 24 February 2021 to refine relevant clauses with reference to the requirements of HKEX-GL-77-14.

As advised by our PRC Legal Advisers, the business operation of Zhejiang Runye does not fall under any restricted or prohibited businesses under the PRC laws and no contractual arrangement is required for such business operation. On this basis, the Contractual Arrangements would contravene the requirement of HKEX-GL-77-14 that a contractual arrangement should be narrowly tailored to achieve the issuer's business purpose. On 17 August 2021, Zhejiang Runye, Hangzhou Rego and the Registered Shareholders (as the case may be) entered into agreements to terminate the Contractual Arrangements (the “**Termination**”). Upon the Termination, Zhejiang Runye ceased to be a member of our Group and its business has been continued by Hangzhou Rego. For a smooth and simpler business transfer, our Group decided to dispose of Zhejiang Runye instead of acquiring the entire registered capital of Zhejiang Runye which may involve significant cash outflow by our Group, (i) Zhejiang Runye has arranged its core handling employees to join Hangzhou Rego, (ii) Hangzhou Rego entered into an agreement with the then existing customer of Zhejiang Runye to continue the latter's existing business; and (iii) Zhejiang Runye transferred two intellectual property rights that are material to our Group's business development to Hangzhou Rego for a consideration of RMB1,564,465.44, determined based on their carrying amount as reflected in the management accounts of Zhejiang Runye as at 31 July 2021. As confirmed by the Registered Shareholders of Zhejiang Runye, it is Zhejiang Runye's intention to retain its existing licences for its possible future business development when opportunities arise despite it did not have any business operation as at the Latest Practicable Date. Also, the existing reorganisation arrangement did have any material impact on our Group's business operations

HISTORY, DEVELOPMENT AND REORGANISATION

and only resulted in a deemed distribution of net assets of Zhejiang Runye to the existing Shareholders of our Company and therefore the interest of the Shareholders is not materially affected. Based on the above, our Group decided to dispose of Zhejiang Runye.

For the purpose of the Termination, Mr. Tian, Mr. Zhang, Mr. Chen, Hangzhou Rego and Zhejiang Runye had entered into another agreement (the “**Termination Consideration Agreement**”), pursuant to which the parties had agreed that no consideration would be payable to our Group for the Termination), unless the disposal would otherwise affect our Company’s listing qualification under the Listing Rules, in which case Mr. Tian, Mr. Zhang and Mr. Chen would jointly and severally pay to us a sum of approximately RMB46.8 million, which was equivalent to the amount of net asset of Zhejiang Runye being disposed of as consideration for the Termination. In addition, Mr. Tian, Mr. Zhang and Mr. Chen had agreed in the Termination Consideration Agreement that they shall share the economic benefits as shareholders of Zhejiang Runye in the proportion of 60%, 15% and 25%, respectively. Accordingly, we consider that the disposal was in effect a deemed distribution of net assets of Zhejiang Runye to our shareholders, namely Mr. Tian, Mr. Zhang and Mr. Chen, as part of the Reorganisation from business perspective.

The Board is of the view that, the terms of the Termination Consideration Agreement (including the arrangement that no consideration would be payable to our Group for the Termination (the “**Nil Consideration Arrangement**”)) are fair and reasonable and on normal commercial terms, on the basis that, (i) all the business operations of Zhejiang Runye have been taken up by our Group following the Termination; (ii) the remaining assets of Zhejiang Runye mainly comprise of a non-trade balance due from our Group of RMB44.3 million, which will be repaid by us to Zhejiang Runye prior to the Listing and could be distributed among our Controlling Shareholders, namely Mr. Tian, Mr. Zhang and Mr. Chen. Accordingly, the Nil Consideration Arrangement was, in substance, a distribution of dividends to our Controlling Shareholders prior to the Listing; and (iii) as compared to making dividends payments by our PRC subsidiaries to our Controlling Shareholders through the offshore intermediate companies, the Nil Consideration Arrangement was a more administratively convenient and cost-efficient alternative to give effect to such distribution.

As confirmed by our PRC Legal Advisers, (i) the agreements for the above business arrangement and the Termination have been properly and legally executed or completed under the PRC laws and regulations; (ii) save as disclosed in the section headed “Business — Legal Procedures and Regulatory Compliance” in this prospectus, Zhejiang Runye has not been involved in any material and/or systemic non-compliances during the Track Record Period and up to the Termination. Due to the Termination, Zhejiang Runye is no longer a consolidated affiliated entity of our Group and was deemed to be disposed of by our Group to the Registered Shareholders.

Our PRC Legal Advisers further confirmed that (1) all the transfers of equity interests and increase in registered capital of our subsidiaries established in the PRC in relation to the Reorganisation or as otherwise described in this section were legally and properly completed and fully settled (if applicable), all approvals and permits have been obtained and are valid as at the Latest Practicable Date, and all procedures involved are in compliance with the PRC laws and regulations; (2) the establishment of our subsidiaries in the PRC and their subsequent shareholding changes have complied with the relevant laws and regulations in all material respects; and (3) the Reorganisation has complied with all applicable PRC laws and regulations in all material respects.

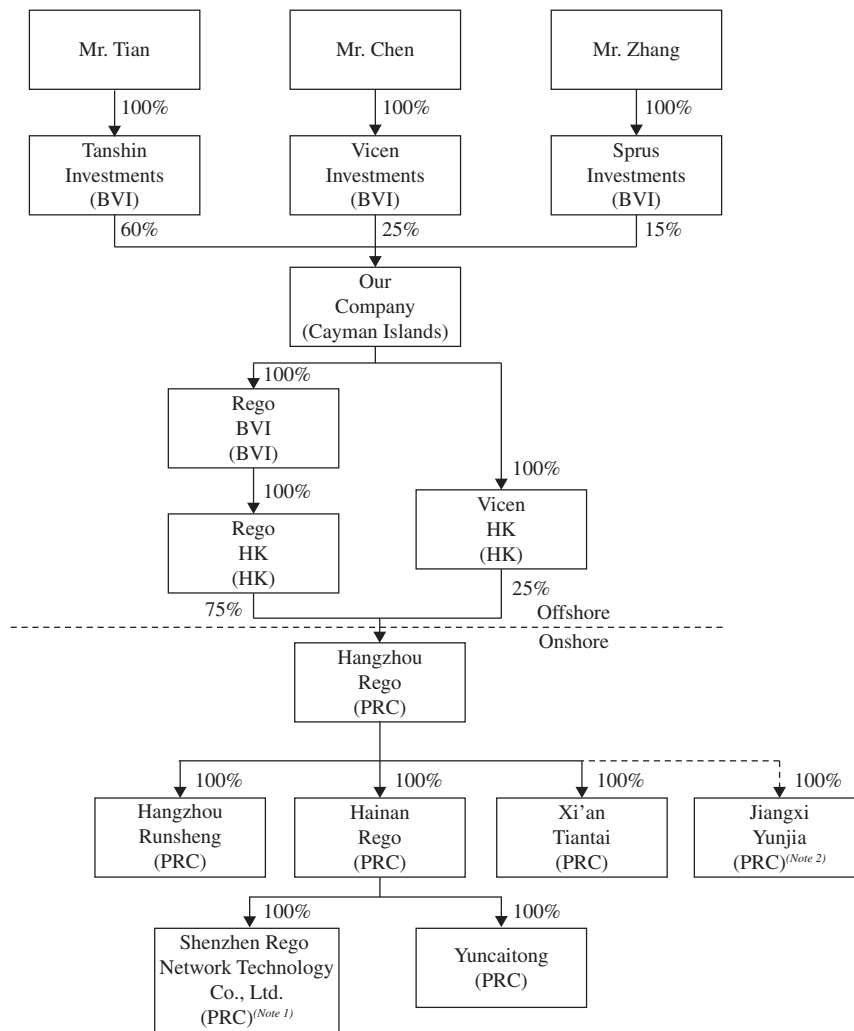
HISTORY, DEVELOPMENT AND REORGANISATION

CAPITALISATION ISSUE

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorised to capitalise an amount of USD749,000 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 749,900,000 Shares for allotment and issue to our Shareholder(s) as at 21 September 2022, on a pro rata basis.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE REORGANISATION AND BEFORE COMPLETION OF THE CAPITALISATION ISSUE AND GLOBAL OFFERING

The following chart sets forth the corporate and shareholding structure of our Group immediately after the Reorganisation and before the completion of the Capitalisation Issue and the Global Offering:



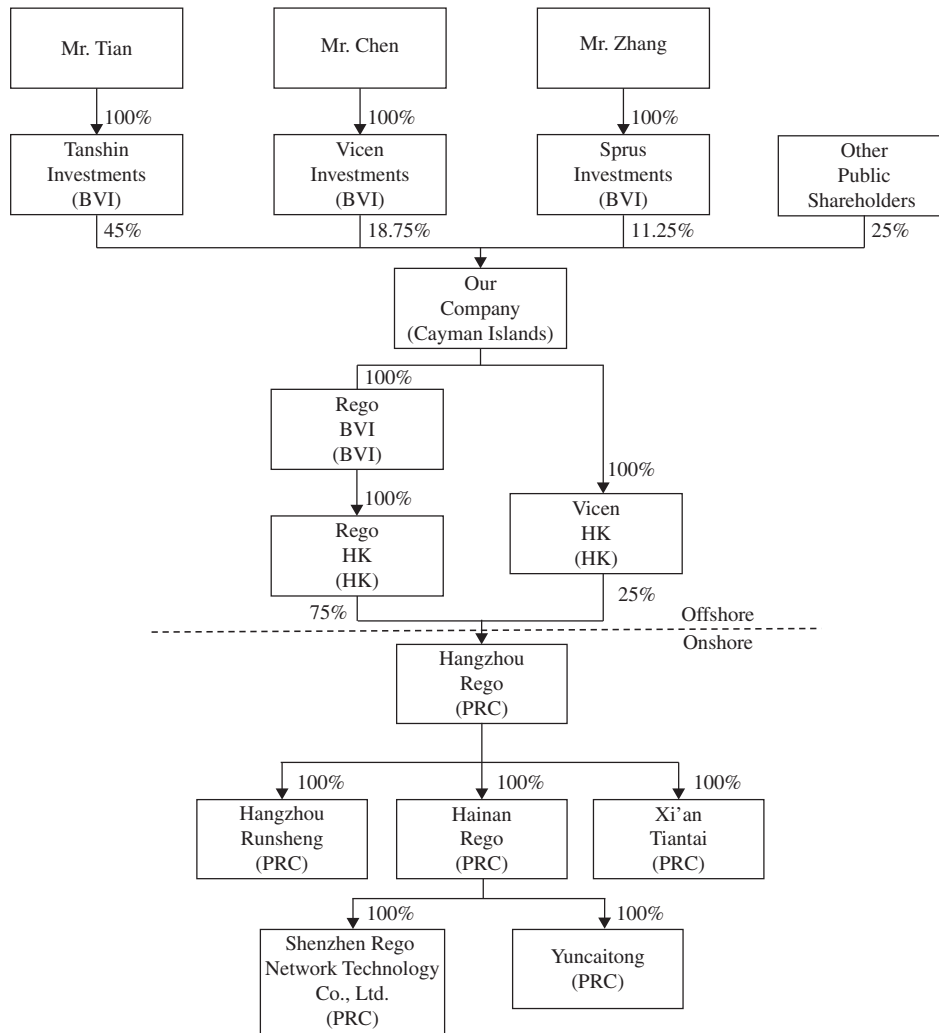
HISTORY, DEVELOPMENT AND REORGANISATION

Notes:

1. As at the Latest Practicable Date, Shenzhen Rego Network Technology Co., Ltd.* (深圳潤歌網絡科技有限公司) was an insignificant subsidiary of our Company. For details, please refer to Appendix I to this prospectus.
2. On 2 September 2021, we resolved to deregister Jiangxi Yunjia and the deregistration was completed on 5 November 2021.

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE CAPITALISATION ISSUE AND GLOBAL OFFERING

The following chart sets forth the corporate and shareholding structure of our Group immediately after of the Capitalisation Issue and Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option or options which have been or may be granted under the Share Option Scheme):



PRC REGULATORY REQUIREMENTS

M&A Rules

On 8 August 2006, six PRC regulatory authorities, including MOFCOM, State-owned Assets Supervision and Administration Commission of the State Council, SAT, China Securities Regulatory Commission and SAFE, jointly issued the Regulations for Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”), which became effective on 8 September 2006, and was amended on 22 June 2009. Pursuant to the M&A Rules, a foreign investor is required to obtain necessary approvals from MOFCOM or the department of commerce at the provincial level when (i) a foreign investor acquires equity in a domestic enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise through an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. According to Article 11 of the M&A Rules, where a domestic enterprise or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic enterprise which is related to or connected with it/him/her, approval from MOFCOM is required.

The acquisition (the “**Acquisition**”) of 25% equity interest in Hangzhou Rego by Vicen HK (a company incorporated in Hong Kong, which was in turn owned by Mr. Chen, who is a Hong Kong resident) in October 2017 is subject to the M&A Rules and Regulation on the Implementation of the Law of the People Republic of China on Chinese-Foreign Equity Joint Ventures (2014 Revision) (中華人民共和國中外合資經營企業法實施條例(2014修訂)). Immediately after consummation of the Acquisition, Hangzhou Rego has converted into a sino-foreign joint venture enterprise.

Thereafter, Rego HK acquired 60% and 15% equity interest in Hangzhou Rego from Mr. Tian and Mr. Zhang (the “**Subsequent Acquisition**”), respectively. Our PRC Legal Advisers advised that since Hangzhou Rego was a sino-foreign joint venture enterprise at the time of the Subsequent Acquisition and the Acquisition was not connected to other transaction, MOFCOM and China Securities Regulatory Commission’s approvals or filings are not required under the M&A Rules for the Subsequent Acquisition.

SAFE Circulars 13 and 37

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “**SAFE Circular 37**”), promulgated by SAFE and became effective on 14 July 2014, (i) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose

HISTORY, DEVELOPMENT AND REORGANISATION

of conducting investment or financing, and (ii) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

On 13 February 2015, SAFE released the Notice regarding Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the “**SAFE Circular 13**”), which came into effect on 1 June 2015. This notice replaces the foreign direct investment (the “**FDI**”) and offshore direct investment (the “**ODI**”) registrations at SAFE with FDI and ODI registrations at qualified banks, which SAFE and its local branches will supervise indirectly.

As advised by our PRC Legal Advisers, Mr. Tian and Mr. Zhang (as PRC residents as defined under the applicable provisions under SAFE Circular 37) have completed the registration under the SAFE Circular 37 on 4 December 2017.

OVERVIEW

Evolution and Development of our Business

We are a marketing service provider based in the PRC. Since we commenced our operation in traditional telecommunications marketing and promotion businesses in the PRC in 2015, we have strived to provide our customers with marketing services that are comprehensive and tailored to their corporate needs.

Over the years, we have endeavoured to expand our capacities in providing marketing services in accordance with the prevailing market trends and developments. Initially providing marketing services for advertisers through traditional offline channels, we have built up our service offerings with such additions as online marketing services via large-scale media platform operators, virtual goods sourcing and delivery services, advertisement distribution services, and advertisement placement services. We have achieved our business diversification by means of constant upgrades to our business through both organic growth and acquisitions, as a result of which there has been a corresponding increase in our customer base and the variety of the forms and channels in which our marketing services have been delivered. With business diversification, enhanced market penetration and potential synergies from possible further business collaboration in mind, we have also been providing IT solutions services, which our Directors believe could benefit the growth of our marketing and promotion services in the longer term. In addition, we have diversified and rolled out a series of platforms for specific areas of our operations, such as Rego Virtual Goods Platform, RegoAd SDK, and Rego Advertisement Operations and Management Platforms. Our Directors consider that this platform-based approach has been a driving force behind our business growth over the years: on top of maximisation of operational efficiency, platform-based operation favours the conduct of transactions and revenue generation on a sizeable scale and a recurring basis given the ease and convenience it brings to both our customers and our suppliers; it is therefore one of the key business development directions we have taken all along, and we shall remain steadfast in our pursuit of this business strategy going forward.

The evolution of our marketing services and the diversification of our means of delivery had driven the significant growth of our Group during the Track Record Period, with a CAGR of approximately 56.7% registered in our revenue from FY2019 to FY2021. Our total revenue had also increased by approximately 10.9% from RMB63.8 million for 4M2021 to RMB70.7 million for 4M2022. We shall carry on the growth momentum through, among others, further developing and expanding our marketing channels and resources for our marketing and promotion services, our supplier base and portfolio of virtual goods, and our SaaS enterprise marketing service platform, as more particularly set forth in “Our Business Strategies” in this section.

Our Marketing and Promotion Services

Marketing and promotion services constitute our core business segment and contributed over 70.0% of our revenue throughout the Track Record Period. Centred around enabling user acquisition, engagement and/or retention for advertisers, our marketing and promotion services can be broken down into two sub-segments, namely (1) promotion and advertising services; and (2) virtual goods sourcing and delivery services.

According to the iResearch Report, in terms of the total advertising spending on five major media channels, the market size of the advertising industry in the PRC increased from approximately RMB505.5 billion in 2017 to RMB1,026.8 billion in 2021 at a CAGR of 19.4%, and is expected to grow further to RMB1,771.4 billion in 2026 at a CAGR of 11.5% from 2021.

In the value chain of the advertising industry in the PRC, we play the role of an intermediate advertising service provider. According to the iResearch Report, as advertisers place a greater focus on online advertising and as a result of rapid technological developments, intermediate advertising service providers are becoming increasingly important and constitute a fast-developing segment in the market. “Advertisers” refer to businesses desirous of advertising and promoting their product or services. “Publishers” are entities which ultimately present advertisements to the audience for and on behalf of the advertisers or the advertising agents engaged by the advertisers, such as large-scale media platform operators and mobile app operators. Typical functionalities of intermediate advertising service providers include, among others, integrating media resources of and connecting advertisers with advertising publishers; it is thus common and more cost-efficient for enterprises to conduct their marketing activities through intermediate advertising service providers. The advertising industry in the PRC is currently highly fragmented: in 2021, there were more than one million corporates in this industry, with the top five intermediate advertising service providers accounting for approximately 6.4% of the market share in terms of revenue; our Group had a market share of approximately 0.0116% based on our revenue from promotion and advertising services business. We believe that, with (i) our diversified marketing channels and resources and our ability to integrate such resources for the provision of marketing services; and (ii) our technical capabilities which allow us to constantly upgrade our online marketing services through a platform-based approach, we have a competitive edge over and would be able to differentiate ourselves from our competitors in the highly fragmented PRC advertising industry.

Promotion and Advertising Services

In our promotion and advertising business, we seek to assist enterprise advertisers in acquiring and/or reactivating users through planning, launching and/or managing their marketing campaigns. In the light of the emerging opportunities in the internet, mobile technology and interactive entertainment industries, we began to provide traditional marketing and promotion services for, among others, mobile app operators through a combination of marketing channels, including traditional offline channels (such as cold-calls, SMS and brick-and-mortar retail stores) and online channels (such as groups on WeChat and Tencent QQ), leveraging our marketing channel resources and comprehensive network of marketing channel providers amassed and built through our years of operation.

In 2020, we introduced to enterprise advertisers a new type of online marketing and promotion services, namely advertisement distribution services. As an intermediate advertising service provider, we connect enterprise advertisers (via advertising agents) with mobile app operators, which is done through our SDK, namely RegoAd SDK, working in combination with advertising agents' platforms and/or applications. To achieve user acquisition and/or reactivation purposes, enterprise advertisers may advertise their products and services on media publishers' platforms, taking advantage of the media publishers' resources and connections in the industry; as part of their service package, the media publishers may further distribute the advertisements to other platforms for display to enhance the coverage of the advertising campaign. Under our advertisement distribution services, we serve media publishers and their agents (in their capacity as advertising agents), which engage us to further distribute advertisements from enterprise advertisers for a broader and deeper reach, often without specifying the types of mobile apps on which the advertisements should appear. We facilitate the advertisements to reach their target audience by causing them to be distributed to fitting mobile apps. The advertisements are delivered to the public through advertising space in mobile apps selected by us which we consider to have sufficient engagement and/or have not yet engaged in traffic "monetisation". Our RegoAd SDK can be embedded in such mobile apps to establish connections with them, and linked up with the advertising agents' platforms and/or applications to form an advertisement distribution system. Utilising the built-in algorithm models, our RegoAd SDK serves to match the available mobile advertising space in the user interface of mobile apps against appropriate types of advertisements for their users; suitable advertisement contents will be automatically arranged to be displayed in the fitting advertising space offered by the mobile app operators via the distribution channel (formed by our RegoAd SDK working in combination with advertising agents' platforms and/or applications), taking into account our suggested matching criteria, without the need for any manual operation. The advertisements are placed by advertising agents, including large-scale media platform operators or their agents, which may be minded to employ our services as a further means to increase and, to the largest practicable extent, maximise the advertising reach of their customers (i.e. enterprise advertisers), or their agents. We allow the enterprise advertisers to effectively reach their target audience by arranging for their advertisements to appear in fitting mobile apps. Hence, from the perspective of our customers (i.e. large-scale media platform operators or their agents), we are in essence providing advertisement distribution services, and we shall charge them on the basis of the actual advertising results achieved for the enterprise advertisers. We, at the same time, also enable mobile app operators to generate additional revenue through enhanced utilisation of their resources, i.e. their advertising space; in this sense, we assist the mobile app operators with "monetisation" of the user traffic they have created.

We further extended our promotion and advertising services with the launch of our advertisement placement services in 2021. As an intermediate advertising service provider, we connect enterprise advertisers with their designated media publisher, being typically large-scale media platform operator, and/or its agent by providing services in respect of opening of accounts on the media platforms for placement of advertisements and/or top-up services in respect of our customers' account, enabling them to place advertisements through their designated media platform. We consider the business relationships we entered into with these

prominent media platforms one of our key competitive edges. We execute the marketing campaigns for enterprise advertisers by delivering their advertisements to designated media publisher, and the advertisements will then be published on the online platforms operated by the media publisher and become viewable by its users. Under this line of services, we serve, through agents, enterprise advertisers desirous of having their advertisements placed on the specific platform, operated by large-scale media platform operator. We facilitate advertisers to reach their desired advertising platform by integrating media resources and connecting them in a cost-efficient manner. As an authorised service provider of the large-scale media platform, we have the capability to connect our customers, i.e. enterprise advertisers, with it possibly at a lower cost to our customers. The media publisher may grant us rebates, and we, in turn, would normally grant rebates to our customers as incentives for engagement. By consolidating the spending of our customers, we, as an intermediate marketing service provider, would normally be able to obtain a higher percentage of rebates from the media publisher than individual enterprise advertisers themselves could, and we are thus able to normally offer higher rebates to enterprise advertisers if they top up their accounts through us. Accordingly, our customers would be able to lower their advertising costs by engaging us to provide advertisement placement services.

Virtual Goods Sourcing and Delivery Services

We have sought to expand our scope of marketing services beyond promotion and advertising activities. The giving out of complimentary goods and services is considered an effective means for enterprises to incentivise purchases by new customers, and reward and build loyalty among existing customers. To this end, we launched our Rego Virtual Goods Platform in 2017. As part of our marketing and promotion services, we assist enterprises in executing their user acquisition, engagement and/or retention strategies by sourcing a range of virtual goods and arranging for delivery to individual customers of the enterprises. Our platform can be connected to the platforms of our customers and suppliers via API, and enables us to receive orders for virtual goods from enterprises (for consumption by their individual customers as the end users of the virtual goods) and arrange for delivery on a real-time basis, among others. As a to-B virtual goods provider, we connect a large number of virtual goods suppliers across different industries with the enterprises in the value chain, and add value by providing our customers with an integrated offering of virtual goods at lower costs and increased ease of management.

We consider that we are able to enjoy certain price advantage as compared to the prices available to individual enterprises, in view of our larger transaction volume, our well-established and stable business relationships with our suppliers, our sound payment records, and the recurring nature and frequency of our transactions with such suppliers as we have developed a sizeable pool of customers in our virtual goods sourcing and delivery services business. Our suppliers may provide additional discount to us if our order volume reaches a certain level, and several major suppliers of our Group have agreed to supply us with virtual goods at their most favourable rate (i.e. a rate lower than or equal to the rate offered to other customers at the same time) to ensure business relationships can be built and transactions can be conducted with us on a long-term and sustainable basis. Given our favourable procurement

prices, we had sought to ensure that our virtual goods were offered at prices that were competitive and, where practicable, below the prevailing market prices during the Track Record Period, and our customers had therefore been incentivised to procure virtual goods through our Rego Virtual Goods Platform.

According to the iResearch report, the total market size of China's to-B virtual goods and services industry in terms of GMV increased from approximately RMB79.5 billion in 2017 to RMB151.2 billion in 2021 at a CAGR of 17.4%, and is expected to reach RMB284.6 billion in 2026 at a CAGR of 13.5% from 2021. According to the iResearch Report, the to-B virtual goods and services market in the PRC is relatively fragmented, with over 1000 to-B virtual goods and services providers in 2021; in terms of revenue from sales of virtual goods in 2021, the top five players together accounted for approximately 16.5% of the market share, and the revenue of our Group from our virtual goods sourcing and delivery services business accounted for about 0.3% of the total market size.

Our IT Solutions Services

Apart from marketing and promotion services, we have also been providing IT solutions services, which we consider to be closely associated with our principal marketing and promotion services business. Leveraging our familiarity with the mobile game and software industry gained through provision of marketing and promotion services to mobile app operators over the years, and our knowhow and human resources in the area of research and development acquired while building the requisite systems for our marketing and promotion services business, we tapped into the mobile game and software development and maintenance services business in 2017. Our initial plan was to explore the possibility of developing into a dedicated mobile game operator. Our Directors believe that our provision of IT solutions services is not only a means to attain business diversification through deployment of existing resources, but also serves the following purposes:

- (1) increasing our penetration of the relevant marketing segments, in that we could (a) build closer relationships with market players in the relevant industries through furnishing them with support in other business areas in addition to marketing; and (b) deepen our insights into the relevant industries with a better understanding of the market player's business needs in the area of marketing and promotion; and
- (2) achieving synergies by way of creating opportunities for collaboration with our customers of IT solutions services in broader business areas and hence expansion of our marketing channels.

On account of the above, although our initial business plan to become a mobile game operator had yet to substantively materialise and our business operation in this respect had not been carried out on a full-blown scale during the Track Record Period after careful assessment by our Directors, we hold on to the belief that our provision of IT solution services could be conducive to the growth of our marketing and promotion services business.

To this end, subsequently in 2019, we started to provide solutions on lottery-related software systems and equipment solutions as another form of IT solutions services, as we have been evaluating and exploring the possibilities to expand our marketing operations in the lottery industry and to convert the widespread lottery retail network in the PRC into our marketing channel. In 2020, we strategically acquired the entire share capital of Xi'an Tiantai, through which we had significantly strengthened our research and development capabilities in respect of lottery solutions, and built business relationships with the provincial WLIACs in 23 provinces, municipalities and autonomous regions in the PRC covering over 97,000 lottery sales points as at the Latest Practicable Date. Xi'an Tiantai is an early mover and innovator of lottery security systems in the lottery solutions market in the PRC, having well-established business relationships with various provincial WLIACs and offering relatively comprehensive IT solutions that cover the various key areas in the business operation of lottery sales points; as a leading lottery solution provider, Xi'an Tiantai could take advantage of its strong brand recognition and proven track records of cooperating with the WLIACs to secure its leading position in the industry, as, according to the iResearch Report, once stable business relationships have been established with lottery solution providers, the PRC lottery authorities are highly likely to continue to cooperate with the chosen service providers on account of the extra administrative and time costs any change in service providers could bring. Xi'an Tiantai has also developed its electronic payment system (一付通), unified certification system (一證通), lottery terminal machines and outlets management system, among others, for the lottery industry, in order to enrich its suite of information systems to answer the business needs of lottery retailers as a means to improve its competitiveness. Our Directors believe the above constitute our major competitive advantages in our provision of IT solutions on lottery-related software systems and equipment. According to the iResearch Report, due to (i) the rapid development of the lottery industry in the PRC; (ii) the innovation of lottery games; and (iii) the adoption of the franchise store model for lottery sales channels in the PRC, the market size of the lottery solutions industry in the PRC is expected to grow from approximately RMB5,115 million in 2021 to RMB7,399 million in 2026 at a CAGR of 7.7%. The lottery solutions market in the PRC is relatively concentrated, with about 150-200 lottery solutions providers in 2021. Among them, the five leading lottery solutions providers accounted for approximately 15.5% of the market share, and based on our revenue from provision of solutions on lottery-related software systems and equipment solutions, our Group had a market share of approximately 0.9%.

Our Directors view our operations in the mobile game and software industry and the lottery industry as illustrations of our market penetration and business partner engagement strategies. As mentioned above, we commenced our provision of mobile game and software development and maintenance services for, among others, business diversification and enhanced market penetration purposes. The subsequent shift of our focus in our IT solutions services business to solutions on lottery-related software systems and equipment is also a major step forward that is expected to engender synergies. In particular, our Directors regard our acquisition of Xi'an Tiantai as a significant move that will set us on track to penetrate the lottery marketing segment and engage in further business collaboration with lottery retail stores. Specifically, the research and development capabilities gained and the network built could lay the foundations for development of our SaaS enterprise marketing service platform

BUSINESS

with the participation of lottery retail stores, and thus help bring our plan to advance and expand our SaaS enterprise marketing service platform to fruition and create the potential for expansion of our retail lottery marketing channels; this serves as an example of how synergies may be generated. Our Directors remain positive that our provision of IT solutions services, as part of our business diversification process and overall marketing services development plan, could power the growth of our marketing and promotion services business and our Group as a whole in the longer term.

Our Financial Performance during the Track Record Period

The overall revenue and net profit of our Group have exhibited continuous and robust growth during the Track Record Period. For FY2019, FY2020, FY2021, 4M2021 and 4M2022, our total revenue amounted to approximately RMB89.4 million, RMB113.0 million, RMB219.5 million, RMB63.8 million and RMB70.7 million, respectively.

During the Track Record Period, our revenue took the form of income generated through provision of services across all business segments of our Group, except for our IT solutions services business where part of our revenue was derived from sale of lottery systems and equipment. Set forth below is an analysis of our revenue recorded during the Track Record Period by business segment:

	For the year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
1. Marketing and promotion services										
(A) Promotion and advertising services										
(i) Traditional marketing and promotion services	56,670	63.4	16,749	14.8	4,724	2.2	3,322	5.2	1,768	2.5
(ii) Advertisement placement services	–	–	–	–	6,234	2.8	546	0.9	2,481	3.5
(iii) Advertisement distribution services	–	–	18,500	16.4	107,921	49.2	38,327	60.1	38,161	54.0
(B) Virtual goods sourcing and delivery services	12,408	13.9	45,291	40.1	44,629	20.3	12,964	20.3	15,704	22.2
Sub-total	69,078	77.3	80,540	71.3	163,508	74.5	55,159	86.5	58,114	82.2
2. IT solutions services										
(A) Mobile games and software development and maintenance services	17,861	20.0	7,939	7.0	11,275	5.1	4,501	7.1	7,084	10.0
(B) Solutions on lottery-related software systems and equipment	1,122	1.2	23,987	21.2	44,378	20.2	3,985	6.2	5,476	7.7
Sub-total	18,983	21.2	31,926	28.2	55,653	25.3	8,486	13.3	12,560	17.7
Others <i>(Note)</i>	1,311	1.5	574	0.5	388	0.2	149	0.2	45	0.1
TOTAL	89,372	100.0	113,040	100.0	219,549	100.0	63,794	100.0	70,719	100.0

Note: Others represent commission generated from the sale of lottery tickets through our offline shops. We tapped into the sales of lottery tickets by acquiring Yuncaitong in 2018, with a view to penetrate into the lottery industry and to explore potential marketing and advertising opportunities through its lottery sales points network. While Yuncaitong retained offline shops after the acquisition, given our primary focus of providing marketing and promotion services in or through the lottery industry, we gradually downsized our offline lottery shops after 2019. As at 31 December 2019, 2020, 2021 and 30 April 2022, we operated 10, 4, 3 and 1 offline shop(s), respectively. During the Track Record Period, we generated commission from the sale of lottery tickets at a commission rate of 7% to 8%.

OUR COMPETITIVE STRENGTHS

We have attained substantial growth in our scale of operation and financial performance during the Track Record Period and we believe the following competitive strengths have contributed to our success:

We have diversified marketing channels and resources to meet different marketing needs of our customers, including, among others, collaborations with prominent media platforms

We have built and accumulated both online and offline marketing channels and resources to cater for different marketing needs of our customers.

We employ offline marketing channels mainly to deliver traditional marketing and promotion services business in our marketing and promotion services business. We are capable of connecting our advertisers to marketing channel providers for telemarketing and print media advertising.

Apart from traditional offline marketing channels, we also have in place well-established online marketing channels and resources. In particular, we have strategically entered into business relationships with prominent media platform operators, by virtue of which we are able to provide enterprise advertisers with easier and more convenient access to the advertisement publication services of such media publishers. We have created another online marketing channel comprising operators of mobile apps which we consider to have sufficient engagement and/or have not yet engaged in traffic “monetisation”. The additions of such online marketing channels have permitted us to expand considerably our service scope in our marketing and promotion services business: we have been able to deliver advertisement placement services through large-scale media platform operators as media publishers since 2021, and advertisement distribution services since 2020 with the aid of our RegoAd SDK where advertisements are distributed to and published through mobile apps.

Online channels are also used for the delivery of our traditional marketing and promotion services in our marketing and promotion services business. According to the iResearch Report, since social network resources are relatively fragmented, it is common and cost-efficient to conduct advertising campaigns through social network with the use of multiple advertising service providers and intermediate advertising agents. For example, we had provided marketing and promotion services through private traffic social network channels during the Track Record Period.

We believe that we, as an intermediate marketing service provider with diversified marketing channels and resources, are capable of offering marketing service solutions that meet the individual marketing needs of enterprise advertisers effectively through appropriate publishers.

Our business is characterised by a high degree of versatility, as reflected by our capability to strategically shape our development strategy and business operations such that we could adapt well to the external environment

We commenced our operation in traditional telecommunications marketing and promotion businesses in the PRC in 2015, and the provision of marketing services to address corporate needs has been lying at the heart of our business operation ever since. We have made unwavering endeavours to expand our capacities in providing marketing services in accordance with the prevailing market trends and developments, by means of constant upgrades to our business through both organic growth and acquisitions.

Initially providing marketing services for advertisers through traditional offline channels, we have built up our service offerings progressively over the years, taking into account particularly the advertisers' strong demand for efficiency and reliance on intermediate advertising service providers for better optimisation. Notable additions to the portfolio of marketing and promotion services offered by us during the Track Record Period include online marketing services via large-scale media platform operators, virtual goods sourcing and delivery services, advertisement distribution services, and advertisement placement services.

In addition to the above typical marketing and promotion services, we have also been providing IT solutions services, which our Directors believe are closely associated with and could benefit the long-term growth of our principal marketing and promotion services business. The types of IT solutions services provided by us during the Track Record Period included mobile game and software development and maintenance services and solutions on lottery-related software systems and equipment. Our Directors consider it a means to achieve business diversification through deployment of our existing resources. From a practical perspective, when we provide IT solutions services for such specific industries, we also stand to build closer relationships with the relevant market players and gain deeper insights into the industries, including, among others, the specific marketing needs of the market players in both of their roles as advertisers and publishers; it is therefore a strategy to increase our penetration of the relevant marketing segments, underpinned by our Directors' understanding of the commercial practice and assessment of the market situation in the PRC.

The adoption of the platform-based approach is another business development direction that has been taken by us over the years, which our Directors believe is also demonstrative of our proactive stance in seeking business expansion. Under our platform-based approach, we have developed and rolled out a series of platforms for specific areas of our business operations, such as our Rego Virtual Goods Platform, RegoAd SDK, and Rego Advertisement Operations and Management Platforms. We eye the practical benefits that such platforms could bring to our customers and suppliers and, in turn, our Group when we introduce such platforms:

BUSINESS

other than promoting our operational efficiency, platform-based operation also favours the conduct of transactions and revenue generation on a sizeable scale and a recurring basis given the ease and convenience our customers and suppliers would enjoy. It is therefore considered a driving force behind our business growth over the years.

Apart from our organic growth, during the Track Record Period, we have also strengthened our operation through acquisitions. In particular, we acquired Yuncaitong and Xi'an Tiantai in 2018 and 2020, respectively, with a view to gain access to the lottery market through their established networks in the lottery industry. The table below sets forth the revenue contribution by organic growth (i.e. revenue contributed by our subsidiaries other than subsidiaries acquired during the Track Record Period) and acquisitions (i.e. revenue contributed by our subsidiaries acquired during the Track Record Period) for the periods indicated:

	For the year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							<i>(unaudited)</i>			
Organic growth	87,279	97.7	88,486	78.3	174,108	79.3	59,562	93.4	64,017	90.5
Acquisitions	2,093	2.3	24,554	21.7	45,441	20.7	4,232	6.6	6,702	9.5
Total	89,372	100.0	113,040	100.0	219,549	100.0	63,794	100.0	70,719	100.0

Going forward, we will adhere to our well-developed platform-based approach. Among others, we aim to advance and expand our SaaS enterprise marketing service platform, taking advantage of the rise of the “new retail” concept and the trend of digitalisation in the retail industry in the PRC. According to the iResearch Report, “new retail” refers to the retail model in which companies upgrade and transform the process of production, logistics and sales using advanced internet technology such as big data and artificial intelligence, thereby integrating online services, offline experience and logistics in retail business. For example, offline retailers may use online apps, social media programs or other tools which allow consumers to browse product information online, participate in interactive marketing activities, and even complete product purchases through online channels while shopping in their physical stores, thereby enhancing consumers’ interactions and shopping experience. After in-store purchases and paying on their phones, customers can either pick up products directly, or arrange delivery to their homes as early as 30 minutes after purchase. SaaS solutions play an important role in the new retail industry by providing technical solutions for the transformation of offline and/or online retail enterprises to the new retail model.

In this regard, our SaaS enterprise marketing service platform is intended to connect offline retail stores in specific industries, to which we will provide a series of marketing and promotion services for their user acquisition, engagement and/or retention purposes including but not limited to the execution of marketing campaigns through our advertisement distribution, advertisement placement and virtual goods sourcing and delivery services. For example, the traffic of offline retail stores connected through our SaaS enterprise marketing platform can be utilised for advertising as a means to monetise such traffic and to provide an extra source of income for the store owners. The SaaS enterprise marketing platform can also be connected to our Rego Virtual Goods Platform, allowing us to provide virtual goods and sourcing delivery services for offline retail store owners to enrich their product offering.

Through our SaaS enterprise marketing service platform, we intend to contribute to the new retail industry, particularly to offline retailers such as lottery store owners, by realising the digitalisation of their operations. We also aim to facilitate retailers such that marketing activities can be more conveniently conducted and their customer traffic can be monetised through advertising, thereby generating new sources of income for them. Our goal is to bring about upgrades in the business operations of the participating offline retail stores, such that they will each have an established customer base that could bring sizeable user traffic.

Overall, our Directors believe that we have developed our business and built our marketing channels and portfolio of service offerings in a way that accords well with the trends and opportunities in the external environment, which underlies the growth in our results of operations over the years.

As a marketing service provider, we are capable of providing IT solutions services to market players in other industries, which could enable us to penetrate the relevant marketing segments and create synergies by setting the scene for collaboration in broader business areas

As part of our business operation that is ancillary to and closely associated with our principal marketing and promotion services business, we have been providing IT solutions services to the market players in other industries since 2017. Our Directors believe that this is a distinguishing feature of our Group as a marketing service provider, and could set us apart from our competitors. Firstly it allows us to deepen our insights into the specific industries (which form individual marketing segments) and gain market intelligence, and also to broaden our industry network by establishing connections with key market players. Secondly, as our customers of IT solutions services grow and prosper, they could experience an expansion in customer base and become useful marketing channels with increased user traffic; leveraging the business relationships we have built with them through our provision of IT solutions services, we could involve them in our business operations of our principal marketing and promotion services business: for example, we may engage them as marketing channel providers for publication and/or distribution of advertisements and other marketing materials, to enable enterprise advertisers to effectively reach the target audience. The provision of IT solutions services to the market players in other industries, through bringing opportunities for collaboration in broader business areas, could therefore generate synergies.

With the above in mind, we started to provide IT solutions services in 2017 to furnish our customers with technical solutions required for business development purpose and address their research and development needs. During the Track Record Period, we had been providing two types of IT solutions services, namely (i) mobile game and software development and maintenance services; and (ii) solutions on lottery-related software systems and equipment. Our provision of mobile game and software development and maintenance services since 2017 had enabled us to expand our business network in the mobile game industry, which our Directors believe played a part in the growth in our revenue derived from marketing and promotion services business during the Track Record Period. As regards the lottery industry, following the acquisition of Xi'an Tiantai, we had acquired advanced research and development capabilities in respect of lottery solutions and been servicing over 97,000 lottery sales points under the provincial WLIACs in 23 provinces, municipalities and autonomous regions in the PRC as at the Latest Practicable Date, rendering us primed to advance and expand our SaaS enterprise marketing service platform with the participation of lottery retail stores.

The provision of IT solutions services is in essence a mutually beneficial process in that our customer base and marketing channels in our principal marketing and promotion services business could gain further diversity in the end, as a result of the increased market penetration and the further business collaboration opportunities created. Reaping the rewards of enriched marketing resources, we will be in a position to attain joint business growth with our customers.

We offer a wide variety of virtual goods to satisfy different needs of enterprises in acquiring, engaging and retaining individual customers

According to iResearch, the integration of sourcing and delivery of virtual goods and services with marketing services could enable enterprises to implement effective marketing campaigns through various approaches, such as (i) providing complimentary goods and services to incentivise purchases by new users; and (ii) redemption of virtual goods and services as a form of membership privileges to build loyalty among and retain existing customers. In the light of the growing demand from enterprises for a diverse spectrum of virtual goods and services for user acquisition, engagement and/or retention purposes, we source and deliver virtual goods through our Rego Virtual Goods Platform, which can be connected to the platforms of our customers and suppliers via API and enables us to, among others, receive orders for virtual goods from enterprises for consumption by their individual customers (as the end users of virtual goods).

We had made continuous efforts to diversify our portfolio of virtual goods on offer during the Track Record Period. The number of products in the portfolio of virtual goods available on our Rego Virtual Goods Platform increased from four in FY2019 to over 60 in FY2021. We have also been offering packages combining various virtual goods since FY2020. Such virtual goods can be categorised into the major categories of cell phone credits, online vouchers and interests and petrol credit. According to iResearch, online entertainment and telecommunication products, which are the key virtual items in our product offerings, are two of major categories of virtual goods in demand for online users in the PRC.

Through consolidating orders from our various customers and bulk-purchasing of a wide variety of virtual goods, we seek to make available to enterprises cost-effective incentive tools to answer their specific marketing needs. For FY2019, FY2020, FY2021 and 4M2022, we had generated revenue of approximately RMB12.4 million, RMB45.3 million, RMB44.6 million and RMB15.7 million, respectively from our sourcing and delivery of virtual goods. We believe we would be able to continue to achieve significant and sustainable growth in this business area with our diverse spectrum of virtual goods on offer.

We have advanced information technology capability and are able to develop apposite software development tools and user interfaces in support of our business development

We have developed various software development tools and user interfaces to support our business development.

In 2017, we developed our Rego Virtual Goods Platform for sourcing and delivery of virtual goods. Our platform can be connected to the platforms of our customers and suppliers via API and thus enables us to receive orders for virtual goods from enterprises for consumption by their individual customers (as the end users of the virtual goods), verify their orders, compare prices and inventories of the suppliers connected to our platform, place orders to our suppliers, and arrange for delivery of the virtual goods ordered to the enterprises or their individual customers on a real-time basis.

In 2020, we launched our RegoAd SDK, which expanded our Group's marketing channels to app operators for mobile advertising, in support of our advertisement distribution services. Our RegoAd SDK possesses algorithm models that facilitate matching of advertisement contents and mobile advertising space. We would agree in advance with the mobile app operators the details of their advertising facilities, such as the available mobile advertising space in the user interface of their mobile apps, the types of advertisements that could be placed, and the formats of advertisements that may be used (for example, pop-up advertisements and open screen advertisements). We will then arrange for our RegoAd SDK to be embedded in the mobile apps of these operators to establish connections between our RegoAd SDK and these mobile apps, such that these mobile apps will be added to our resources pool and their advertising space will become available for connection. When there are advertisement contents from our advertising agents that match the advertisement space offered by the mobile app operators, such advertisement contents may be automatically arranged to be displayed in such fitting advertising space via our RegoAd SDK (working in combination with advertising agents' platforms and/or applications), taking into account our suggested matching criteria, without the need for any manual operation.

In 2021, we rolled out Rego Advertisement Operations and Management Platforms, which are specific platforms for operating our advertisement placement business and for advertisement management. Such platforms provide our staff with greater ease in accessing and extracting information on the advertisers and publishers, and in data processing and analysis respectively.

Since 2018, in collaboration with a leading university, we have embarked upon a number of research and development projects in respect of internet traffic-based distribution systems and intelligent information distribution systems utilising and driven by big data, and intelligent management systems for virtual goods-related services.

We have a dedicated team of quality control and research and development professionals who are responsible for, among others, developing the user interface design of our software modules and platforms and monitoring the system services.

For further details of our research and development team, please refer to the paragraph headed “Our Technology and Infrastructure — Our Quality Control and Research and Development Team” in this section. We believe our strong capability on information technology development enables us to stay in line with the evolving market trends and demand and avail ourselves of market opportunities as they present themselves.

We are well-positioned to gain access to the vast and widespread network of lottery sales points in the PRC for the purpose of our marketing and promotional activities, as a result of our provision of IT solutions services in the lottery industry

Our Directors foresee that there would be an enormous growth in the number of lottery buyers in the PRC, which, according to iResearch, had reached approximately 234 million in 2021. Hence, we have been evaluating and exploring the possibility to convert the widespread lottery retail network in the PRC into our marketing channel to take advantage of the user traffic under the latest consumer preferences in the PRC. To gain increased access to individual consumers of lottery products in the PRC, we commenced the provision of lottery products to enterprise customers in 2018 as part of our virtual goods sourcing and delivery services in our marketing and promotion services business, which paved the way for our accumulation of the massive user traffic of such individual consumers in the PRC to extend the reach of our marketing services.

To facilitate our further penetration of the lottery industry as a marketing segment, in 2019, we started to provide solutions on lottery-related software systems and equipment. We supply lottery vending machines and offer management consultancy services to lottery retail stores to enhance their customer base and sales performance. In 2020, we completed the strategic acquisition of Xi'an Tiantai, a PRC company principally engaged in the provision of information security systems and equipment for welfare lottery centres and lottery retail stores in the PRC. The acquisition has enabled us to (i) take advantage of the extensive lottery sales points coverage of Xi'an Tiantai's goods and services throughout the PRC; and (ii) provide information security systems and equipment connecting lottery retail stores to the China Welfare Lottery Issuance and Administration Centres* (中國福利彩票發行管理中心) at the levels of provinces, municipalities and autonomous regions. According to iResearch, the lottery market in the PRC is expected to exhibit a rapid growth from 2021 to 2026 driven by the innovation of lottery games and the adoption of the franchise model, among others. Accordingly, there is a significantly rising demand for solutions on lottery-related software systems and equipment with advanced encryption technology.

As an early mover and innovator of lottery security systems in the lottery solutions market in the PRC as reported by iResearch, Xi'an Tiantai possesses strong capabilities in conducting research and development of lottery solutions. As at 30 April 2022, Xi'an Tiantai had 33 members of research and development staff specialising in information technology, all of which possessed relevant academic qualification and industry experience, and three of which are quality assurance staff. Xi'an Tiantai has been awarded the National High New Technology Enterprise Certificate* (高新技術企業證書) since 2019, and various other recognitions in the industry such as China Compulsory Certification (中國強制性產品認證) for its user access management server. It was also the registered owner of 12 utility and design patents and 80 software copyrights as at the Latest Practicable Date. Please refer to the paragraphs headed "Awards and Recognitions" and "Intellectual Properties" in this section for further details. Our competence in provision of solutions on lottery-related software systems and equipment has enabled us to solidify our market position in the lottery solutions industry in the PRC and extend our reach to over 97,000 lottery sales points under the provincial WLIACs in 23 provinces, municipalities and autonomous regions in the PRC as at the Latest Practicable Date, thereby expanding our retail lottery marketing channel.

According to iResearch, the lottery industry in the PRC is strictly regulated by the relevant PRC government authorities. As a prerequisite for participation in the industry as suppliers or service providers, the market players must obtain certain qualifications designated by the relevant regulatory authorities, such as (i) software enterprise certification (軟件企業認定證書) and software product registration certificate (軟件產品登記證書) issued by the Ministry of Industry and Information Technology; and (ii) certification by the China Cybersecurity Review Technology and Certification Centre for the provision of the following services: (a) information security risk assessment services (信息安全風險評估服務); (b) information security emergency response services (信息安全應急處理服務); (c) information system security maintenance services (信息系統安全維護服務); (d) software security development services (軟件安全開發服務); and (e) information system security integration services (信息系統安全集成服務). As a result, the market was relatively concentrated with not more than 200 independent providers of lottery related software systems and equipment in 2021. According to iResearch, once the business relationship has become stable, the relevant PRC government authorities are highly likely to continue to cooperate with the chosen service providers because changing service providers would bring extra administrative and time cost. As a leading lottery solution provider, Xi'an Tiantai has well-established business relationships with various provincial WLIACs and could take advantage of its strong brand recognition and proven track records of cooperating with the WLIACs to secure its extensive service coverage and leading position. Xi'an Tiantai also offers relatively comprehensive IT solutions for the lottery industry which comprises the integrated business security access system (一線通), electronic payment system (一付通), unified certification system (一證通), lottery terminal machines and outlets management system, among others, covering the various key areas in the business operation of lottery sales points. Our Directors believe the above constitute our major competitive advantages in our provision of IT solutions on lottery-related software systems and equipment.

With our early move and advantage in terms of service coverage, and leveraging our established business relationships with the provincial WLIACs, we believe that we enjoy assured access to a vast and widespread network of lottery sales points in the PRC and are therefore well-positioned to expand our marketing operation in the lottery industry.

We have a dedicated, insightful and visionary management team

We have a dedicated, insightful and visionary management team consisting of experienced participants in the online marketing industry, who possess a high degree of awareness of the market opportunities.

Mr. Chen, our chairman and one of our executive Directors, has over 31 years of experience in the internet, computer software research and development related industry and has been serving as an associate professor in the Department of Computer Science and Technology of Zhejiang University since January 1990. Cognisant of the considerable demand for marketing services in the PRC, Mr. Chen has formulated our business strategy for continuous expansion of individual users reach, which paves the way for rapid development and growth of our marketing and promotion service business.

Mr. Tian and Mr. Zhang, our executive Directors who also serve as our chief executive officer and chief operating officer respectively, have over 28 years of experience in sale and marketing of telecommunication appliances and computer system maintenance and over nine years of experience in sale and marketing of telecommunication value-added services respectively. Under their helmsmanship, we have been successful in expanding our presence into different marketing segments, such as the lottery and mobile game marketing segments, which has enabled us to reach a larger population in the PRC and established ourselves as a fast-growing industry player.

We believe that we will continue to benefit from the industry insights and expertise of our Directors and senior management in our daily operation and business development, and achieve further growth in the industry under their lead.

OUR BUSINESS STRATEGIES

According to iResearch, (i) the market size of the online advertising market in the PRC in terms of advertising spending increased from approximately RMB376.3 billion in 2017 to RMB942.1 billion in 2021, at a CAGR of 25.8%, and is expected to reach RMB1,719.1 billion in 2026, representing a CAGR of 12.8% from 2021; and (ii) the to-B virtual goods and services market in the PRC in terms of GMV increased from RMB79.5 billion in 2017 to RMB151.2 billion in 2021, representing a CAGR of 17.4%, and is expected to grow rapidly to RMB284.6 billion in 2026, representing a CAGR of 13.5% from 2021. As such, to continue to expand our business in the rapidly changing and growing marketing services industry in the PRC and to further the accomplishment of our business objectives, we intend to pursue the following strategies:

Developing and expanding our online marketing channels and resources for our marketing and promotion services

We will further expand our marketing channels and resources to provide our marketing and promotion services in a more efficient and cost-effective manner.

With the launch of our RegoAd SDK for delivery of our advertisement distribution services in our marketing and promotion services business, we have established business relationships with mobile app operators and distribution agents; matching advertisement contents from enterprise advertisers are automatically distributed to the advertising space in the user interface of mobile apps for display via our RegoAd SDK (working in combination with advertising agents' platforms and/or applications), based on marketing criteria set by us, without the need for any manual operation. Our RegoAd SDK has enabled us to gather more precise information on the effectiveness of the marketing campaigns. With the growing volume of relevant data, we intend to further utilise our information technology capability to enhance our data collection and analysis capability. Meanwhile, we will also strive to improve the user-friendliness of our RegoAd SDK in terms of consistency, data transfer speed, precision of user identification, sensitivity and manoeuvrability. Among others, we plan to develop new applications and/or algorithm in order to build into our RegoAd SDK a series of advanced features and functions, including but not limited to real-time collection of statistical data, centralised processing of data collected from various sources, automatic data classification, matching of advertisements and advertising space with improved precision, forecast of CTRs and conversion rates of advertisements, an enhanced user interface with tailored channels for users accessing via different operating systems, and relevant corporate services and data services platforms. We plan to implement these improvements and developments by expanding our research and development team.

Besides, we intend to further scale up our advertisement placement services business as a specific area of our marketing and promotion services business. Capital will be injected in support of the increases in the number of mobile advertising campaigns we will plan, launch and manage for enterprise advertisers utilising the platforms of media publishers. In particular, we plan to scale up our operation team to support the planning and implementation of advertising campaigns.

In addition, we will expand our research and development team and work on the efficiency of our advertisement placement system, with specific research and development work to be undertaken to achieve mass production of advertising materials and placement schemes, and application of artificial intelligence for complete and uninterrupted monitoring of advertising campaigns and collection of real-time performance data (such as advertisement CTRs and conversion rates), automatic pricing, and automatic control of campaign schedule, such that the conversion rates could be maximised at minimum costs.

In our advertisement placement services business, the media publishers, being primarily large-scale media platform operators, generally require that enterprise publishers set up accounts with them and maintain funds in the accounts in order to secure advertisement

publication services; we, as intermediate marketing service providers, would provide account top-up services for the enterprise advertisers and arrange for their accounts to be credited. To ease the enterprise advertisers' cash flow pressure, we would typically make payments to the designated media publisher or its agent for account top-up purpose on a prepayment basis, i.e. before receiving funds from our customers. As more mobile advertising campaigns are launched, there will be a corresponding increase in the amount of such prepayments we will need to make to the media publishers and/or their agents, and we plan to allocate more resources for meeting such prepayment requirements.

We will apply approximately 42.2% of the net proceeds from the Global Offering to support the development of our SDKs and the expansion of our advertisement placement services business for the three years ending 31 December 2024, including 14.4% for expanding our research and development team and operations team, 1.2% for meeting relevant property rental expenses, and 26.6% for the prepayments to the media publishers and/or their agents. We shall meet any additional expenses to be incurred in connection with the above activities with our internal resources.

Further developing and expanding our supplier base and types of virtual goods on offer

Our Rego Virtual Goods Platform enables enterprises to source and deliver to their individual customers a vast array of virtual goods for user acquisition, engagement and/or retention purposes as part of their marketing campaigns. The number of products in the portfolio of virtual goods available on our Rego Virtual Goods Platform increased from four in FY2019 to over 60 in FY2021. According to the iResearch Report, the robust growth in the to-B virtual goods and services industry in the PRC in terms of GMV will continue during the period from 2021 to 2026 at a CAGR of 13.5%, and we see ample room for expansion of our scale of operation in our virtual goods sourcing and delivery services business. We will strive to continue to enrich our product offerings in this regard. As a general practice, we are required to make prepayments to our suppliers to cover the costs of virtual goods, and as our portfolio and inventory of virtual goods increase in size, there will be a corresponding increase in the amount of prepayments we will need to make to our suppliers.

We will allocate approximately 26.7% of the net proceeds from the Global Offering for sourcing and delivering through our platform an enlarged portfolio of virtual goods for the three years ending 31 December 2024, including 6.5% for expanding our research and development team, operations team and commerce team, 0.6% for meeting relevant property rental expenses, and 19.6% for prepayments to relevant suppliers of virtual goods. We shall meet any additional expenses to be incurred in connection with the above activities with our internal resources.

Acquiring companies in marketing and related industries

We plan to acquire the controlling interest (i.e. more than 50% of the equity interest) in company(ies) in marketing and related industries in the year ending 31 December 2023 as a means to promote our principal marketing and promotion services business and the user traffic of our platforms, so as to capture the market opportunities brought about by the increasing demand for the types of marketing services we provide in the PRC.

The acquisition target(s) shall be company(ies) principally engaged in the provision of

- (1) advertisement placement and/or advertisement distribution services, with complete management, research and development and operations teams, sound research and development capabilities and/or a sizeable customer base and turnover, so as to strengthen our capacity to deliver the relevant services.

Specific examples include

- advertising agents and channel agents through which we can gain direct and increased access to enterprise advertisers and marketing channel providers, particularly in the lottery industry and the mobile game and software industry, being two of the major marketing segments targeted by us for growth in our marketing and promotion services business; and
- distribution agents that have established business relationships with mobile app operators with well-established customer base and private traffic, which may serve as our suppliers in our advertisement distribution business and provide opportunities for our further growth in this business area.

We expect that the acquisition target(s) shall each have (i) a staff of sufficient size and technical research and development capabilities that should include university degree holders; (ii) an operating history with stable business relationships with enterprise advertisers, media publishers or mobile app operators (as the case may be); and (iii) requisite information technology systems or sound research and development capabilities in the areas concerned. In addition, the acquisition target(s) should each have a stable turnover with a net profit of not less than RMB3 million (for advertising agents and channel agents) or RMB5 million (for distribution agents) recorded for the most recent financial year. As confirmed by iResearch, as at the Latest Practicable Date, there were at least 1,000 operators in the market that matched such acquisition criteria; and/or

- (2) virtual goods sourcing and delivery services, with distinctive supply chains and a sizeable enterprise customer base, such that we could increase our customer reach and market share and improve the diversity of virtual goods we are able to supply.

In particular, it is part of our business plan to extend our virtual goods sourcing and delivery services (which are currently mainly offered to enterprises with a relatively larger operating scale) to offline retail stores for empowerment purpose. Hence, the acquisition target(s) should ideally be capable of sourcing and/or delivering virtual goods that are apt for offline retail stores from the operational and sale perspective.

We expect that the acquisition target(s) shall each have (i) a staff of sufficient size and technical research and development capabilities that should include university degree holders; (ii) an operating history with an established customer base; and (iii) requisite information technology systems or sound research and development capabilities in the areas concerned. In addition, the acquisition target(s) should each have a stable turnover with a net profit of not less than RMB3 million recorded for the most recent financial year. As confirmed by iResearch, as at the Latest Practicable Date, there were at least 40 operators in the market that matched such acquisition criteria.

As at the Latest Practicable Date, we had neither entered into any letter of intent or agreement for any such acquisition nor identified any definite acquisition target.

We shall set aside approximately 14.9% of the net proceeds from the Global Offering for the acquisition(s) of the above company(ies) and to support its(their) subsequent operations during the year ending 31 December 2023. We shall meet the remaining amount of expenditure expected to be incurred in connection with the implementation of this business strategy with our internal resources and/or the then available external financing options.

Developing and operating our SaaS enterprise marketing service platform as a means to expand our marketing channels

We shall actively pursue further development and expansion of the coverage of our marketing and promotion services business. One specific endeavour to be undertaken by us is to continue to advance and expand our SaaS enterprise marketing service platform, which is intended to connect offline retail stores in specific industries to form a network that could ultimately be transformed into a national marketing service system with full coverage various parts of the PRC. Once fully developed, our SaaS enterprise marketing service platform will bring about upgrades in the business operations of the offline retail stores connected and, at the same time, constitute a vast channel with sizeable user traffic for us to conduct our marketing and promotion services business (including both online and offline marketing activities).

According to the iResearch Report, the market has already seen SaaS technology being leveraged as a marketing service tool in different industries. For example, a smart food service provider in the PRC offers SaaS solutions for businesses through its social media program and

public accounts, which in themselves constitute an advertisement publishing platform. Similarly, a self-service equipment solutions provider in the PRC uses its SaaS platform to connect self-service equipment operators with individual consumers through its payment service, thereby creating a traffic pool that can be monetised for advertisement purposes and establishing a circulation of business between operators, consumers and advertisers. It was further advised by iResearch that, there were approximately 600 to 800 new retail SaaS companies in the PRC in 2021 and the number of market players is expected to further increase in the future. Further, iResearch advised that, the concentration level of the domestic new retail SaaS industry is relatively low without any specific leading enterprise which offers full business coverage and companies with competitive advantages on, among other things, technology capability and/or access to customers' network tend to extend their value-added services to capture a higher market share in the industry.

Leveraging the access we have gained to the vast network of lottery sales points in the PRC, our SaaS enterprise marketing service platform will mainly target lottery retail stores. By connecting the lottery sales points through our SaaS platform, we will be able to consolidate the private traffic of the individual lottery sale points and thereby create a community among a large number of lottery buyers. Operators of the lottery sale points would benefit from the use of our SaaS platform given that (i) it would provide them with an efficient means for customer management and communication, as well as marketing and promotion to be conducted among the lottery buyers; (ii) we will provide other value-added services to the lottery sales points through our SaaS platform, which may, for example, serve as an online product sales channel among the lottery buyers; and (iii) lottery sales point operators may monetise their private traffic through the network created by our SaaS platform to generate new sources of income from advertising and product sales on the platform. We may also design and insert bespoke user functions to enhance the customers' experience, such that user engagement and satisfaction can be promoted and user traffic can be increased. To the best of our knowledge and belief, as most of the lottery sale points have a relatively small operating scale, they do not possess the necessary technical knowledge and connections to establish a similar platform. Given our access to the vast network of lottery sales points, our technical capabilities and the potential benefits of our SaaS platform to the lottery sales point operators, we are positive that the lottery sales points are likely to agree to use our SaaS platform. As at the Latest Practicable Date, we were developing prototypes of the business communication app with bespoke user functions that the offline retail stores could use for mass marketing and promotion, for test launch purpose.

Our Directors consider that we are well-placed to build and run our SaaS enterprise marketing service platform, given our connections in the lottery industry in the PRC. We have established business relationships with relevant market players through the provision of solutions on lottery-related software systems and equipment since 2019. In 2020, we strategically acquired the entire share capital of Xi'an Tiantai, a provider of information security systems and equipment for provincial WLIACs and lottery retail stores in the PRC with advanced research and development capabilities in respect of lottery solutions, thereby building business relationships with the provincial WLIACs in 23 provinces, municipalities

and autonomous regions in the PRC covering over 97,000 lottery sales points as the Latest Practicable Date. Our Directors expect that our strong information technology capability will also serve as an enabler of our plan to build and run our SaaS enterprise marketing service platform.

We believe that our SaaS enterprise marketing service platform development plan will be in line with the rise of “new retail” in the PRC. According to the iResearch Report, “new retail” refers to the retail model that companies, relying on the Internet, upgrade and transform the process of production, circulation and sales using advanced technology, thereby reshaping the industry structure and ecosystem, and deeply integrating online services, offline experience and modern logistics; it is not only an empowerment of offline retail stores, but also an adjustment of the online retail structure, where the introduction of more precise and high-quality traffic brings back momentum to online retail. According to the iResearch Report, there were up to 150,000 welfare lottery sales points in the PRC in 2021, and they are among the categories that can benefit from new retailing. By involving the lottery retail stores in our SaaS enterprise marketing service platform, we aspire to spur the “digitalisation” of lottery retail stores, i.e. the process of moving to a digital business, where digital technologies are used to enhance their business model that could potentially generate new revenue and value-producing opportunities. With digitalisation in sale, marketing and other relevant operations of lottery retail stores, we serve to refine, streamline and/or expand their business operations and enrich their scope of offerings and income streams. Specifically, in terms of customer management, the SaaS model encompasses the use of online channels such as apps and social media programmes to conduct membership management, marketing campaigns and customer services, and the user portrait data available permits more precise marketing; as regards store management, under the SaaS model, online systems will be used to facilitate inventory analysis, in-store payment and staff management, and service quality can be improved based on the operating data stored. We will therefore be able to contribute to the overall industry upgrade and transformation through introducing the SaaS model to lottery retail stores.

As mentioned above, lottery retail stores will be our focus in the initial phase of our SaaS enterprise marketing service platform development plan. Building on our experience in the lottery industry, we will then expand into other sectors such as the tobacco industry and the fast moving consumer goods industries in future years. Our goal is to replicate our success in the lottery industry and incorporate the retail stores in such other industries into the network of our SaaS enterprise marketing service platform, such that we could bring the benefits of the SaaS model to a broader spectrum of retail store operators and extend the reach of our marketing channels into such industries.

The advancement and expansion of our SaaS enterprise marketing service platform is expected to be a significant move both to further our efforts to adopt the platform-based approach in the development of our marketing and promotion services business, and to empower offline retail stores, integrating and building upon our existing marketing channels and resources. Our Directors believe that following the complete development of our SaaS enterprise marketing service platform, we could evolve into a provider of marketing solutions

that not only offers added value to our customers in marketing and sale but also facilitates the overall business development of our customers. It is envisaged that our SaaS enterprise marketing service platform and the relevant retail store network created, with the user traffic generated as a whole, will become part of our major marketing channels and core future growth drivers. Further, our Directors believe that our SaaS enterprise marketing service platform would create additional synergies with our existing business. For example, we may connect advertising spaces on the SaaS platform with our RegoAd SDK and utilise the user traffic of our SaaS platform for distributions of advertisements from enterprise advertisers. We may also offer virtual goods sourcing and delivering services to the lottery sale point operators by connecting our SaaS platform with our Rego Virtual Goods Platform. Hence, this strategy, if successfully implemented, will in itself bring about a major upgrade in our business, paving the way for our long-term growth.

We commenced the development of our SaaS enterprise marketing service platform in March 2021. As at 30 April 2022, we had established a team of 11 members with a focus on the design and development of the SaaS platform and the employees benefits expense incurred therefrom during the Track Record Period amounted to approximately RMB2.8 million. We intend to designate approximately 6.3% of the net proceeds from the Global Offering for the advancement and expansion of our SaaS enterprise marketing service platform for the three years ending 31 December 2024, including 5.7% for expanding our research and development team and operations team, and 0.6% for meeting relevant property rental expenses. We shall meet any additional expenses to be incurred in connection with the above activities with our internal resources.

OUR BUSINESS MODEL

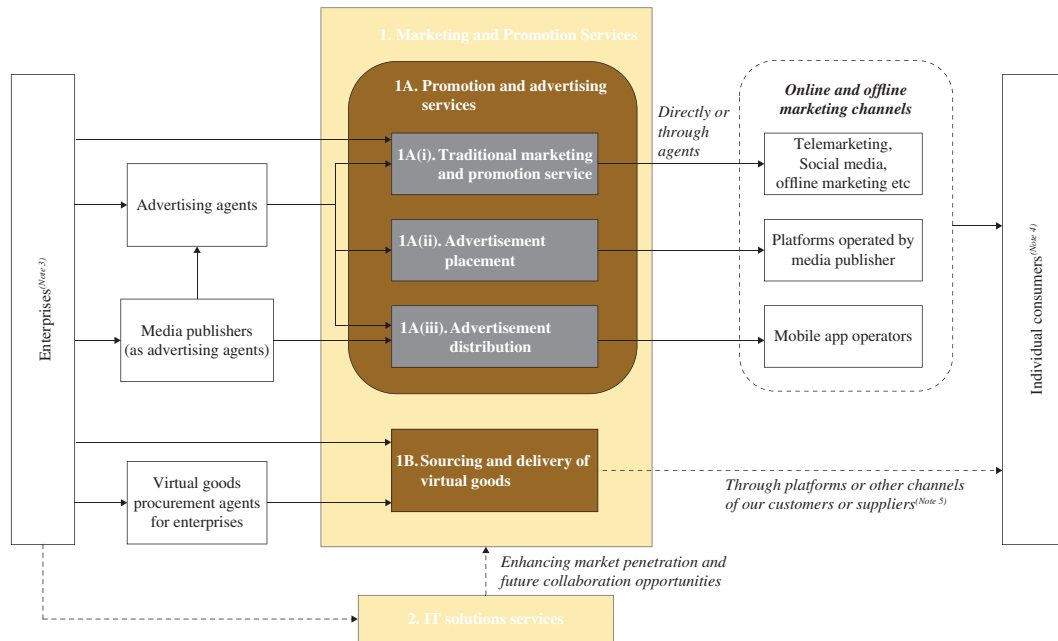
During the Track Record Period, we operated two main business segments, namely:

- (1) marketing and promotion services, which include
 - (1A) promotion and advertising services, where we assist enterprise advertisers in acquiring and/or reactivating users through different services including (i) traditional marketing and promotion services; (ii) advertisement placement services; and (iii) advertisement distribution services; and
 - (1B) virtual goods sourcing and delivery services, where we source virtual goods for enterprises and deliver the virtual goods to them for their user acquisition, engagement and/or retention purposes.
- (2) IT solutions services, for the purposes of business diversification, enhanced market penetration and further business collaborations in broader business areas, where we provided (2A) mobile game and software development and maintenance services and (2B) solutions on lottery-related software systems and equipment during the Track Record Period.

BUSINESS

Marketing and promotion services constitute our core business segment and contributed over 70.0% of our revenue throughout the Track Record Period, where we primarily act as an intermediate marketing services provider and assisting enterprise advertisers to deliver their marketing and promotion campaigns to individual consumers.

Set forth below is a diagram which illustrates the position of our Group in the value chain of the marketing industry in the PRC and our overall business model:



Notes:

1. The shaded boxes denote the roles and operations of our Group in different business segments and sub-segments.
2. “—▶” denotes the flow of marketing and promotion services from enterprise advertisers to the individual consumers.
3. Enterprises include enterprises which are desirous of (i) advertising and promoting their products or services (as to our promotion and advertising services); (ii) procuring virtual goods for customer retention (as to our virtual goods sourcing and delivery services); and (iii) sourcing software and/or equipment (as to our IT solutions services).
4. Individual consumers refer to the target audience of our advertising and promotion services and end users of virtual goods.
5. We primarily provide “to-B” virtual goods sourcing and delivery services to enterprises, who are responsible for arranging onward delivery of the virtual goods to the individual consumers. The virtual goods are either delivered to the enterprises (or their agents) which will arrange onward delivery to their individual consumers or directly from the virtual goods suppliers to individual consumers at the instruction of the enterprises (or their agents).

Our Value in the Supply Chain of Advertising Services

As an intermediate advertising service provider, we primarily add value to the supply chain of advertising services by integrating media resources of and connecting advertisers with advertising publishers, allowing advertisers to conduct marketing activities in a more cost-efficient manner. We started off with providing traditional marketing and promotion

services to enterprise advertisers who may not have access to a wide range of marketing channels. With our established networks, experience and resources in conducting marketing and promotion activities, we serve to assist the advertisements and promotion of our customers to reach their target audience.

In order to provide additional value to our customers and suppliers, we strive to elevate the functionalities of our services as an intermediate advertising service provider through a platform-based approach. For example, our advertisement distribution services facilitate the matching between available mobile advertising spaces in the user interface of mobile apps against appropriate types of advertisements for their users. We, as an intermediate advertising service provider, provide the required technology, expertise and resources to the value chain of the advertising industry, allowing enterprise advertisers to effectively reach their target audience by arranging for their advertisements to appear in fitting mobile apps. At the same time, we enable mobile app operators to generate additional revenue through enhanced utilisation of their resources in the form of advertising space; in this sense, we assist the mobile app operators with “monetisation” of the user traffic they have created.

Similarly, we provide advertisement placement services to enterprise advertisers by providing account opening services with their designated media publisher for placement of advertisements and/or top-up services in respect of our customers’ accounts with the media publisher, enabling them to place advertisements through their desired media platform in a more cost-efficient manner, given our capability to connect with large-scale media platform operators as their authorised service provider possibly at a lower cost. The values of our marketing and promotion services are further enhanced with our provision of IT solutions services as it allows us to further penetrate into specific industries where our customers operate in and thereby better optimising our marketing and promotion services. In addition, our virtual goods sourcing and delivery services add value by providing our customers with an integrated offering of a range of different virtual goods at lower costs and increased ease of management through our Rego Virtual Goods Platform.

With the evolution in the services provided by us over the years, we continued to enrich our role and value in the supply chain of the advertising industry, which we believe is one of the major drivers of our revenue growth during the Track Record Period.

1. Marketing and Promotion Services

In the value chain of the advertising industry in the PRC, we play the role of an intermediate advertising service provider. According to the iResearch Report, as advertisers place a greater focus on online advertising and as a result of rapid technological developments, intermediate advertising service providers are becoming increasingly important and constitute a fast-developing segment in the market. Core values of intermediate marketing service providers include resource connection, optimisation and analytics, utilisation of media publishers, and the prepayment ability. As most advertisers only have limited in-house

optimisation capability, they are shifting reliance from direct procurement of marketing services to procurement through intermediate marketing service providers, which are equipped with better technology, expertise and data sufficiency to perform optimisation for the advertisers.

Our marketing and promotion services can be broken down into two sub-segments, all provided with a view to enabling user acquisition, engagement and/or retention for advertisers, namely (1A) promotion and advertising services; and (1B) virtual goods sourcing and delivery services.

1A. Promotion and Advertising Services

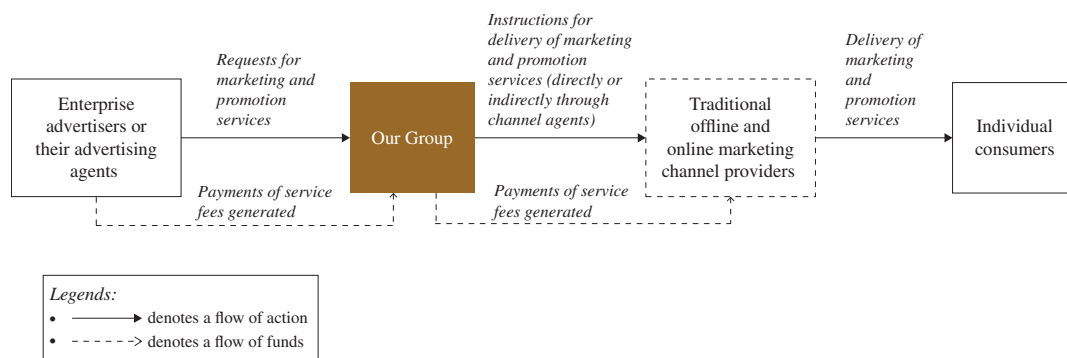
In our promotion and advertising services business, we seek to assist enterprise advertisers in acquiring and/or reactivating users through planning, launching and/or managing their marketing campaigns. During the campaign planning stage, we may identify and set the target audience and target media of the campaigns after discussions with enterprise advertisers and/or their marketing agents, taking into account their individual circumstances and needs. As we launch the campaign, we may arrange for the advertisements and/or other marketing materials to be posted and/or published, with a view to increasing the publicity that enterprise advertisers could gain. During the Track Record Period, promotion and advertising services offered by us include (i) traditional marketing and promotion services; (ii) advertisement placement services; and (iii) advertisement distribution services.

1A(i) Traditional Marketing and Promotion Services (Delivered through Marketing Channel Providers)

In the light of the emerging opportunities in the internet, mobile technology and interactive entertainment industries, we expanded into the pan-entertainment market and began to provide traditional marketing and promotion services to enterprise advertisers and/or their advertising agents. At the request of enterprise advertisers and/or their advertising agents, we may design marketing campaigns, and arrange for execution of the campaigns through selected and integrated marketing channels, including traditional offline channels (such as cold-calls, SMS and brick-and-mortar retail stores) and online channels (such as groups on WeChat and Tencent QQ), directly or via channel agents, leveraging our marketing channel resources and comprehensive network of marketing channel providers amassed and built through our years of operation. For example, we have arranged to place promotional materials of our customer which is an audiobooks platform operator on an online reading platform. We have also promoted mobile apps and online entertainment platforms through promotion activities and posting of promotion materials at physical stores. Depending on the requests from our customers and the availability of human resources, our marketing and promotion services maybe delivered directly by our staff or we may engage third-party channel agents to deliver such services.

BUSINESS

Set forth below is a diagram which illustrates the business model of our traditional marketing and promotion services business:



Business Flow and Key Participants

The key participants and their interactions with our Group in the business flow of our traditional marketing and promotion services business are as follows:

Enterprise advertisers and their advertising agents (as our customers)

Our customers in this business sub-segment are enterprise advertisers desirous of advertising and promoting their products or services for user acquisition and/or reactivation purposes, or their advertising agents. Our customers range from small enterprises to subsidiaries of listed companies. The products and services featured in our traditional marketing and promotion services during the Track Record Period mainly fell within the categories of games and entertainment, and utility and lifestyle. Among others, we had been providing such services for mobile app operators during the Track Record Period.

Marketing channel providers and channel agents (as our suppliers)

Our traditional marketing and promotion services provided may take the form of social media marketing (conducted through, for example, groups on WeChat and Tencent QQ, by external operators independent of such social media platforms and our Group which possessed such online marketing channel resources and would arrange for marketing and promotion materials relating to the enterprise advertisers and/or their products and services to be published in the chat groups utilising their available resources as appropriate), or telemarketing (such as cold-calling and SMS marketing). Offline marketing services (such as publication and posting of marketing materials at brick-and-mortar retail stores) may also be provided. Hence, our suppliers in these business areas may include both online and offline marketing channel providers.

Apart from direct engagement of online and offline marketing channel providers, we may engage agents with relevant expertise and/or experience in respect of specific local markets to delegate the performance of traditional marketing and promotion services to suitable marketing channel providers, in order to maximise our cost efficiency and the effectiveness of the marketing campaigns. Hence, our suppliers in this business area may also include agents of marketing channel providers, which are referred to as “channel agents”.

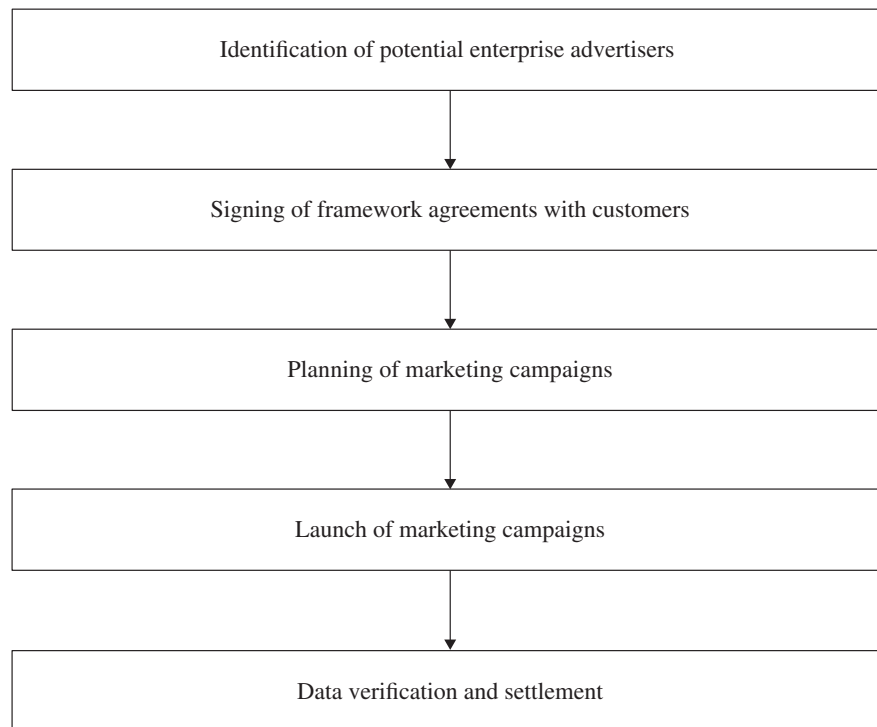
We had a comprehensive supplier network during the Track Record Period, which comprised over 50 online and offline marketing channel providers and channel agents in different major cities in the PRC.

Individual customers

We connect enterprise advertisers to individual consumers through selected marketing channels with a view to ensuring that the advertisements and/or marketing materials and the underlying messages can be effectively delivered to the target audience, and the goals of user acquisition and/or reactivation can be achieved.

Key Operating Processes

The following flowchart outlines our key operating processes in respect of delivery of traditional marketing and promotion services:



Identification of potential enterprise advertisers

We seek to identify potential enterprise advertisers in the market that are desirous of advertising and promoting their products or services for user acquisition and/or reactivation purposes. We mainly source our customers through business referrals and/or connections.

Signing of framework agreements with customers

After reaching agreement on the terms on which our traditional marketing and promotion services should be provided, as a general practice, we entered into binding framework agreements with enterprise advertisers or their advertising agents as our customers in respect of our traditional marketing and promotion services during the Track Record Period.

Terms of Framework Agreements with Our Customers

Pursuant to the framework agreements, our customers would inform us of, and generally provide us with, the advertisement contents to be distributed. The salient terms of these framework agreements are summarised as follows:

Term:	A term of a few months to two years in general with no renewal mechanism. If any party is in breach of any terms of an agreement, it must take remedial actions within a period specified by the other party, failing which the other party may terminate the agreement with immediate effect.
Service scope:	We shall provide traditional marketing and promotion services to our customers. The framework agreements generally do not specify any performance target.
Responsibilities of our customers:	Our customers shall ensure all advertisement contents provided are accurate, not inappropriate and will not violate any applicable laws, regulations or rights of third parties.
Responsibilities of our Group:	For services provided under the CPA pricing model, we shall not cause to be generated any false performance data from the advertisement. We shall not modify or otherwise interfere with any programming files or codes of our customers where they are provided pursuant to the terms of the agreement.

BUSINESS

- Payment arrangements:
- Service fees receivable by us are recognised monthly.
 - We generally require our customers to make payment of our invoices within 10 working days upon receipt of our invoices.

Our Directors confirm that our Group had not been involved in any breach of such framework agreements which would have had a material adverse impact on our business operations, financial condition or results of operations during the Track Record Period.

Planning of marketing campaigns

At the marketing campaign planning stage, we may identify and set the target audience and target media of the campaigns after discussions with the enterprise advertisers and/or their advertising agents, taking into account their individual circumstances and needs. For enhanced delivery of our traditional marketing and promotion services, we may collect further information relating to the enterprise advertisers such as their corporate background and current market position, and in particular, details of their goods and/or services to be promoted, target consumer groups and marketing goals (the “**Relevant Marketing Information**”), for our selection and determination of appropriate marketing channels and timing and duration for performing corresponding services.

Launch of marketing campaigns

As we launch the marketing campaigns, we may arrange for the advertisements and/or other marketing materials to be posted and/or published.

Forms of Services

The traditional marketing and promotion services we provide to enterprise advertisers may take one or more of the following forms:

- social media marketing, i.e. the advertising of products, services, or brands using the internet, by means of attracting the interest of groups of people who may discuss or make suggestions about them online; social media marketing may be conducted through, for example, groups on WeChat and Tencent QQ;
- telemarketing, i.e. the advertising of goods or services by phone, such as cold-calling and SMS marketing; and
- offline marketing services, such as publication and posting of marketing materials at brick-and-mortar retail stores.

Taking into account the Relevant Marketing Information, our customers' preference and/or service fees previously quoted by our suppliers, we may engage suitable suppliers in connection with the marketing campaigns, which may be online marketing channel providers, offline marketing channel providers, agents of media publishers and/or agents of other marketing channel providers. Our suppliers will then distribute the advertisement contents via various marketing channels (where they themselves are marketing channel providers), or delegate such distribution services to suitable marketing channel providers (where our suppliers are channel agents).

Terms of Framework Agreements with Our Suppliers

As a general practice, we entered into building framework agreements with marketing channel providers or channel agents as our suppliers in respect of our traditional marketing and promotion services during the Track Record Period. Pursuant to the terms of the framework agreements, we generally provide our suppliers with the advertisement contents to be distributed. The salient terms of these framework agreements are summarised as follows:

Term:	A term of approximately one to two years in general with no renewal mechanism. If any party is in breach of any terms of an agreement, it shall take remedial actions generally within five to 10 working days upon request of the other party, failing which the other party may terminate the agreement with immediate effect.
Service scope:	Our suppliers shall provide advertisement contents distribution services to us. The framework agreements generally do not specify any performance target.
Responsibilities of our Group:	We shall ensure all advertisement contents provided are accurate, not inappropriate and will not violate any applicable PRC laws, regulations or rights of third parties.
Responsibilities of our suppliers:	For services provided under the CPA pricing model, our suppliers shall not cause to be generated any false performance data from the advertisement.

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Service fees payment
arrangements:

- Service fees payable by us are recognised monthly.
- We generally make payment of invoices issued by our suppliers within 10 working days upon receipt of such invoices.

Our Directors confirm that our Group had not been involved in any breach of such framework agreements which would have had a material adverse impact on our business operations, financial condition or results of operations during the Track Record Period.

Data verification and settlement

We invoice our customers for the services provided after verifying performance data with the relevant enterprise advertisers, advertising agents, marketing channel providers and/or channel agents.

In respect of our major types of traditional marketing and promotion services, we charge our customers, i.e. enterprise advertisers or their advertising agents, primarily based on one or more of the following pricing models, depending on the agreement reached between our Group and each customer based on its individual circumstances, and our revenue is recognised on a gross basis:

- the cost-per-action (CPA) model, where advertising is paid on the basis of each action, such as download, installation or registration, of the individual consumers (as mobile device users). Such actions normally require a higher degree of personal involvements from the individual consumers, through experiencing or using the advertised products or services by activating/reactivating the products or services or registering as users.

Under the CPA model, we charge our customers upon the agreed actions being performed, which may, for example, be measured by the number of claims for the featured benefits made by individual consumers or number of user accounts registered on online platforms as a result of the marketing campaigns. Our revenue is calculated based on the total numbers of qualified actions done by individual consumers and the agreed rates per action;

- the cost-per-sale (CPS) model, where advertising is paid on the basis of the sales amount as a result of the advertising.

Under the CPS model, we charge our customers once sales are generated from the enterprise advertisers' products or services being promoted. Where our customers are advertising agents of enterprise advertisers, we may charge the advertising agents after they receive payment from enterprise advertisers. Our

revenue takes the form of an agreed percentage of the total amount of sales generated from the products or services promoted, or an agreed percentage of the total amount of payment(s) received by advertising agents (as our customers) from the enterprise advertisers; and

- fixed-rate payments, where we charge our customers based on the agreed fixed fees per unit and the numbers of specific service items delivered, such as the number of brick-and-mortar retail stores where marketing materials have been posted.

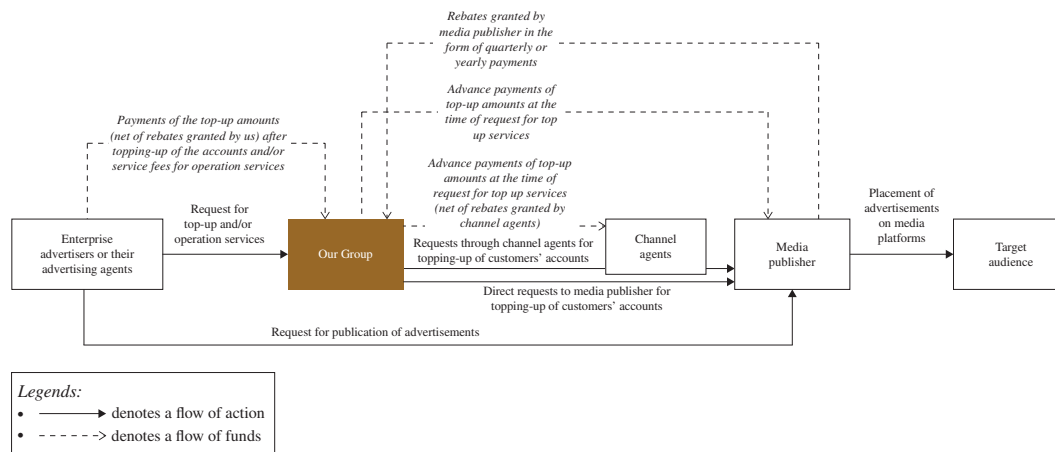
1A(ii) Advertisement Placement Services (Delivered through Media Publishers)

As an authorised service provider of the designated media publishers (being typically large-scale media platform operator), we connect enterprise advertisers with such media publisher by providing, directly or via agents, accounts opening services with media publisher for placement of advertisements and/or top-up services in respect of our customers' accounts maintained with the media publisher, which would be used for the placement of their advertisements on such media platform. After receiving orders from our customers and making certain the advertisement contents they would like to place on the media platform, we would proceed to provide the requisite account opening services and/or top-up services, such that there would be a sufficient balance in each relevant customer's account maintained with the media publisher for acquiring their advertisement publication services. Through this, we seek to ensure that advertisements could be arranged to be displayed on the media platforms as and when needed by our customers.

The designated media publisher or its channel agents generally require us to make payment on behalf of our customers in advance upon request for top-up services, while we would subsequently invoice and charge our customers on a monthly basis for our services provided. Such payment arrangement, which is otherwise not available if our customers top-up their accounts themselves, allows better flexibility in our customers' liquidity management. We also normally offer our customers a higher percentage of rebates than the media publisher would offer to them directly, as we, by consolidating the spending of a mass of enterprise advertisers, would normally be able to obtain a higher percentage of rebates from the media publisher than individual enterprise advertisers themselves could. Hence, our customers would be able to achieve savings on advertising costs, which provides an additional incentive for their employment of our advertisement placement services. In addition, we provide value-adding customer support services, such as assistance in applying for advertisement placement and follow-up in relation to technical issues encountered. Commencing from September 2021, we also provide operation services to our customers such as advising on advertisement placement strategy to optimise placement performance and/or preparing the advertising materials to be placed on the media platforms. Our Directors believe that all of the above advantages have collectively incentivised our customers to open accounts with the designated media publisher and/or top-up their accounts maintained with the media publisher through us.

BUSINESS

Set forth below is a diagram which illustrates the business model of our advertisement placement services business during the Track Record Period:



Business Flow and Key Participants

The key participants and their interactions with our Group in the business flow of our advertisement placement services business are as follows:

Enterprise advertisers and their advertising agents (as our customers)

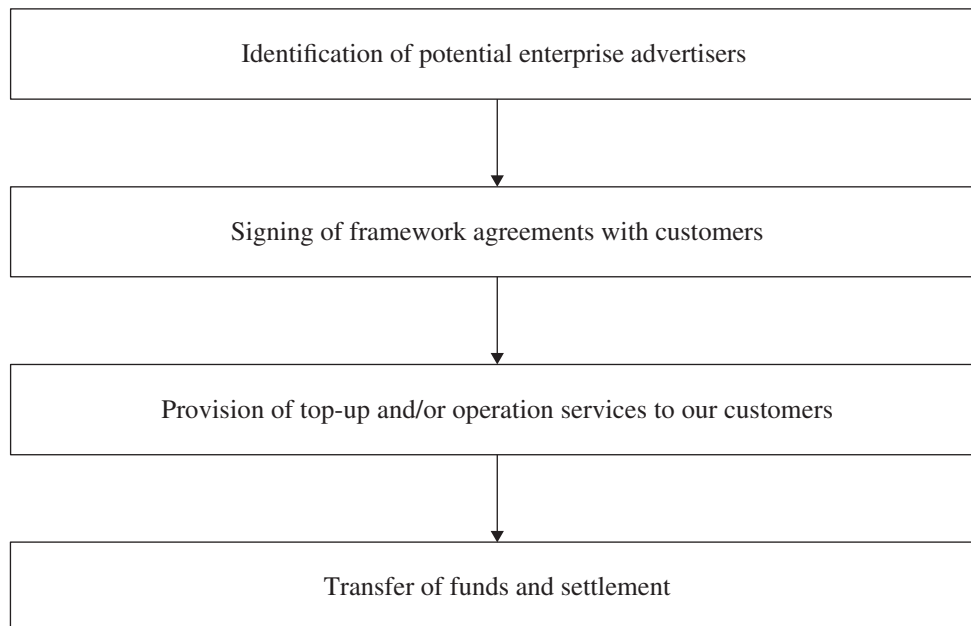
Our customers of advertisement placement services are enterprise advertisers (or their advertising agents) which intend to promote or advertise their products or services through the placement of advertisement on online media platforms.

Media publishers and their channel agents (as our suppliers)

For our advertisement placement services, our major delivery channels are primarily large-scale media platform and our suppliers mainly include the designated media publisher (being operator of the media platform) and its channel agents. The advertisements of the enterprise advertisers will be delivered to the media publisher and published on its platforms and become viewable by its users. In view of our experience, resources and operating scale in the marketing industry, we are able to satisfy the entry requirements set by the media publisher, such as revenue and capital size tests, and pass the review process. Thereafter, we are able to enter into authorisation agreements with the prominent media platform operator, thereby securing our collaboration. These authorisation agreements are generally renewable for an indefinite number of times. We keep close contact with the media platform operator to understand its expectations and requirements for the renewal of such authorisation agreements.

Key Operating Processes

The following flowchart outlines our key operating processes in respect of our advertisement placement services:



Identification of potential enterprise advertisers

We mainly source our customers of the advertisement placement services through our sales and marketing activities. We would discuss the promotion and advertising needs and the possibility of cooperation with such advertisers and/or their advertising agents (where appropriate).

Signing of framework agreements with customers

As a general practice, we would enter into binding framework agreements, which set out the principle terms of cooperation, with the enterprise advertisers or their advertising agents as our customers. Set out below are the salient terms of such framework agreements:

Term:	A term of a few months to one year in general with no specific renewal mechanism.
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Service scope:	We shall provide top-up services to our customers' account(s) maintained with the specified online media publishing platform(s). We may also provide operation services for such account(s), including but not limited to advising on advertisement placement strategy to optimise placement performance and/or preparing the advertising materials to be placed on the media platforms.
Service fees:	Our customers shall pay to us the amounts for topping-up of their account(s) maintained with the online platforms, net of the rebates granted by us to our customers as agreed between the parties from time to time. Where we provide operation services, our customers shall further pay to us service fees equal to a fixed percentage of the actual amount used for topping-up of such account(s).
Responsibilities of our customers:	Our customers shall ensure that they would comply with the rules and requirements published by the designated media publisher from time to time and their business, products or services and the advertisement content will not violate any applicable laws and regulations or rights of third parties.
Payment arrangements:	We may make advance payments to the designated media publisher or its agents on behalf of our customers, in which case, parties shall agree by email the credit terms and maximum amount of such advance payment and the advertisers or advertising agents shall settle the payments on a monthly basis based on our invoices.

Provision of top-up and/or operation services

Our advertisement placement services are mainly delivered through the media publisher, being typically large-scale media platform operator, as may be designated by our customers. During the Track Record Period, we might provide top-up and/or operation services in respect of our customers' accounts with media publishers in the following manner: in order to secure publication of advertisements on the online platforms operated by the media publishers, we would arrange for our customers' accounts to be credited with an amount corresponding to the funds to be provided by the enterprise advertisers or their advertising agents. We might also assist in managing such accounts and the placement of advertisements by advising customers on advertisement placement strategy (such as bidding price) to optimise placement performance and/or

BUSINESS

preparing advertising materials to be placed on the media platform. Specifically, we sought to understand our customers' needs and advertising goals, such as their budget, target audience and expected reach, and advised them on how to best achieve such goals accordingly. We might then arrange placement and publication of the advertisements on various media platforms through media publishers or their agents.

Our Directors believe that with our experience accumulated in providing marketing and promotion services, we have the ability and adequate understanding of the market to formulate the advertising strategy for our customers in producing and placing their advertisements on such platforms and in such manner that best fits their needs. Given the fact that for a substantial amount of advertisement placement services offered by us, involve ad auctions (競價類廣告) whereby advertisers with higher bidding prices could get their advertisements displayed at more favourable advertising timeslots and spots, which could in turn affect the effectiveness of the advertisement placement we believe that our knowledge and timely advice can play a meaningful role in optimising the placement performance for our customers.

Set out below are the salient terms of the framework agreements entered into between the media publishers or their channel agents and us:

Term:	The term of the framework agreements typically starts from the agreement date and up to the upcoming year end (i.e. 31 December)
Service scope:	<p>(as to suppliers who are media publishers) we shall be entitled to be a service provider in connection with the advertising services provided by the media publishers</p> <p>(as to suppliers who are channel agents) our suppliers shall arrange top-up services for the customers' accounts maintained by the advertisers at the media platforms</p>
Service fees:	We shall pay to the suppliers the amounts for topping-up our customers' account(s) maintained with the online platforms. Our suppliers may grant to us rebates in accordance with the relevant policies of the media publishers
Payment arrangement:	We are generally required to make payments to the media publishers or their channel agents at the time when we request for top-up services

For those customers which engaged us for account opening and/or topping-up services, our customers would be responsible for placing their advertisements on the platforms operated by the media publishers. On the other hand, for those customers which engaged us to provide operation services, we would assist our customers to operate their accounts, including, in particular, arrangement of placement of advertisements. During the Track Record Period, in relation to our operation services, we mainly focused on advertisement placement through ad auctions (競價類廣告), whereby advertisers submit their bidding prices for publishing of their advertisement. With our industry experience, we assist our customers to formulate placement strategy to optimise the advertisement placement performance. As confirmed by our Directors, we had not experienced any material difficulty in assisting our customers to arrange for their advertisements to be placed on the platforms operated by the media publishers during the Track Record Period.

Transfer of funds and settlements

Our payments to the designated media publishers or its channel agents for account top-up purpose are generally made on behalf of our customers in advance upon request for top-up services, before funds are received from our customers (i.e. enterprise advertisers or their advertising agents) where payments are settled on a monthly basis. Nevertheless, we generally make account top-up payments to the media publishers or its agents only after we received orders from our customers. In this sense, we do not make any purchase in advance while retaining the flexibility and capability to secure publication of advertisements from our suppliers as and when needed by our customers. Such arrangements help ensure the recoverability from our customers of the payments we have made on their behalf to our suppliers at the time we request for top-up services, and given that our customers are required to settle their payments within a relatively short timeframe on a monthly basis, the sufficiency of our working capital could be maintained in general during the Track Record Period for the purposes of the payments to our suppliers notwithstanding the cash flow mismatch between our payments to suppliers and payments from our customers. The bank borrowings available during FY2021 and 4M2022 had also enriched our working capital and provided further support for our daily operations in our advertisement placement services business. During the Track Record Period, we had not encountered any major difficulty in meeting our customers' demand, and there had been no instance of insufficiency and/or failure to supply advertisement placement services to our customers.

As regards our advertisement placement services, our revenue is mainly derived from provision of top-up services in respect of our customers' accounts with the designated media publisher. We normally grant a certain percentage of rebates to our customers as an incentive for these customers to engage us for the services. Our suppliers may also grant us rebates as a percentage of the top-up amounts of our customers. During the Track Record Period, our revenue from advertisement placement services was recorded on a net basis representing the surplus of (i) the net top-up amounts (after deducting the rebates granted by us to our customers) received by us from our customers, i.e. enterprise advertisers or their advertising agents, over (ii) the amounts paid by us (net of rebates from our suppliers (if any)) to our suppliers, i.e. media publishers or channel agents, for credits to our customers' accounts, which would be used for acquiring advertisement publishing services on the platforms maintained by the media publishers.

For transactions where our direct suppliers were media publishers, quarterly and yearly rebates were normally paid to us a few months after the end of the previous quarter or year and such rebates were determined based on, among other things, their applicable rebate policies, the gross spending of our customers, the type of advertisement placed by our customers, and other discretionary incentive programmes as set up by the media publishers. When our suppliers were channel agents of the media publishers, such rebates were normally confirmed prior to, and would be set off against, our payment for top-up services. During FY2021 and 4M2022, we had recorded rebates from our suppliers (including media publishers and their channel agents) in the total amount of approximately RMB33 million and RMB5.9 million, respectively (inclusive of VAT). By consolidating the spending of our customers, we, as an intermediate marketing service provider, would normally be able to obtain a higher percentage of rebates from the media publishers than individual enterprise advertisers. In return, we would normally offer higher rebates to our customers if they top up their accounts through us. Accordingly, our customers would be able to lower their advertising costs by engaging us to provide advertisement placement services. In addition, as part of our service package we also provide customers services to the enterprise advertisers (or their agents) in connection with their advertisement placement activities on the media platforms at no extra cost. For example, we will assist our customer to liaise with the designated media publisher in resolving any technical issues, refunds and the performance of their advertisement placement services.

Under our advertisement placement services, we typically agree with our customers the amount of rebates granted to them prior to our provision of advertisement placement services while the rebates from the designated media publisher are normally paid to us on a quarterly/annual basis based on our performance in the previous quarter or year. As the rebates from media publisher are generally confirmed a few months after the end of the relevant quarter or year, we make reasonable estimates of accrual for rebates from the media publisher. We rely on data such as credits spent by our customers over a period of time and our suppliers' policies to conduct analysis on the rates of rebates to be granted to us by our suppliers. Based on such analysis, we determine the rebates to our customers which are normally at a lower rate than the estimated rates of rebates to be granted by our suppliers. If the final amounts of rebates turn out to be different from the accrued amount of rebates estimated by our management, corresponding adjustments would be subsequently made to our revenue from the advertisement placement services.

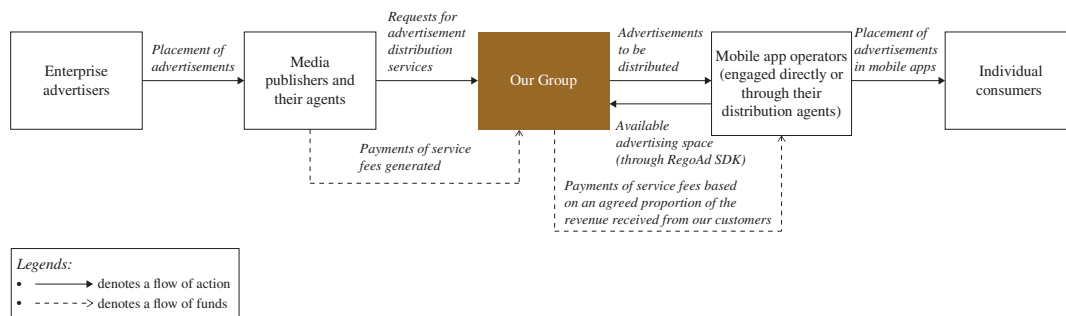
We may occasionally grant rebates to customers at a rate higher than our estimated rebates from our suppliers for the purpose of seizing market share or achieving specific benchmarks set by the media publisher. During FY2021 and 4M2022, we have granted rebates to 19 and three customers, respectively at a rate higher than our actual or estimated rebates from our suppliers and therefore recorded a loss of approximately RMB264,000 and RMB4,000 for the relevant contracts, respectively, mainly due to our strategy to boost up the total customers' spending in the fourth quarter of 2021 in order to obtain higher rebates from Supplier W. As the loss arising from such contracts was relatively insignificant and has been reflected in our revenue in FY2021 and 4M2022, we consider that such loss-making contracts did not and would not have any material adverse effect on our business and operations.

1A(iii) Advertisement Distribution Services (Delivered through Mobile App Operators)

We also help media publishers (which are primarily large-scale media platform operators) and their agents (in their capacity as advertising agents) to distribute and deliver the advertisements placed by them to mobile apps by offering our advertisement distribution services. To achieve user acquisition and/or reactivation purposes, enterprise advertisers may advertise their products and services on media publishers' platforms, taking advantage of the media publishers' resources and connections in the industry; as part of their service package, the media publishers may further distribute the advertisements to other platforms for display to enhance the coverage of the advertising campaign. As advertising agents, the media platform operators may be minded to employ our services as a further means to increase and, to the largest practicable extent, maximise the exposure and advertising reach of their customers, i.e. enterprise advertisers. As an intermediate marketing service provider, we arrange for the advertisements determined, placed and passed to us by advertising agents, including large-scale media platform operators or their agents, to be delivered to the public through advertising space in mobile apps selected by us which we consider to have sufficient engagement and/or have not yet engaged in traffic "monetisation", and match the available mobile advertising space in the user interface of mobile apps against appropriate types of advertisements for their users. This is done through our SDK, namely RegoAd SDK, working in combination with advertising agents' platforms and/or applications. Our RegoAd SDK can be embedded in the mobile apps to establish connections with them, and linked up with the advertising agents' platforms and/or applications to form an advertisement distribution system. Utilising the built-in algorithm models in our RegoAd SDK, when there are suitable advertisement contents from the advertising agents, such contents will be automatically arranged to be displayed in the fitting advertising space offered by the mobile app operators via the distribution channel (formed by our RegoAd SDK working in combination with advertising agents' platforms and/or applications), taking into account our suggested matching criteria, without the need for any manual operation. Our RegoAd SDK therefore facilitates effective and automatic matching of the demand for and supply of advertising facilities in the process of advertisement distribution, where advertisement contents are channelled to the advertising space that is available at the relevant times in appropriate mobile apps for display. From the perspective of our customers, i.e. advertising agents, we are providing advertisement distribution services, as we allow enterprise advertisers to effectively reach their target audience by arranging for their advertisements to be distributed and delivered in fitting mobile apps, thereby benefitting from the additional publicity gained. On the other hand, we enable mobile application operators to generate additional revenue through enhanced utilisation of their resources, i.e. their advertising space, thereby achieving "monetisation" of the user traffic they have created.

As confirmed by iResearch, while the media publishers may not have specific qualification requirements for the intermediate marketing service providers they may engage, they may prefer to work with intermediate marketing service providers that possess a higher degree of technical proficiency and are able to provide relevant support services. Our Directors are of the view that the wide connectivity of our RegoAd SDK, which permits connections to be built with a broad range of mobile apps, and the suite of support we are able to provide for the mobile app operators (including, among others, the diversified forms of advertisements that can be arranged to be shown in the mobile apps (such as banners, pop-up advertisements and incentive-based advertisements), troubleshooting and follow-up in relation to technical issues encountered in connection and maintenance, and assistance in monitoring and optimisation of advertising performance) have permitted us to establish and maintain an extensive pool of mobile apps for executing advertisement distribution. Our Directors believe that this gives us a competitive edge as an intermediate marketing service provider, which could effectively secure our business relationships with the media publishers and guard against disintermediation or replacement of us by other intermediate marketing service providers in the industry.

Set forth below is a diagram which illustrates the business model of our advertisement distribution services business, in which our services are delivered through mobile app operators:



Business Flow and Key Participants

The key participants and their interactions with our Group in the business flow of our advertisement distribution services business are as follows:

Enterprise advertisers

Enterprise advertisers are the source of demand for advertisement distribution services in the value chain. Desirous of advertising and promoting their products or services for user acquisition and/or reactivation purposes, enterprise advertisers may advertise their products and services on media publishers' platforms, taking advantage of the large-scale media platform operators' resources and connections in the industry; as part of their service package, the large-scale media platform operators may further distribute the advertisements, through intermediate marketing service providers (such as

our Group), to other platforms for display in order to broaden and deepen the exposure and advertising reach of the enterprise advertisers. Originating from enterprise advisers, the demand for our advertisement distribution services is channelled to us through large-scale media platform operators as advertising agents.

Advertising agents (as our customers)

Our customers in this business area are large-scale media platform operators and their designated agents. We are able to secure our business relationships with these large-scale media platform operators by completing their standard recruitment process and entering into framework agreements with them. Depending on the individual business practice of each such media platform operator, they may transact with us directly or through their designated agents. Such media platform operators themselves serve as agents of the enterprise advertisers; they, together with their designated agents, are collectively referred to as “advertising agents”.

In their role as advertising agents, the media platform operators may be minded to employ our services as a further means to increase and, to the largest practicable extent, maximise the exposure and advertising reach of their customers, i.e. enterprise advertisers. We allow the enterprise advertisers to effectively reach their target audience by causing their advertisements (sourced from their advertising agents) to be distributed to and delivered in fitting mobile apps. Hence, from the perspective of enterprise advertisers and their advertising agents, we are in essence providing advertisement distribution services.

Mobile app operators and distribution agents (as our suppliers)

We arrange for the advertisements determined, placed and passed to us by the advertising agents to be distributed and delivered to the public through advertising space in mobile apps selected by us which we consider to have sufficient engagement and/or have not yet engaged in traffic “monetisation”. With the aid of our SDK, namely RegoAd SDK, working in combination with advertising agents’ platforms and/or applications, we match the available mobile advertising space in the user interface of mobile apps against appropriate types of advertisements for their users.

As we agreed with our suppliers (i.e. the mobile app operators and/or their agents) in advance on the advertisement space to be connected with our RegoAd SDK and each mobile app is only allowed to register once on each media publisher’s platform, we are able to ensure that such advertisement space would be available for our customers.

We may approach operators of fitting mobile apps directly. In order to increase the efficiency and precision of matching, we may also employ the services of distribution agents to locate suitable mobile apps. Hence, our suppliers include both mobile app operators directly engaged by us, and distribution agents through which suitable mobile app operators are added to our RegoAd SDK.

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The mobile app operators we worked with in our advertisement distribution business during the Track Record Period were mostly operators of financial services mobile apps, including Mobile App A and Mobile App B for which we act as the exclusive advertisement distribution services provider. Set forth below is a list of the major participating mobile apps in our advertisement distribution services business during the Track Record Period:

Mobile app	Industry	Nature	Aggregate number of impressions			Costs of sales attributable to the mobile app		
			(Note)					
			2020	2021	4M2022	2020	2021	4M2022
			million	million	million	RMB'000	RMB'000	RMB'000
Mobile App A	Financial services	News dissemination platform	954	3,562	1,554	10,007	54,458	20,897
Mobile App B	Financial services	Mobile game	627	2,224	970	2,502	13,614	5,224
Mobile App C	Financial services	Video sharing platform	2	183	–	76	4,205	–
Mobile App D	Financial services	Financial news dissemination platform	–	601	118	–	3,145	597
Mobile App E	Financial services	Education and training platform in relation to blockchain technology	–	153	6	–	1,095	26
Mobile App F	Utility and lifestyle	Video sharing platform	–	223	10	–	1,423	40

Note:

The “aggregate number of impressions” refers to the aggregate number of times advertisements had been presented to users of the mobile app during the relevant year or period, which the Directors believe reflects the relative size of the user base of the mobile app.

During the Track Record Period, our advertisement distribution services business was exposed to supplier concentration risks. In particular, approximately 96.6%, 85.0% and 97.8% of the revenue from our advertisement distribution services business recorded in FY2020, FY2021 and 4M2022, respectively, was generated from our collaboration with Mobile App A and Mobile App B, both of which are mobile apps related to financial services. The contract between our Group and the operator of these two mobile apps will expire in September 2023. If we fail to expand our supplier base or maintain our business relationships with these two mobile apps, the business operations of our advertisement

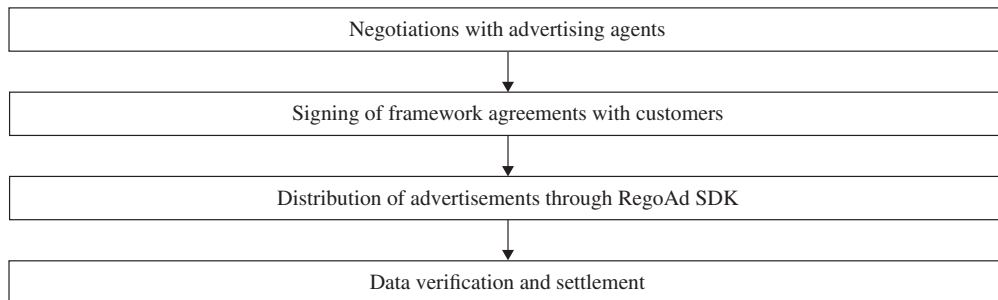
distribution services business may be adversely affected. Please see the section headed “Risk Factors — Risks Relating to Our Business and Industry — We rely heavily on our top customers and suppliers. If we fail to maintain our relationships with our top customers and suppliers, our financial condition, results of operations and prospects may be materially and adversely affected.” in this prospectus for further details.

Individual customers

Via our RegoAd SDK working in combination with advertising agents’ platforms and/or applications, suitable advertisement contents are automatically arranged to be displayed in the fitting advertising space offered by the mobile app operators, taking into account our suggested matching criteria, without the need for any manual operation. We thus allow the enterprise advertisers to effectively execute their marketing and promotion strategies and reach their target audience, and achieve their goals of user acquisition and/or reactivation.

Key Operating Processes

The following flowchart outlines our key operating processes in respect of delivery of advertisement distribution services:



Negotiations with advertising agents

We keep contact with our customers, including agents of large-scale media platform operators, and seek to understand the demand of the advertising agents or the enterprise advertisers they service for advertisement distribution services, and explore the possibility of cooperation as we see fit .

Signing of framework agreements with customers

After reaching agreement on the terms on which our advertisement distribution services should be provided, as a general practice, we entered into binding framework agreements with media publishers and their advertising agents as our customers in respect of our advertisement distribution services during the Track Record Period.

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Terms of Framework Agreements with Our Customers

Pursuant to the framework agreements, our customers would provide us with the advertisement contents to be distributed through our RegoAd SDK. The salient terms of these framework agreements are summarised as follows:

Term:	A term of two years in general.
Service scope:	We shall provide advertisement distribution services through our RegoAd SDK. No specific performance target is set forth in the framework agreements in general.
Responsibilities of our customers:	Our customers shall ensure the advertisement contents provided are accurate, not inappropriate and will not violate any applicable laws, regulations or rights of third parties.
Responsibilities of our Group:	<ul style="list-style-type: none">• We shall not cause to be generated any false performance data from the advertisements, including through illegitimate actions, actions or impressions by automatic IT tools, or inappropriate inducements for third-party users.• We shall ensure satisfactory performance of our RegoAd SDK.• We shall not collect, use, transfer or otherwise interfere with any part of the contents or information we have received while rendering our services, except as permitted pursuant to the terms of the agreements.
Fees payment arrangements:	<ul style="list-style-type: none">• Service fees receivable by us are recognised monthly based on a mix of performance parameters including impressions, clicks and/or CTRs.• We generally require our customers to settle our invoices within 15 to 30 working days upon receipt of our invoices.

Our Directors confirm that our Group had not been involved in any breach of such framework agreements which would have had a material adverse impact on our business operations, financial condition or results of operations during the Track Record Period.

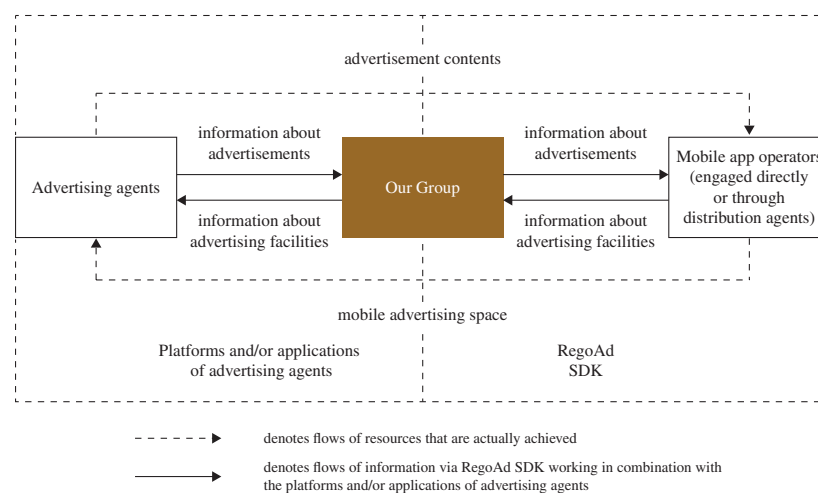
Distribution of advertisements through RegoAd SDK

As an intermediate marketing service provider, we arrange for the advertisements sourced from advertising agents to be delivered to the public through advertising space in mobile apps selected by us which we consider to have sufficient engagement and/or have not yet engaged in traffic “monetisation”. The available mobile advertising space in the mobile apps’ user interface is matched against appropriate types of advertisements for their users automatically via our SDK, namely RegoAd SDK, working in combination with advertising agents’ platforms and/or applications, taking into account our suggested matching criteria, without the need for any manual operation. Through this process, we achieve the dual purpose of (1) distributing the advertisements from the advertisers and the advertising agents to the public via fitting mobile apps and allowing the enterprise advertisers to effectively reach their target audience; and (2) enabling mobile application operators to generate additional revenue through enhanced utilisation of their resources, i.e. their advertising space, thereby achieving “monetisation” of the user traffic they have created.

Our RegoAd SDK

In 2020, we launched our RegoAd SDK which expanded our Group’s marketing channels to app operators for mobile advertising, in support of our advertisement distribution services business. Our RegoAd SDK permits automatic matching of the advertisement contents of enterprise advertisers and the advertising space of mobile apps, taking into account our suggested matching criteria.

Set forth below is the operating workflow of our RegoAd SDK:



Our RegoAd SDK possesses algorithm models that facilitate matching of advertisement contents and mobile advertising space. We would agree in advance with the mobile app operators the details of their advertising facilities, such as the available mobile advertising space in the user interface of their mobile apps, the types of advertisements that could be placed, and the formats of advertisements that may be used (for example, pop-up advertisements and open screen advertisements).

We will then arrange for our RegoAd SDK to be embedded in the mobile apps of these operators to establish connections between our RegoAd SDK and these mobile apps, such that these mobile apps will be added to our resources pool and their advertising space will become available for connection. Our RegoAd SDK can be linked up with the platforms and/or applications of advertisement agents to form a complete and seamless advertisement distribution system. We work with advertising agents to make sure that our RegoAd SDK is properly embedded into their platforms and/or applications; once this is completed, when there are advertisement contents from our advertising agents that match the mobile advertising space offered by the mobile app operators, such advertisement contents may be automatically distributed along the chain and displayed in such fitting advertising space, taking into account our suggested matching criteria, without the need for any manual operation. For example, we may adjust the manners in which advertisements are shown in a particular mobile app, such as by way of banners, pop-up advertisements or incentive-based advertisements. We may also restrict particular types of advertisement or sensitive contents from appearing on a specific mobile app. Our RegoAd SDK also includes the function of creating advertisement contents display and clicking log. By matching the advertisements to the appropriate mobile advertising space, we would be able to assist enterprise advertisers to optimise their advertising campaigns.

Terms of Framework Agreements with Our Suppliers

Our suppliers include both mobile app operators directly engaged by us, and distribution agents through which suitable mobile apps are located. As a general practice, we entered into building framework agreements mostly with distribution agents as our suppliers in respect of our advertisement distribution services during the Track Record Period.

Pursuant to the framework agreements, we would provide the source code of the advertisement contents and our suppliers would embed our RegoAd SDK, inclusive of the advertisement content, into the app or online platform it provided. The salient terms of these framework agreements are summarised as follows:

Term:	A term of approximately one to two years in general with no renewal mechanism. If any party is in breach of any terms of an agreement, it shall take remedial actions generally within five to 15 working days upon request of the other party, failing which the other party may terminate the agreement with immediate effect.
Service scope:	Our suppliers shall provide the app or online platform into which our RegoAd SDK could be embedded for the distribution of advertisements.

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|------------------------------------|---|
| Responsibilities of our Group: | <ul style="list-style-type: none"> • We shall be responsible for the operation and maintenance of our RegoAd SDK. • We shall ensure the advertisement contents provided are not inappropriate and will not violate any applicable laws, regulations or rights of third parties. We achieve this by including these factors in the matching criteria preset in our RegoAd SDK for the distribution of suitable advertisement contents from the advertising agents to fitting advertising space in the mobile apps. |
| Responsibilities of our suppliers: | <ul style="list-style-type: none"> • Our suppliers shall ensure that the app or online platform provided does not contain any contents which are inappropriate or may violate any applicable laws, regulations or rights of third parties. • Our suppliers shall not collect, use, transfer or otherwise interfere with our RegoAd SDK or any of its components, or any part of the contents or information they have received while providing their services, except as permitted pursuant to the terms of the agreements. |
| Service fees payment arrangements: | <ul style="list-style-type: none"> • Service fees payable by us, based on a proportion (as agreed between our suppliers and us) of the revenue received from our customers, are recognised monthly. During the Track Record Period, our suppliers were entitled to 50% to 80% of the income generated from our distribution of advertisements as recorded in our system under the relevant framework agreements. • We are required to settle the invoices issued by our suppliers within 30 working days upon receipt of such invoices. |

The amount of service fees to be paid to our suppliers (as a proportion of the service fees received by us from our customers) is determined based on arm's length negotiations with our suppliers taking into account the traffic expected to be generated from the suppliers' mobile apps or online platforms, such as the amount of daily active user of the apps. While we enter into framework agreements with mobile app operators (or their suppliers) in respect of our advertisement distribution services, we do not have any obligation to acquire services from them as the fees payable by us to our suppliers are determined with reference to the performance of the advertisement distribution services. During the Track Record Period, we had not encountered any major difficulty in meeting our customers' demand, and there had not been any instance of insufficiency and/or failure to supply advertising distribution services to our customers.

Our Directors confirm that our Group had not been involved in any breach of such framework agreements which would have had a material adverse impact on our business operations, financial condition or results of operations during the Track Record Period.

Monitoring and Optimisation of Advertising Performance and Monetisation Effects

We cause the advertisements determined, placed and passed to us by advertising agents to be delivered to the public through display in the fitting advertising space offered by mobile app operators. We enable mobile application operators to generate additional revenue through enhanced utilisation of their resources, i.e. their advertising space, thereby achieving “monetisation” of the user traffic they have created.

We keep a close watch on the results and impact with a view to optimising the advertising performance and maximising the publicity that the enterprise advertisers could gain. We may enhance the functionalities of our RegoAd SDK for real-time monitoring of the mobile app performance data with the aid of our RegoAd SDK; with such data, we aim to provide timely feedback to the mobile app operators and enhance our advertisement distribution services.

Data verification and settlement

We invoice our customers for the services provided after verifying performance data with the relevant advertising agents, mobile app operators and/or distribution agents.

We charge our customers, i.e. the advertising agents, primarily based on a mix of agreed parameters for the advertisement distribution services, including, but not limited to, impressions, clicks, CTRs and/or CPM. Our revenue from advertisement distribution services is recorded on a gross basis.

We would in turn pay our suppliers, i.e. the mobile app operators or distribution agents, an agreed portion of the service fees received from our customers as our traffic acquisition costs. After deduction of such traffic acquisition costs, we are entitled to the balance of the service fees received from our customers. While the service fees receivable by us from our customers are recognised based on a mix of performance parameters, as the traffic acquisition costs payable by us to our suppliers (being mobile apps operators and their distribution agents) are determined as a percentage of the service fees received by us from our customers, we consider that we are able to avoid incurring losses in respect of specific advertisement distribution projects and effectively manage our profit margin of our advertisement distribution services. During the Track Record Period and up to the Latest Practicable date, we do not have any loss-making contracts under our advertisement distribution services.

Our business relationship with media publishers

Both our advertisement distribution services and advertisement placement services are centred around the business ecosystem of the major media publishers in the PRC. Under our advertisement distribution services, we primarily provide advertisement distribution services to media publishers and/or their advertising agents. In particular, the revenue directly attributable to Customer J (being a group company of a major media publisher in the PRC) under our advertisement distribution services amounted to approximately RMB13.7 million and RMB0.2 million in FY2021 and 4M2022, respectively, representing 12.7% and 0.6% of our revenue from advertisement distribution services and 6.2% and 0.3% of our total revenue for the respective year/period, respectively. To the best of our Directors' knowledge, information and belief, a substantial part of the demand from other customers of our advertisement distribution services (who are advertising agents) was also generated from Customer J (or its group companies) and/or other major media publishers in the PRC. On the other hand, we also acquire advertisement placement services from media publishers and/or advertising agents. During FY2021 and 4M2022, substantially all of the gross purchase costs (which has been net-off from our gross revenue) of our advertisement placement services were directly, and indirectly through advertising agents, attributable to media publishers, with approximately 29.1% and 12.1% of our gross purchase costs attributable to Supplier W (or its group companies) and approximately 70.1% and 87.5% of our gross purchase costs attributable to Supplier BB (or its group companies) for the respective year/period, respectively.

As advised by iResearch, it is common that service providers in the advertisement distribution and advertisement placement industry to rely on a few numbers of media publishers which dominate the media publishing markets. Our Directors consider that our business relationship with media publishers was in line with the industry landscape of advertisement distribution services and advertisement placement services. We will closely monitor the level of reliance on any particular media publisher and continue to diversify our customer/supplier base to reduce our reliance on any individual media publisher.

1B. Virtual Goods Sourcing and Delivery Services

We have sought to expand our scope of marketing services beyond basic advertising and promotion activities, and the introduction of virtual goods sourcing and delivery services is one of our milestones in this regard.

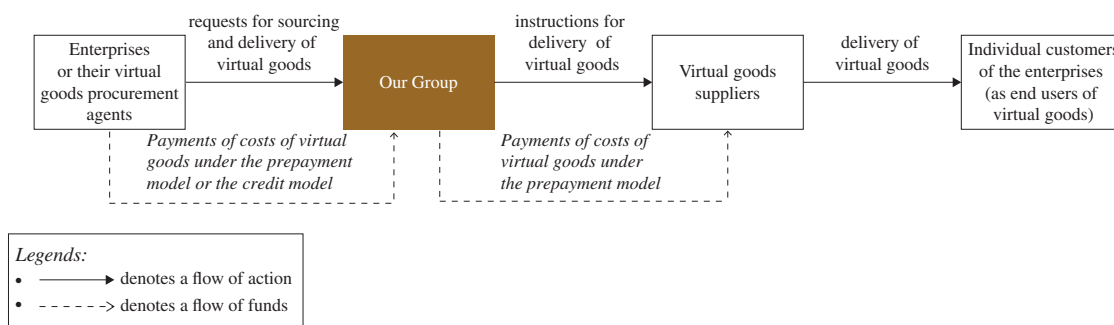
According to the iResearch Report, "marketing" refers to activities a company undertakes to promote the buying or selling of a product or service, and is the business process of identifying, anticipating and satisfying customers' needs and wants. In marketing, promotion includes any type of marketing communication used to inform target audiences of the relative merits of a brand, and the purposes of a promotional plan may cover creation of brand equity, positioning and a corporate image. In the PRC, one of the major forms of marketing used is loyalty marketing, i.e. an approach to marketing under which a company focuses on attracting new customers and retaining existing customers through incentives; loyalty marketing rests on the premise that the subjective assessment by a customer of whether to make a purchase or not is based on the integrated value they receive.

The giving out of complimentary goods and services is considered an effective means for enterprises to incentivise purchases by new customers, and reward and build loyalty among existing customers. Virtual goods refer to (i) goods in digital forms, such as gift cards of e-marketplaces, top-up for telecommunication services, membership of online entertainment platforms, and virtual items of online games; and (ii) virtual claims for physical goods and offline services, such as gift cards of offline marketplaces, gift cards of gas stations, and dining vouchers. In the to-B virtual goods market, the market players source virtual goods for the uses of their corporate customers in certain business operation process, such as marketing and user operations. It is common for enterprises to provide virtual goods as gifts or benefits in their marketing and promotion campaigns, which can boost growth in the number of new customers, stimulate repeat purchases, and/or create a widespread buzz and re-activate existing users.

To this end, we launched our Rego Virtual Goods Platform in 2017. As part of our marketing and promotion services, we assist enterprises in executing their overall customer relationship management strategy by sourcing a range of virtual goods and delivering the same to the individual customers of the enterprises through our platform. We believe that the provision of virtual goods by enterprises to their individual customers through our Group could, in particular, achieve the following business objectives:

- user acquisition, i.e. the act of gaining new users or customers for their app(s), platform(s), product(s) or service;
- user engagement, i.e. the process of interacting with existing users or customers and encouraging them to be interested in the work of their organisations, and/or their app(s), platform(s), product(s) and/or service(s), where the primary goal is to cause the users or customers to find the app(s), platform(s), product(s) and/or service(s) valuable enough to continue using them; and
- user retention, i.e. the processing of inducing continued use of their app(s), platform(s), product(s) and/or service(s) by existing users or customers.

Set forth below is a diagram which illustrates the business model of our virtual goods sourcing and delivery services business:



Business Flow and Key Participants

The key participants and their interactions with our Group in the business flow of our virtual goods sourcing and delivery services business are as follows:

Enterprises and their virtual goods procurement agents (as our customers)

Our customers in this business sub-segment are those enterprises that intend to offer virtual goods to their individual customers, or their virtual goods procurement agents. We will arrange for virtual goods to be delivered to the individual customers of the enterprises upon receiving specific instructions from them or their procurement agents.

Virtual goods suppliers (as our suppliers)

Our suppliers in this business segment are the producers or providers of virtual goods and relevant delivery services. Through our Rego Virtual Goods Platform, the orders placed by the enterprises or their virtual goods procurement agents are simultaneously transmitted to us and to our suppliers.

As a to-B virtual goods provider, we serve enterprises and primarily assist them in executing their user acquisition, engagement and/or retention strategies by connecting a large number of virtual goods suppliers across different industries with the enterprises and/or their virtual goods procurement agents in the value chain, as opposed to to-C virtual goods providers which distribute, resell or operate retail channels of virtual goods directly to end consumers. We add value by providing our customers with an integrated offering of virtual goods at lower costs and increased ease of management.

The virtual goods we carried during the Track Record Period can be categorised into the major categories of top-up for telecommunication services, online vouchers and interests, and gift cards of gas stations. Among others, we offered a wide spectrum of online vouchers and interests during the Track Record Period, including but not limited to memberships of online entertainment platforms, gift cards of e-marketplaces, coffee vouchers, memberships of online healthcare and medical services, and packages combining various types of online vouchers and interests.

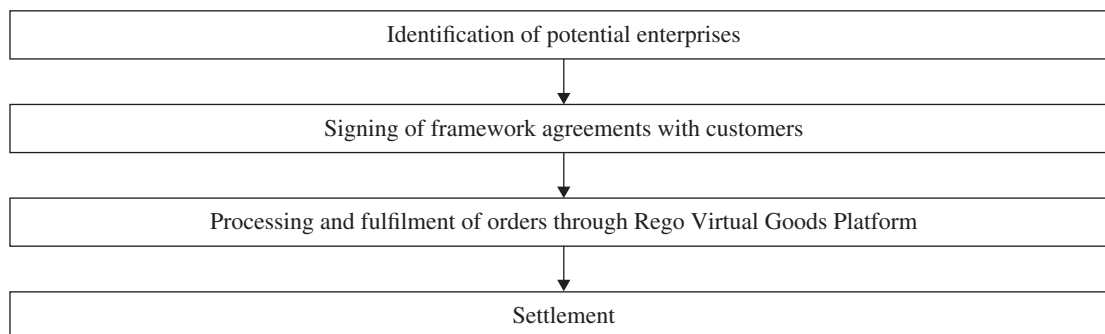
Individual customers of the enterprises (as end users)

As per the orders from our customers received through our Rego Virtual Goods Platform, our suppliers will deliver or procure delivery of the virtual goods to the individual customers of the enterprises as specified by our customers for their consumption. The whole arrangements serve to incentivise purchases by new customers of the enterprises, and reward and build loyalty among their existing customers. The user acquisition, engagement and/or retention strategies of the enterprises can thus be executed.

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Key Operation Processes

The following flowchart outlines our key operating processes in respect of delivery of virtual goods sourcing and delivery services:



Identification of potential enterprises

We seek to identify potential enterprises in the market that are contemplating the offer of virtual goods to their individual customers for user acquisition, engagement and/or retention purposes. We enter into negotiations with the enterprises and/or their virtual goods procurement agents where appropriate, taking into account their business needs and the availability of our virtual goods offerings in the specific areas concerned, among others.

Signing of framework agreements with customers

After reaching agreement on the terms on which our virtual goods sourcing and delivery services should be provided, as a general practice, we entered into binding framework agreements with enterprises or their virtual goods procurement agents as our customers in respect of our virtual goods sourcing and delivery services during the Track Record Period.

Terms of Framework Agreements with Our Customers

The salient terms of these framework agreements are summarised as follows:

Term:	A term of one year, which is automatically renewed for successive terms of one year if neither party to an agreement disagrees to the agreement terms in general. The agreements are generally subject to termination by consent.
Amount or quantity:	The framework agreements generally do not specify any specific or minimum purchase amount in respect of the virtual goods.

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Payment arrangements: The prepayment model or the credit model is generally adopted for payment of the costs of the virtual goods by our customers to us. Under the prepayment model, we require the customer to deposit certain sums into our bank accounts prior to placement of orders; under the credit model, our customer may effect payment within a specified time period after completion of orders, subject to the credit limit specified by us. Please refer to the paragraphs headed “Settlement” below for further details.

Responsibilities of our Group:

- We shall provide and maintain the API to ensure stable and secure access of our customers.
- We are generally responsible for providing technical support services to our customers, such as 24-hour emergency contact for API connectivity issues.

Please refer to the paragraphs headed “Processing and fulfilment of orders through Rego Virtual Goods Platform” below for further details.

Confidentiality: Each party to our agreement shall not disclose any trade secrets or other business information in relation to the virtual goods sales and the other party.

Our Directors confirm that our Group had not been involved in any breach of such framework agreements which would have had a material adverse impact on our business operations, financial condition or results of operations during the Track Record Period.

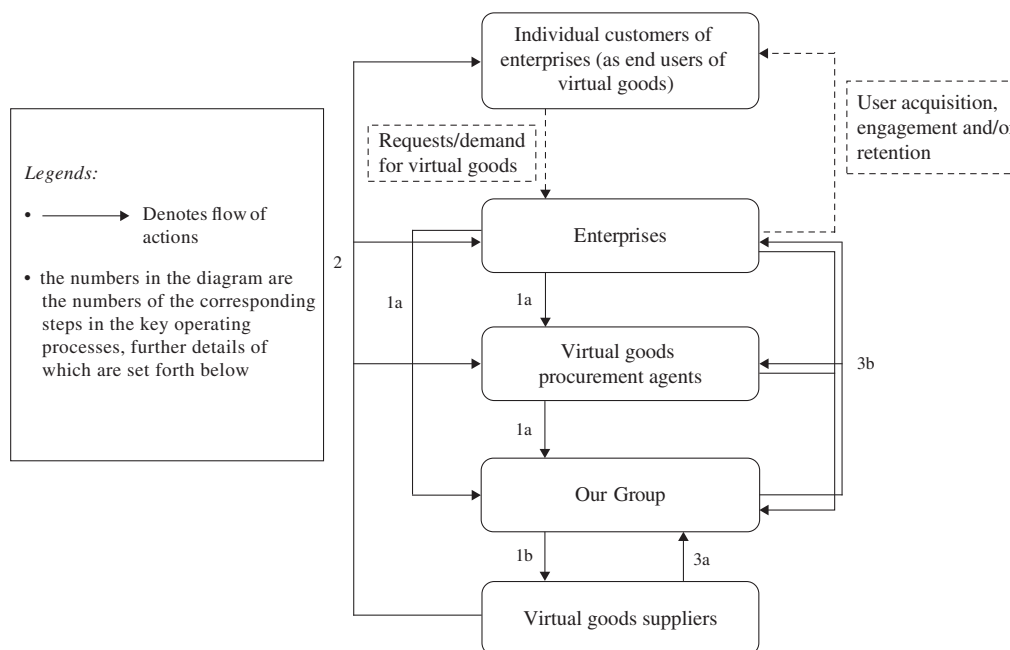
Processing and fulfilment of orders through Rego Virtual Goods Platform

Our virtual goods sourcing and delivery services are mainly delivered through our Rego Virtual Goods Platform.

Our Rego Virtual Goods Platform

Our Rego Virtual Goods Platform can be connected to the platforms of our customers and suppliers via APIs and thus enables us to receive orders for virtual goods from enterprises for consumption by their individual customers (as the end users of the virtual goods), verify their orders, compare prices and inventories of the suppliers connected to our platform, place orders to our suppliers, and arrange for delivery of the virtual goods ordered to the enterprises or their individual customers on a real-time basis.

The following diagram illustrates the flows of actions in general among the key participants in our virtual goods sourcing and delivery services business when conducted via our Rego Virtual Goods Platform:



Step 1a: Order placement

Upon receiving requests or instructions and/or taking into account the demand from their individual customers, the enterprises place orders for virtual goods (together with the user or account details of the individual customers to whom the virtual goods should be delivered, where applicable) directly or indirectly (via procurement agents) with us, via APIs.

Step 1b: Transmission of orders to our suppliers

Where we are connected with both our customers (i.e. enterprises or their procurement agents) and our suppliers (i.e. virtual goods suppliers) via APIs, step 1a and step 1b may take place contemporaneously: the orders placed by our customers (together with the user or account details of the individual customers to whom the virtual goods should be delivered, where applicable) may be transmitted from us to our suppliers as and when we receive the same from our customers.

Step 2: Delivery of virtual goods

Upon receiving the orders, our suppliers will, as per our instructions, either (1) provide the requested virtual goods in the form of digital certificates to our customers (i.e. enterprises or their procurement agents); or (2) arrange for the virtual goods to be delivered to the individual customers of the enterprises directly (such as topping up the designated individual customers' accounts with the relevant platforms), as agreed between our customers and us.

Step 3a: Confirmation of order completion by our suppliers

Our suppliers will send us an order completion message after the virtual goods have been delivered via APIs.

Step 3b: Confirmation of order completion vis-à-vis our customers

Depending on the terms of the agreements reached between our customers and us, we may provide an order completion message to our customers via APIs upon receiving the order completion message from our suppliers; alternatively, our customers may generate a confirmation of receipt of the virtual goods via APIs, upon which the order should be deemed to have been completed.

Where we are connected with both our suppliers and our customers via APIs, step 3a and step 3b may take place contemporaneously.

Terms of Framework Agreements with Our Suppliers

As a general practice, we entered into building framework agreements with virtual goods suppliers as our suppliers in respect of our virtual goods sourcing and delivery services during the Track Record Period. The salient terms of these framework agreements are summarised as follows:

Term:	A term of one year which is automatically renewed for a successive term of one year if neither party to the agreement disagrees to the agreement terms in general. The agreements are generally subject to termination by consent.
Amount or quantity:	The framework agreements generally do not specify any specific or minimum purchase amount in respect of the virtual goods.

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Payment: The prepayment model is generally adopted for payment of the costs of the virtual goods by us to our suppliers. Please refer to the paragraphs headed “Settlement” below for further details.

Confidentiality: Each party shall not disclose any trade secrets or other business information relating to the other party or the sale and purchase of virtual goods.

Our Directors confirm that our Group had not been involved in any breach of such framework agreements which would have had a material adverse impact on our business operations, financial condition or results of operations during the Track Record Period.

Virtual Goods Available through Our Rego Virtual Goods Platform

The virtual goods we carried during the Track Record Period can be categorised into the major categories of top-up for telecommunication services, online vouchers and interests, and gift cards of gas stations. Among others, we offered a wide spectrum of online vouchers and interests during the Track Record Period, and packages combining various types of online vouchers and interests. Set forth below are further details of the major categories of virtual goods offered through our Rego Virtual Goods Platform during the Track Record Period:

<u>Category</u>	<u>Major types of virtual goods</u>	<u>Use by the end users</u>
Top-up for telecommunication services	Top-up for telecommunication services offered by <ul style="list-style-type: none"> • China Mobile (中國移動); • China Telecom (中國電信); and • China Unicom (中國聯通) 	Topping-up of the accounts of the end users with the telecommunication service providers for continuous use and enjoyment of telecommunication services
Online vouchers and interests	<ul style="list-style-type: none"> • Memberships of online entertainment platforms; • Gift cards of e-marketplaces; • Coffee vouchers; and • Memberships of online healthcare and medical services platforms 	<ul style="list-style-type: none"> • Access to paid content on the online entertainment platforms • Purchase of items available on the online marketplace; • Purchase of items from coffee shops; and • Access to paid services offered by the online healthcare and medical services platforms
Gift cards of gas stations	Gift cards of <ul style="list-style-type: none"> • PetroChina (中國石油); and • Sinopec (中國石化) 	Purchase of gasoline and other goods and services at gas stations

Our Competitive Edge in Sourcing and Delivery of Virtual Goods

While the framework agreements we have entered into with our suppliers do not stipulate a minimum purchase amount, we consider that we are able to enjoy certain price advantage as compared to the prices available to individual enterprises, which, to the best of the knowledge, information and belief of our Directors, generally fell within the range of approximately 1% to 5% during the Track Record Period. Our suppliers have been prepared to offer us favourable prices in view of our larger transaction volume, our well-established and stable business relationships with our suppliers, our sound payment records, and the recurring nature and frequency of our transactions with such suppliers as we have developed a sizeable pool of customers in our virtual goods sourcing and delivery services business. Our suppliers may provide additional discount to us if our order volume reaches a certain level. In addition, taking into account the foregoing factors, several major suppliers of our Group have agreed to supply us with virtual goods at their most favourable rate (i.e. a rate lower than or equal to the rate offered to other customers at the same time) to ensure business relationships can be built and transactions can be conducted with us on a long-term and sustainable basis, which is believed to be mutually beneficial. To the best of the knowledge, information and belief of our Directors, our Group had been able to purchase the best-selling items of our virtual goods from our suppliers at a discount to the prevailing market prices (being generally the prices available to individual enterprises) during the Track Record Period. We have sought to ensure that our virtual goods are offered at competitive prices; given our favourable procurement prices, to the best of the knowledge, information and belief of our Directors, the best-selling items of our virtual goods had been sold at prices below the prevailing market prices during the Track Record Period, and such price advantage, together with our service quality, had incentivised our customers to procure virtual goods through our Rego Virtual Goods Platform.

To the best of the knowledge, information and belief of our Directors, we are not required to hold any specific qualification as a “to-B” intermediate virtual goods supplier. Nevertheless, as individual enterprises may not have access to a wide range of virtual goods suppliers or they may find it too costly to source different virtual goods separately, our major competitive edge in providing virtual goods sourcing and delivery services lies in our ability to consolidate our resources and connections among our suppliers and offer a one-stop supply of various different virtual goods to our customers through our Rego Virtual Goods Platform, which in turn allows them to efficiently manage their purchases.

We also consider our ability to offer the credit model of payment settlement and credit period of up to three months, which virtual goods providers may not be willing to offer, attractive to our customers. Taking into account the above, we believe we have been and will continue to be able to attract customers to procure virtual goods through us instead of purchasing from virtual goods providers directly.

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Settlement

In general, payments for the costs of the virtual goods are required to be made by our customers, i.e. enterprises or their virtual goods procurement agents, under the prepayment model or the credit model. Where the prepayment model is adopted, our customers are required to deposit certain sums into our bank account prior to placement of orders, which will form the limits on their respective order amount; after an order has been completed, we deduct the costs of the virtual goods delivered from the balance of prepayments from the relevant customer. On the other hand, under the credit model, we assign a specific credit limit to each customer taking into account, among others, its past transaction amounts with us and payment records; the customer may place orders for virtual goods of an amount not exceeding the credit balance; upon completion of an order, a credit amount equivalent to the costs of the virtual goods delivered will be deducted from the balance, and the customer shall effect payment for such costs within a specified time period of up to three months.

Set forth below is a table presenting the respective GMV of our virtual goods that had been sold to and paid for by our customers under the prepayment model and the credit model during the Track Record Period:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
GMV of virtual goods sold settled under					
• Prepayment model	272,152	389,614	376,612	129,899	123,930
• Credit model	10,061	198,896	431,393	190,688	193,988
Total GMV of virtual goods sold	<u>282,213</u>	<u>588,510</u>	<u>808,005</u>	<u>320,587</u>	<u>317,918</u>

As regards our payments to our virtual goods suppliers, the prepayment model is generally adopted. We generally make advances to our suppliers of virtual goods. We may make deposits into suppliers' bank accounts from time to time according to our business needs, which will form the limit on our order amounts. Such prepayments would be treated as unutilised credits which could be used to settle the purchase price of virtual goods based on the quoted price of the virtual goods informed by our suppliers from time to time. Given that we are not required to confirm the types or quantities of the virtual goods to be acquired at the time of making prepayments and we may apply for refund of any unutilised prepayments to its suppliers, we are able to effect purchase on a back-to-back basis when our customers place an order with us.

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For the transactions with our customers under the prepayment model, given that our customers are required to make prepayment to us for their purchase of virtual goods, the relevant transactions would not cause any burden on our cash flow. On the other hand, for transactions with our customers under the credit model, we have to ensure that we have sufficient cash flow to make prepayments to our suppliers before our customers settle the relevant purchase costs. The total GMV of the virtual goods attributable to our customers under the credit model amounted to RMB10.1 million, RMB198.9 million, RMB431.4 million and RMB194.0 million for FY2019, FY2020, FY2021 and 4M2022, respectively. Accordingly, the average monthly amounts required for making advance payments to suppliers on behalf of our customers were RMB0.8 million, RMB16.6 million, RMB36.0 million and RMB48.5 million for FY2019, FY2020, FY2021 and 4M2022, respectively. Throughout the Track Record Period, we principally settled prepayments to our virtual goods suppliers using our internal resources and bank borrowings. For FY2019 and FY2020, in terms of GMV, our virtual goods had entirely or predominantly been sold to and paid for by our customers under the prepayment model. During FY2021 and 4M2022, as our virtual goods sourcing and delivery services business further expanded, the credit model had become more commonly adopted for payments by our customers for the costs of virtual goods sold by us; nevertheless, our liquidity had not been materially affected given that (i) we have sufficient amount of working capital, in particular, our average monthly cash and cash equivalents balance amounted to approximately RMB26.4 million, RMB39.1 million, RMB36.9 million and RMB21.0 million during FY2019, FY2020, FY2021 and 4M2022, respectively; (ii) in respect of our transactions with customers under the credit model, our customers would inform us of the intended date of placement of orders for virtual goods and we would make prepayments to our suppliers a few days before the intended transaction date. After the transactions were completed on the Rego Virtual Goods Platform, we normally issue a monthly invoice to our customers within two weeks after the relevant month end. Depending on the terms agreed with the relevant customers, they may settle the purchase price based on the relevant transaction date or invoice date. During the Track Record Period, the time gap between the date of prepayment to suppliers and settlement by our customers normally ranged, as to customers who settled the payment with reference to transaction date, from three to ten days, and for customers who settled the payment with reference to invoice date, from 15 to 60 days; (iii) the average turnover days of the trade receivables of our Group as to the transactions with customers of the virtual goods sourcing and delivery services under the credit model were approximately 8.9 days, 9.1 days, 10.4 days and 18.3 days for FY2019, FY2020, FY2021 and 4M2022, respectively; (iv) we constantly receive payments from our customers and make payments to our suppliers and the fund available to us is revolving on a daily basis; and (v) the bank borrowings available during FY2021 and 4M2022 had also enriched our working capital and provided further support for our daily procurement operations. During 4M2022, we recorded a relatively lower average monthly cash and cash equivalents primarily due to delay in settlement of trade receivables by certain customers which were affected by the preventive measures imposed as a result of the Resurgence of the Covid-19 pandemic in early 2022 in the PRC. Nevertheless, we did not encountered any material liquidity issues in making prepayments to our suppliers given that (i) we had cash and cash equivalent of approximately RMB61.5 million as at 31 December 2021; (ii) we have obtained additional bank borrowings in the amount of RMB20.9 million; and (iii) the effect of the Resurgence has been subsiding since June 2022 and a substantial portion

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of the trade receivables as at 30 April 2022 had been settled by our customers as at the Latest Practicable Date. For details, please refer to the section headed “Financial information — Recent development and no material adverse change — Recent Resurgence of the COVID-19 pandemic” in this prospectus.

In order to maintain sufficient liquidity for the operations of our virtual goods sourcing and delivery services, we have adopted the following internal control measures:-

- (a) department heads of our virtual goods sourcing and delivery services are required to prepare and submit to the finance department, on a monthly basis, the estimated amounts required for prepayments to suppliers and the expected payments to be received from customers and the finance department would be responsible for monitoring the cash flow available to our Group based on the estimated cash flow required for each departments within our Group;
- (b) the finance department would, on a monthly basis, provide a list of the trade receivables to the department heads, who shall in turn arrange to follow up with our customers for timely settlement;
- (c) we would set a limit in respect of the amount of credit granted to each customer of our virtual goods sourcing and delivery services under the credit model, which was determined with reference to our business relationship with the customers and the credit records of such customers. Such limits are regularly reviewed by the management and no credit period would normally be granted to new customers of the virtual goods sourcing and delivery services; and
- (d) prior to entering into transaction with a new customer, our employees would visit such customer to verify its backgrounds and credibility.

The costs of the virtual goods payable by us to our suppliers and by our customers to us respectively are calculated based on the agreed fixed prices per unit of the specific items of virtual goods sourced and delivered. Our revenue from sourcing and delivery of virtual goods is recorded on a net basis and represents the amount by which the payments receivable from our customers exceed the procurement costs payable to our suppliers.

2. IT Solutions Services

Apart from marketing and promotion services, we have also been providing IT solutions services, which we consider to be closely associated with our principal business of marketing and promotion services. Apart from business diversification, provision of IT solutions services also serve to increase our penetration of the relevant marketing segments and produce opportunities for further business collaboration and expansion of our marketing channels:

- ***Enhanced penetration of the relevant marketing segments***

A prominent feature of our marketing and promotion services business is that we specialise in the provision of marketing services for specific industries, which we consider to form individual marketing segments. To facilitate our penetration of the target marketing segments, we had embarked upon business operations in the relevant industries through the provision of IT solutions services for the operators in such industries. Our Directors believe that by establishing a foothold in the relevant industries, we will be able to gain market insights and intelligence with greater breadth and depth, and at the same time build connections with the key market players. In particular, we may win recognition of our competence as a business partner and the trust of the key market players if we are able to demonstrate excellence in the provision of relevant IT solutions services. All of these are expected to ultimately conduce to a better understanding of the specific marketing needs of the market players in such industries in their roles as advertisers and/or publishers, and more efficient implementation of our marketing proposals when we deliver our marketing and promotion services in such industries.

- ***Potential synergies resulting from opportunities for collaboration in broader business areas and expansion of our marketing channels***

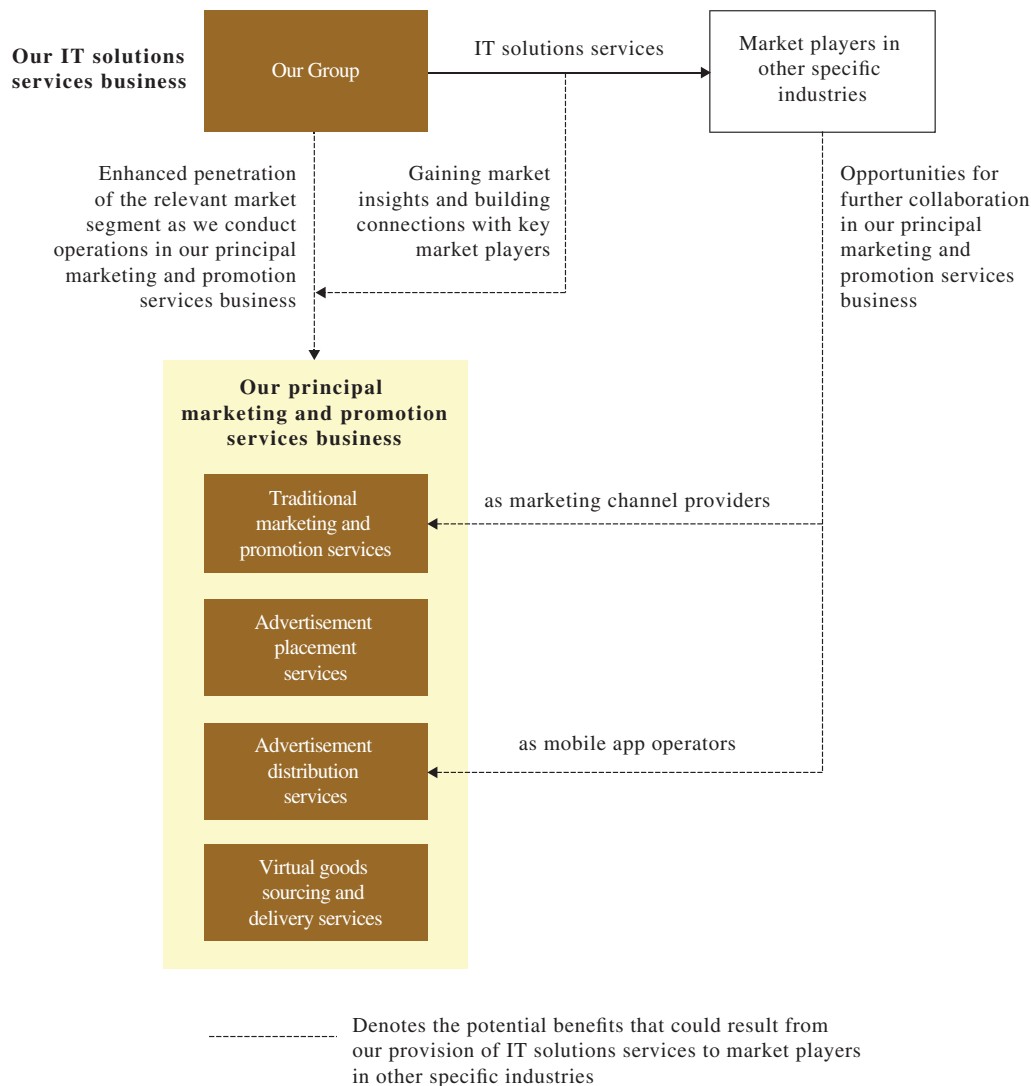
By providing IT solutions services to the market players in other industries, we also hope to bring about an upturn in the operating scale and financial performance of our customers of IT solutions services. As they grow and prosper, they could experience an expansion in customer base and become useful marketing channels with increased user traffic; leveraging the business relationships we have built with them through our provision of IT solutions services, we stand to enter into further collaboration with them in our principal marketing and promotion services business. For example, we may engage them as marketing channel providers for publication and/or distribution of advertisements and other marketing materials, to enable enterprise advertisers to effectively reach the target audience. Given the potential for our customers of IT solutions services to integrate into our principal marketing operations and, in particular, develop into a valuable part of our marketing channels, the opportunities for further collaboration created could lead to synergies. Benefitting from the enrichment of our marketing resources, we would be in a good position to achieve growth in tandem with our customers.

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Therefore, during the Track Record Period, we had been providing two types of IT solutions services, namely (i) mobile game and software development and maintenance services; and (ii) solutions on lottery-related software systems and equipment.

Our Directors view our operations in the mobile game and software industry and the lottery industry as illustrations of our market penetration and business partner engagement strategies, and part of our business diversification process and overall marketing services development plan. With the multifaceted benefits it could bring, our IT solutions services business is expected to be a growth driver of our principal marketing and promotion services business and of our Group as a whole in the longer term.

Set forth below is a diagram which illustrates the business model of our IT solutions services business:



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We provide (i) mobile game and software development and maintenance services and (ii) solutions on lottery-related software systems and equipment for our customers on a project-by-project basis as agreed in our project-based contracts. We generally enter into a contract with our customers for each project.

The following table set forth details of the projects under our IT solutions services carried out during the Track Record Period:

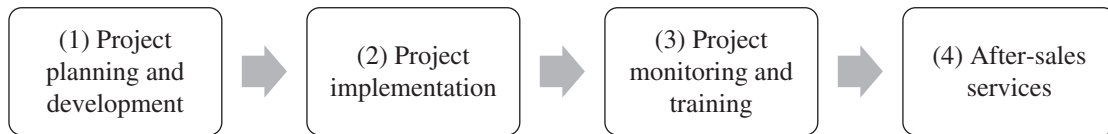
	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>4M2022</u>
(2A) Mobile games and software development and maintenance services				
Number of projects ^(Note 1)				
– for existing customers	5	1	2	3
– for new customers	5	0	3	1
Subtotal	10	1	5	4
Revenue generated (RMB ‘000)	17,861	7,939	11,275	7,084
(2B) Solutions on lottery-related software systems and equipment				
Number of projects ^(Note 1)				
– for existing customers ^(Note 2)	–	28	39	39
– for new customers	2	9	5	0
Subtotal	2	37	44	39
Revenue generated (RMB ‘000)	1,122	23,987	44,378	5,476

Notes:

- The numbers represent the number of ongoing projects which generated revenue in each financial year/period during the Track Record Period. As the duration of our projects varies depending on many factors such as the nature and complexity of the services to be provided and the terms of the contract(s) entered into with our customers, a particular project may be counted as an ongoing project in more than one financial year.
- Customers which had transactions with Xi'an Tiantai prior to our acquisition are classified as existing customers

Our Project Cycle and Service Process

The following diagram illustrates the typical project cycle in respect of our provision of (i) mobile game and software development and maintenance services and (ii) solutions on lottery-related software systems and equipment, which include four major phases, namely (1) project planning and development, (2) project implementation, (3) project monitoring and training, and (4) after-sales services.



(1) Project planning and development

In respect of the games, software or solutions on lottery-related software systems and equipment to be provided, our customers would specify their requirements, such as the theme and setting of the games, the target users and the size of the user base, and specific functional features. Our project team would be responsible for preparing design proposals for discussion with our customers before commencement of the development and testing process.

(2) Project implementation

Our project team will then assist our customers with the implementation of the project proposals and the integration process. Upon completion of the development process, we deliver and conduct on-site official testing of the software and/or hardware we have developed to ensure they can satisfy the specific requirements of our customers. This stage normally lasts for six months to 12 months, based on the scale and complexity of each specific project.

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|-------------------------------------|--|
| (3) Project monitoring and training | We offer ongoing technical and maintenance services to ensure the stability and functionality of the software and/or hardware we have provided. We seek to assist our customers in identifying and resolving errors and defects that may exist in the games, software and/or systems provided by us, with a view to optimising performance. In response to the technical issues faced by our customers, we may assign our technical staff to provide on-site support if necessary. Our project team also provides our customers with specific training related to the installation, usage and functionality of our software and/or hardware. Based on the contract terms, we generally provide training sessions to our customers on an as-needed basis. |
| (4) After-sales service | We deliver relevant software design and technical information to our customers and would generally provide warranty for a specified period of time. |

2A. Mobile Game and Software Development and Maintenance Services

Leveraging our familiarity with the mobile game and software industry gained through the provision of marketing and promotion services to mobile app operators over the years and our knowhow and human resources in the area of research and development acquired while building the requisite systems for our marketing and promotion services business, we tapped into the mobile game and software development and maintenance services business in 2017. As discussed above, our Directors saw the potential benefits of business diversification, enhanced penetration of the relevant marketing segment, and synergies resulting from opportunities for further business collaboration, in our provision of mobile game and software development and maintenance services.

Our initial plan was to explore the possibility of developing into a dedicated mobile game operator. Although our initial business plan to become a mobile game operator had yet to materialise and our business operation in this respect had not been carried out on a full-blown scale during the Track Record Period after careful assessment by our Directors, we hold on to the belief that the provision of IT solutions services could be conducive to the growth of our principal marketing and promotion services business in the longer term.

Our Products and Services

Leveraging our information technology capabilities, during the Track Record Period, we had developed for our customers more than 10 online mobile games of different genres (such as fishing, mahjong and poker), and various software/online platforms to support enterprise operations (such as customer relationship and order management) and for the specific uses of mobile game developers and mobile phone users.

The table below sets forth the key features of major software we have developed:

Software	Key features	Target customers
Mobile games	Interactive online mobile games with a credit point system which allows players to redeem their accumulated points for virtual goods	Mobile game developers
Customer relationship management system	Membership management system with profile management, online services, sales and promotion, and complaints handling functions	Enterprises conducting online businesses
Customer order management system	Order management system with real-time order tracking function for customers	Enterprises conducting online businesses
Telecommunication credit top-up management system	Management system with credit balance enquiry, transaction history enquiry and mobile credit top-up functions	Mobile phone users

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Terms of Agreements with Our Customers

As a general practice, we entered into agreements with our customers on a project-by-project basis during the Track Record Period. The principal terms of such agreements typically included:

Term:	From a few months to two years in general, depending on the complexity of the software to be developed
Responsibilities of our Group:	We would be responsible for preparing design proposals, software development, testing and trouble-shooting, as well as preparing user manuals and/or system manuals on a case-by-case basis.
Responsibilities of our customers:	Our customers would specify the themes and/or functional requirements of the games, software and/or systems to be provided by us.
Service fees:	A fixed amount as mutually agreed, generally payable in one lump sum or a number of monthly instalments after confirmation of acceptance of the games, software and/or systems by our customers. We have entered into revenue sharing arrangement with one of our major customers where we would provide both (i) development and maintenance services for a mobile game and (ii) marketing and promotion services for the same mobile game. Instead of a fixed amount of service fees, we would be entitled to a certain percentage of all players' total spending on the mobile game. For FY2019, FY2020, FY2021 and 4M2022, our revenue generated from such major customer amounted to approximately RMB9.6 million, RMB7.9 million, RMB9.5 million and RMB3.5 million, respectively.
After sales service:	We generally provide warranty for a specified period of time.

Our Project Team

Our mobile games and software development and maintenance services had been provided entirely by the employees of our Group during the Track Record Period. Nevertheless, traffic acquisition costs of approximately RMB0.4 million incurred in FY2019 had been classified as our cost of services under our mobile game and software development and maintenance services business. This was because we had been providing promotion and advertising services together with mobile game and software development and maintenance services to Customer A1 as a bundle to facilitate its acquisition of new users for its mobile game during the period from 2017 to 2019. Such traffic acquisition costs represented the fees paid to our suppliers of marketing channels for our promotion and advertising services provided to Customer A1 in conjunction with our mobile game and software development and maintenance services. For further details, please refer to the paragraphs headed “Our Customers — Major Customers — Our relationship with Customer Group A — Transactions between our Group and Customer Group A during the Track Record Period — 1. Transactions with Customer A1” in this section, and the section headed “Financial Information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — 2. Revenue from our IT Solutions Services — (i) Mobile Game and Software Development and Maintenance Services” in this prospectus.

We assign our technical staff to project execution or research and development work on a project-by-project basis based on specific project needs and our employees’ expertise. As at the Latest Practicable Date, we had 65 members of technical staff, seven of whom were in charge of project execution and 58 of whom were in charge of research and development work.

For further details of our research and development team, please refer to the paragraphs headed “Our Technology and Infrastructure — Our Quality Control and Research and Development Team” in this section.

2B. Solutions on Lottery-Related Software Systems and Equipment

According to the iResearch Report, the market size of the lottery solutions industry in the PRC in terms of total revenue had grown steadily from approximately RMB4,765 million in 2017 to RMB5,115 million in 2021. Due to (i) the rapid development of the lottery industry in the PRC; (ii) the innovation of lottery games; and (iii) the adoption of the franchise store model for lottery sales channels in China, the market size of the lottery solutions industry in the PRC is expected to grow further from approximately RMB5,115 million in 2021 to RMB7,399 million in 2026 at a CAGR of 7.7%. Among all categories, lottery software and systems show the fast pace of growth and are expected to become the largest category in 2026.

In view of the favourable external market developments outlined above, we have been evaluating and exploring the possibilities to expand our marketing operations in the lottery industry and to convert the widespread lottery retail network in the PRC into our marketing channel. Having in mind business diversification, enhanced penetration of the relevant marketing segment and potential synergies resulting from opportunities for further collaboration in our principal marketing and promotion services business, we started to provide solutions on lottery-related software systems and equipment as another form of IT solutions services. We began with the provision of lottery product vending machines in 2019.

In 2020, we strategically acquired the entire share capital of Xi'an Tiantai, which was principally engaged in the provision of information security systems and equipment for welfare lottery centres and lottery retail stores in the PRC. Xi'an Tiantai is an early mover and innovator of lottery security systems in the lottery solutions market in the PRC, having well-established business relationships with various provincial WLIACs and offering relatively comprehensive IT solutions that cover the various key areas in the business operation of lottery sales points. At the time of our acquisition, Xi'an Tiantai had established business relationships with provincial WLIACs in 22 provinces, municipalities and autonomous regions in the PRC, covering over 88,000 lottery sales points. Through the acquisition of Xi'an Tiantai, we had significantly strengthened our research and development capabilities in respect of lottery solutions. We have also been striving to expand our customer base as well as product offerings of lottery-related software systems and equipment. As at the Latest Practicable Date, we have built business relationships with the provincial WLIACs in 23 provinces, municipalities and autonomous regions in the PRC, covering over 97,000 lottery sales points which represent approximately 64.7% of all the lottery sales points in the PRC. Our Directors regard the acquisition as a significant move that will drive both our penetration of the lottery marketing segment and our business collaboration with lottery retail stores. Particularly, the research and development capabilities gained and the network built could lay the foundations for development of our SaaS enterprise marketing service platform with the participation of lottery retail stores, and create the potential for expansion of our retail lottery marketing channel; this serves as an example of how synergies may be generated.

We consider that our solutions on lottery-related software systems and equipment business will continue to support our business growth in the coming years. In particular, we will (i) continue to expand the geographical coverage of the information security and payment systems and equipment business of Xi'an Tiantai to cover the remaining provincial WLIACs; (ii) provide maintenance services and upgrades in respect of the software system and/or equipment to the provincial WLIACs which are our existing customers; (iii) further expand our product or service offerings to the provincial WLIACs by leveraging on our business relationships; and (iv) expand our marketing and advertising services through our vast coverage of provincial WLIACs and lottery sales points by connecting the offline lottery retail sales points to create our private traffic and the potential offering of lottery tickets on our Rego Virtual Goods Platform.

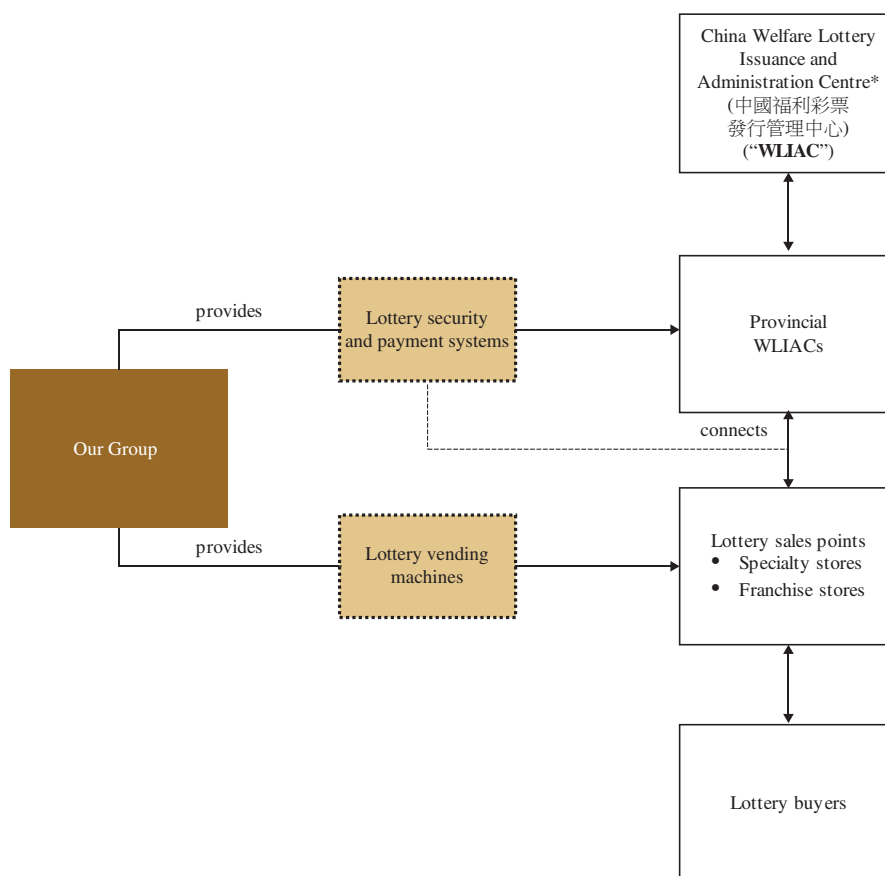
BUSINESS

As mentioned above, we commenced our IT solutions services business with the provision of mobile game and software development and maintenance services. The subsequent shift of our focus in our IT solutions services business to solutions on lottery-related software systems and equipment is a major step forward that is expected to produce synergies and help bring our plan to advance and expand our SaaS enterprise marketing service platform to fruition.

Business Flow and Key Participants

During the Track Record Period, we had provided solutions on lottery-related software systems and equipment to various governmental and non-governmental entities in the PRC, including provincial WLIACs and the lottery sales points under them, among others.

The following diagram presents the key stakeholders in the welfare lottery industry in the PRC and their interactions with our Group as we provide solutions on lottery-related software systems and equipment:



China Welfare Lottery Issuance and Administration Centre* (中國福利彩票發行管理中心)

In the PRC, lottery tickets are issued by the state and sold to lottery buyers. No lottery ticket can be issued without the authorisation of the State Council and no foreign lottery ticket can be issued and sold within the PRC.

The lottery market in the PRC follows a three-level administration and management system, i.e. state level, provincial level, and prefectural level. The WLIAC is responsible for the overall planning and management of issuance and sale of welfare lottery tickets nationwide.

Provincial WLIACs (as our customers)

Provincial WLIACs, i.e. WLIACs at the level of provinces, municipalities and autonomous regions, operate under the guidance of the WLIAC and take charge of the issuance and sale of welfare lottery tickets within their respective province or municipality of administration, including decisions on upgrade of welfare lottery security systems.

Under the applicable laws and regulations in the PRC, certain lottery-related products and services, including lottery security systems, can be provided to the provincial WLIACs by independent lottery solution providers.

Lottery Sales Points (as our customers)

Lottery sales channels in the PRC are predominantly offline channels. They include specialty stores, such as traditional lottery betting stores, and franchise stores, such as convenience stores, supermarkets, financial institutions, gas stations and tobacco shops, all of which operate under the supervision of the relevant provincial WLIACs.

As an independent lottery solution provider, Xi'an Tiantai provides lottery security systems which offer assistance in respect of internet access, video transmission, station sales data collection, lottery betting data collection, payment collection and other areas, through advanced encryption technology. Our lottery security systems connect provincial WLIACs and the lottery sales points under them, for information and data flows, which is essential for the distribution of welfare lottery tickets issued by the provincial WLIACs to lottery sales points for further sale to lottery buyers.

According to the iResearch Report, due to (i) the increase in lottery sales points and lottery buyers, and (ii) the emphasis on business networks and intellectual properties in the lottery industry in the PRC, lottery retailers in the PRC have migrated from virtual private dialup networks (VDPN) to security access systems (SAS) for access to the China

welfare lottery network. Originally using VDPN account to access the internet via dial-up connections, lottery retailers have now become generally adapted to maintaining connection with provincial WLIACs via SAS. The SAS are believed to have manifold advantages as follows:

- higher security: the SAS have the functions of identity verification, access control, IP tunnelling encapsulation and customised cryptography algorithm built into them;
- higher reliability: the SAS support multi-level backup and recovery;
- higher adaptability: the SAS allow multiple access methods;
- flexibility: the SAS permit unified certification, centralised management and hierarchical control;
- higher scalability: the SAS contain various device interface and modular structure; and
- comprehensive functions: the SAS support broadband internet access, wireless access, Voice over Internet Protocol (VoIP) and video surveillance.

The transformation from VDPN to SAS has given rise to a significantly rising demand for lottery-related software systems and equipment with advanced encryption technology. As one of the first entities in the PRC specialising in provision of internet security solutions that have been servicing various governmental authorities and corporations, Xi'an Tiantai embarked on the development of lottery-related software systems and equipment in view of the trend of transformation from VDPN to SAS in the lottery industry in the PRC. The SAS developed by Xi'an Tiantai adopts advanced technologies including identity authentication, transmission encryption, unified management, and multi-share system to realise the integration of lottery sales, online videos, and other comprehensive functions. It provides a secure and reliable lottery transmission network and various connection methods which facilitates the development of other value-added services for lottery sales points. Upon completion of its research and development work, Xi'an Tiantai launched test runs of its SAS in selected province, municipality and autonomous region in the PRC and was able to pass the pilot project assessments conducted by the technical research centre of the WLIAC. On the recommendations of the relevant authorities, Xi'an Tiantai had sought to introduce its lottery-related software systems and equipment to a broader range of users through, among others, participation in industry conferences. Through its effort over the years, Xi'an Tiantai had succeeded in establishing business relationships with business relationships with the provincial WLIACs in 23 provinces, municipalities and autonomous regions in the PRC covering over 97,000 lottery sales points as at the Latest Practicable Date.

According to the iResearch Report, once stable business relationships have been established with lottery solution providers, the PRC lottery authorities are highly likely to continue to cooperate with the chosen service providers taking into account the extra administrative and time costs any change in service providers could bring. Hence, leading lottery solution providers could take advantage of their strong brand recognition and proven track records of cooperating with the WLIACs to secure their leading position. As an early mover and innovator in respect of lottery security systems in the lottery solution market in the PRC, Xi'an Tiantai's business relationships with various provincial WLIACs and extensive service coverage are well established, which lays the foundation for sustainable development and growth of our business in relation to provision of IT solutions on lottery-related software systems and equipment. To enrich its suite of information systems to answer the business needs of lottery retailers as a means to improve its competitiveness, Xi'an Tiantai has also developed its electronic payment system (一付通), unified certification system (一證通), lottery terminal machines and outlets management system, among others, for the lottery industry; in this sense, Xi'an Tiantai offers relatively comprehensive IT solutions covering the various key areas in the business operation of lottery sales points. Our Directors believe the above constitute our major competitive advantages in our provision of IT solutions on lottery-related software systems and equipment.

We also offer lottery vending machines, which are usually placed in lottery sales points for retail sales of lottery products. Our lottery vending machines, which are designed to be compatible with industry standards on security and identification systems, combines the sales and communication functions in the lottery sales system. When combined with our lottery security access systems, our lottery vending machines facilitate connection with the lottery sale system operated by the provincial WLIACs in compliance with the relevant laws and regulations while retaining the efficiency required by our customers in the sale of lottery tickets.

Lottery Buyers

The welfare lottery tickets issued by each provincial WLIAC are available for purchases by the lottery buyers primarily through the lottery sales points in the relevant province or municipality.

According to the iResearch Report, there were approximately 234 million lottery buyers in the PRC in 2021. The development of new lottery games and new retail channels in lottery sales will increase public interest in lottery and render lottery tickets more readily available for purchases by the public. Accordingly, the number of lottery buyers in the PRC is expected to grow to approximately 284 million in 2026, representing a CAGR of 3.9% from 2021.

Our Lottery-related Software Systems and Equipment

Our lottery-related software systems and equipment principally include the lottery security and payment systems provided by Xi'an Tiantai. Our integrated business security access system (一線通) enables secure communication and interaction between provincial WLIACs and lottery sales points. To this end, our security access centre equipment and security access terminal equipment assists in establishing the requisite information security system, while our software platform enables such communication and interaction process. We have systems in place to monitor and obtain live feedback on the status and conditions of the security access equipment and software platform to facilitate swift feedback and maintenance and upgrade services. We also provide outlets management system to monitor lottery sales activities and information security system to monitor external interference to the lottery systems. Our lottery-related software systems are designed and developed internally, while our lottery-related equipment, such as servers, motherboards, terminal equipment and firewall system, have been procured from external suppliers.

Prior to the Track Record Period, Xi'an Tiantai had begun to provide its integrated business security access system (一線通) for the use of the provincial WLIACs and the lottery sales points in 16 provinces, municipalities and autonomous regions in the PRC; Xi'an Tiantai had continued to provide after-sale services such as maintenance services and other items such as lottery terminal machines or outlets management systems for such provincial WLIACs and lottery sales points, where applicable. During the Track Record Period, Xi'an Tiantai began to supply its integrated business security access system (一線通) to the provincial WLIACs and the lottery sales points in Gansu, Shanxi, Tianjin, Heilongjiang, Guangdong and Hunan in FY2018, and in Fujian in FY2021; after-sale services such as maintenance services and other items such as lottery terminal machines or outlets management systems had also been provided to these provincial WLIACs and lottery sales points where applicable.

We also offer lottery vending machines designed to be compatible with industry standards on security and identification systems, which are usually placed in lottery sales points for retail sales of lottery products. Our lottery vending machines facilitate connection with the lottery sale system operated by the provincial WLIACs in compliance with the relevant laws and regulations while retaining the efficiency required by our customers in the sale of lottery tickets.

Terms of Agreements with Our Customers

Our customers in this business sub-segment are primarily provincial WLIACs using our lottery security and payment systems. As advised by our PRC Legal Advisers, no particular license or qualification is required for our provision of solutions on lottery-related software systems and equipment to provincial WLIACs. Our other customers during the Track Record Period included enterprises, being primarily procurement agents of WLIACs through which we had provided lottery security systems to the relevant WLIACs, and lottery sales points, to whom we had directly provided replacement lottery security systems under exceptional circumstances when their systems as provided by the WLIACs could no longer be used due to wear and tear.

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Our relationship with customers is primarily governed by sales agreements we enter into with them. For our information security systems and equipment for lottery centres, we mainly submit tenders together with proposals relating to the system and equipment design according to the user requirement of the relevant lottery centres (as our customer) for their assessment. Xi'an Tiantai has been largely successful in its tenders for the provision of lottery-related systems and equipment with a tender success rate of 85.7%, 96.4%, 100% and 100% in FY2019, FY2020, FY2021 and 4M2022, respectively.

The principal terms of such agreements typically include:

Products and/or services:	Products and/or services in relation to (i) information security systems; (ii) software systems and equipment; (iii) outlets management platform services; and (iv) equipment maintenance and after-sales services
Term (for services):	Generally valid for one year
Quality standard:	<ul style="list-style-type: none">• The products shall comply with (i) the technical and product standards of the original manufacturers; (ii) the technical specifications and requirements stipulated under the tendering documents (if applicable); (iii) if no such specifications and/or requirements are mentioned in the tendering documents (if applicable), the relevant national or industry standards; and/or (iv) any other specifications and/or requirements as agreed with our customers in accordance with the relevant agreement.
After-sales services:	<ul style="list-style-type: none">• We provide (i) technical support services, (ii) quality assurance and/or (iii) repair and maintenance services if there are technical problems with our products.• We are generally responsible for providing training to our customers in relation to our products.• We generally provide warranty for a specified period of time.
Consideration:	<ul style="list-style-type: none">• For products: A fixed amount in accordance with the (i) volume of products and (ii) unit price as stipulated in the relevant agreement.• For services: A fixed amount as mutually agreed, payable after satisfactory performance of services by us.

We generally only enter into agreements with our customers on a project-by-project basis. The amount we charge each customer may take one of the following forms: (i) prices of our lottery-related software systems and equipment; (ii) fees for maintenance services in respect of lottery-related software systems and equipment for a fixed term; and (iii) a combination of (i) and (ii). During the Track Record Period, the majority of our revenue from this business sub-segment was derived from projects which combined sales of our lottery-related software systems and equipment and provision of relevant maintenance services for a fixed term (generally ranging from one year to five years). Our customers may engage us for further provision of maintenance services in respect of lottery-related software systems and equipment after expiration of the warranty period or the previous engagement, and hence revenue may be generated from our provision of such maintenance services on a recurring basis. On the other hand, one-off separate purchases of our lottery-related software systems and equipment (not packaged with our maintenance services) were relatively uncommon among our customers during the Track Record Period. Meanwhile, we have been working continuously to expand our scope of operations in provision of solutions on lottery-related software systems and equipment, in terms of both coverage of provincial WLIACs and lottery retail stores, and types of software systems and equipment and support services on offer. Further, as disclosed in “Our Business Strategies — Developing and operating our SaaS enterprise marketing service platform as a means to expand our marketing channels” in this section, we will initially cover lottery retail stores under the development plan of our SaaS enterprise marketing service platform, where we intend to integrate and deploy our existing marketing channels and platforms to lottery institutions and lottery retail stores with a series of marketing and promotion services for user acquisition, engagement and/or retention purposes. We therefore stand to expand our marketing operations in the lottery industry in the PRC. This will constitute a further income stream originating from the relevant marketing participants including lottery retail stores, on top of the provision of solutions on lottery-related software systems and equipment.

During the Track Record Period, the majority of our projects in relation to provision of lottery-related software systems and equipment and relevant maintenance services were awarded to us by provincial WLIACs through tender. We generally charge our customers based on the tender price quoted for the supplies of our lottery solutions, which depends on factors such as (i) our expected profit margin on top of the relevant cost of sales; (ii) the customer’s specific requirements in relation to the lottery solutions; (iii) the range of value-added services we are required to provide; and (iv) volume requirements and delivery schedules. In other cases, the amounts we charge are determined on a cost-plus basis through arm’s-length commercial negotiations with our customers, taking into account our expected profit margins which were determined by considering factors including the relevant customers’ profiles, business relationships with us, scale of operations, and credibility.

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Terms of Agreements with Our Suppliers

Our relationship with suppliers is primarily governed by sales agreements we enter into with them. The principal terms of such agreements typically include:

Products and/or services:	Components, finished products and/or services in relation to (i) information security systems; (ii) software systems and equipment; and/or (iii) equipment maintenance and after-sales services
Term (for services):	Generally valid for one to three years
Quality standard:	The products shall comply with (i) the technical and product standards of the original manufacturers; (ii) the technical specifications and requirements stipulated under the tendering documents of our customers (if applicable); (iii) the relevant national or industry standards; and/or (iv) any other specifications and/or requirements as agreed with us in accordance with the relevant agreement.
After sales service:	<ul style="list-style-type: none">• Our suppliers generally provide (i) technical support services and/or (ii) repair and maintenance services if there are technical problems with their products.• Our suppliers generally provide warranty for a specified period of time.
Consideration:	<ul style="list-style-type: none">• For products: A fixed amount in accordance with the (i) volume of products and (ii) unit price as stipulated in the relevant agreement.• For services: A fixed amount as mutually agreed, payable by instalments.

We generally only enter into agreements with our suppliers upon receiving purchase orders from our customers. Pricing is generally determined upon negotiations based on factors such as (i) purchase volume; (ii) range of services provided; (iii) delivery and timing requirements; and (iv) availability of alternative suppliers.

Technical knowhow and experience

As an early mover and innovator of lottery security systems in the lottery solutions market in the PRC for over a decade, according to iResearch, Xi'an Tiantai possesses strong capabilities in conducting research and development for lottery solutions. It had 33 members of research and development staff specialising in information technology, who generally possessed relevant academic qualification and industry experience, and three of which are quality assurance staff as at 30 April 2022. Xi'an Tiantai has been accredited with the High New Technology Enterprise Certificate* (高新技術企業證書) since 2019; it had also obtained various information security certificates and recognitions in the industry such as the China National Compulsory Product Certification Certificate* (中國國家強制性產品認證證書) in respect of lottery terminal machines, and possessed 12 utility and design patents and 80 software copyrights in relation to electronic payment and lottery security systems and equipment as at the Latest Practicable Date. Please refer to the paragraphs headed “Licenses, Permits and Approvals”, “Awards and Recognitions” and “Intellectual Properties” in this section for further details. Furthermore, due to the strong technical capability of Xi'an Tiantai, we had developed business relationships with the provincial WLIACs in 23 provinces, municipalities and autonomous regions in the PRC, such as Shanghai, Hubei, Guangdong, Sichuan, Shaanxi and Guangxi, with an extensive coverage of over 97,000 lottery sales points as at the Latest Practicable Date. Leveraging our early move and scale advantages and our established relationships with the provincial WLIACs in the PRC, we could promptly adapt and respond to changes in market trends and consumer demand at an early stage.

Risks of Disintermediation in Our Business

As an intermediate advertising service provider, we connect enterprise advertisers with marketing channel providers (in our traditional marketing and promotion services business), media publisher (in our advertisement placement services business) and mobile app operators (in our advertisement distribution services business) (collectively, the “**Promotion and Advertising Services Suppliers**”), directly or indirectly through their respective agents. Being an intermediate service provider, we are exposed to the inherent risk of disintermediation in our promotion and advertising services business, i.e. the situation where enterprise advertisers (and/or their advertising agents) and the Promotion and Advertising Services Suppliers (and/or their respective agents) dispense with, cease to engage and compete with intermediate advertising service providers (such as our Group) while transacting with each other directly. This is because the enterprise advertisers could theoretically furnish the advertising materials to and engage the Promotion and Advertising Services Suppliers directly, without enlisting our services. In particular, enterprise advertisers may open and top up their own accounts with the media publishers directly for placement of their advertisements on such media platforms, and the platforms and/or applications of the media publishers (as advertising agents of enterprise advertisers) can be connected with mobile apps (provided that the mobile app operators have the requisite technical capacity) to form a channel for direct distribution of advertisements from the media publishers to the mobile apps. This means that the advertisement placement services and the advertisement distribution system of the media publishers are open to the enterprise advertisers and the mobile app operators respectively and accessible by them

directly and not necessarily through any intermediate marketing service provider, permitting transactions to take place directly between the enterprise advertisers (and/or their advertising agents) and the relevant Promotion and Advertising Services Suppliers without going through us. In this sense, the Promotion and Advertising Services Suppliers could theoretically compete with us for business and acquire our customers. According to the iResearch Report, the marketing industry in the PRC is highly fragmented and there are a large number of online advertising agencies. Online advertising agencies usually connect advertisers with designated agents of advertising publishers, or directly connect them with advertising publishers. It is common and more cost-efficient for a large number of enterprises to conduct their marketing activities through intermediate advertising service providers. In 2021, there were more than 1 million corporates in advertising industry in China. As a result, competition is fierce in the advertising industry.

Further, our customers may also elect to develop their in-house marketing departments to conduct promotion and advertising activities on their own. For example, enterprise advertisers with a larger operating scale may establish their own marketing channels, and such enterprise advertisers may make arrangements with their advertising agents (i.e. media publishers) or mobile app operators for direct distribution of advertisements to the mobile apps. According to iResearch, companies with a large scale of operation tend to establish their own marketing team and may conduct marketing and promotion activities without engaging intermediate advertising services providers, and thus, disintermediation is not an uncommon occurrence. We cannot assure that our customers (including enterprise advertisers and their agents) will not adjust their marketing strategy in the future to conduct marketing and promotion activities on their own and cease to engage intermediate advertising services providers. For further details, please refer to the section headed “Risk Factors — Risks Relating to Our Business and Industry — If our customers transact with marketing channel providers/media publishers/mobile app operators directly or if they conduct promotion and advertising activities on their own, we may be exposed to the risk of disintermediation.” in this prospectus.

There has not come to our attention any specific instance where our customers have ceased to transact with us and directly engaged the Promotion and Advertising Services Suppliers in our promotion and advertising services business. From 1 January 2022 and up to the Latest Practicable Date, we maintained on-going business relationship with our major customers in FY2021, who in aggregate contributed to 96.2% of our revenue from promotion and advertising services during FY2021. Our Directors believe that we play a meaningful role that adds value in the supply chain of promotion and advertising services. Specifically,

- in relation to our traditional marketing and promotion services business, we have a comprehensive supplier network comprising over 50 online and offline marketing channel providers and channel agents in different major cities in the PRC during the Track Record Period, to which enterprise advertisers might not easily be able to gain access on their own.

We also serve to increase the effectiveness and efficiency of the marketing campaigns by providing assistance in the planning and launch stages;

- in our advertisement placement services business, our customers may enjoy greater flexibility in liquidity management using our account opening services and top-up services, since we would make payment on their behalf to the designated media publisher or its channel agents in advance upon request for top-up services and only subsequently invoice and charge our customers on a monthly basis for our services provided, and such arrangement may not be available if our customers deal with the media publisher directly and top-up their accounts themselves.

We also normally offer our customers a higher percentage of rebates than the media publisher would offer to them directly, as we, by consolidating the spending of a mass of enterprise advertisers, would normally be able to obtain a higher percentage of rebates from the media publisher than individual enterprise advertisers themselves could, thus permitting our customers to achieve savings on advertising costs.

In addition, we provide value-adding customer support services, such as assistance in applying for advertisement placement and follow-up in relation to technical issues encountered. Starting from September 2021, we also provide to our customers operation services such as advising on advertisement placement strategy to optimise placement performance and/or preparing the advertising materials to be placed on the media platforms; and

- in respect of our advertisement distribution services business, as confirmed by iResearch, media publishers (as advertising agents of enterprise advertisers) may prefer to work with intermediate marketing service providers that possess a higher degree of technical proficiency and are able to provide relevant support services. Our Directors are of the view that the wide connectivity of our RegoAd SDK, which permits connections to be built with a broad range of mobile apps, and the suite of support we are able to provide for the mobile app operators (including, among others, the diversified forms of advertisements that can be arranged to be shown in the mobile apps (such as banners, pop-up advertisements and incentive-based advertisements), troubleshooting and follow-up in relation to technical issues encountered in connection and maintenance, and assistance in monitoring and optimisation of advertising performance) have permitted us to establish and maintain an extensive pool of mobile apps for executing advertisement distribution. Our Directors believe that this gives us a competitive edge as an intermediate marketing service provider, which could effectively secure our business relationships with the media publishers.

Our Directors consider that the above, together with our service quality, provide sufficient incentives for our customers to continue employing our promotion and advertising services and help guard against disintermediation.

In addition to our promotion and advertising services, we also act as an intermediate services provider of virtual goods sourcing and delivery services, by acquiring virtual goods from our suppliers and providing them to our customers. Our directors are of the view that our customers would not easily replaced us with other intermediate service providers or directly transact with the virtual goods suppliers as we offer (i) a wide variety of virtual goods through our Rego Virtual Goods Platforms whereby offering one-stop services to our customers; and (ii) tailored technical supports to our customers in establishing the interface for delivery of the virtual goods.

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OUR CUSTOMERS

During the Track Record Period, our customers mainly comprised (i) enterprise advertisers and their advertising agents using our traditional marketing and promotion services; (ii) enterprise advertisers and their advertising agents engaging us for advertisement placement services; (iii) media publishers (as advertising agents) using our advertisement distribution services; (iv) enterprises and virtual goods procurement agents procuring virtual goods from us; and (v) mobile game operators, and welfare lottery centres and lottery sales points using our IT solutions services. Please see the paragraphs headed “Our Business Model — Marketing and Promotion Services” and “Our Business Model — IT Solutions Services” in this section for details.

The following table sets forth the total number of our customers of each of our business segments during the periods indicated:

	Year ended 31 December			Four months ended 30 April
	2019	2020	2021	2022
1. Marketing and promotion services				
1A. Promotion and advertising services				
(i) Traditional marketing and promotion services ⁽³⁾	29	11	5	4
(ii) Advertisement placement services	–	–	150	69
(iii) Advertisement distribution services	–	3	4	3
1B. Virtual goods sourcing and delivery services ⁽⁴⁾	10	16	16	10
Sub-total	<u>39</u>	<u>30</u>	<u>175</u>	<u>86</u>
2. IT solutions services				
2A. Mobile games and software development and maintenance services ⁽⁵⁾	9	1	3	4
2B. Solutions on lottery-related software systems and equipment ⁽⁶⁾	1	23	24	18
Sub-total	<u>10</u>	<u>24</u>	<u>27</u>	<u>22</u>
Total	<u><u>49</u></u>	<u><u>54</u></u>	<u><u>202</u></u>	<u><u>108</u></u>

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Notes:

1. We have not included the number of customers for the sale of lottery tickets through our offline shops which contributed to less than 1.0% of our total revenue throughout the Track Record Period.
2. Customers who have engaged us for more than one type of services were counted as one customer in each of the relevant business segments. For details of such customers, please refer to the paragraphs below.
3. The decrease in the number of our customers for the traditional marketing and promotion services was mainly due to a shift of our business focus to advertisement distribution services and advertisement placement services during the Track Record Period.
4. The number of customers for virtual goods sourcing and delivery services increased from 10 in FY2019 to 16 in FY2020 which was mainly due to the expansion in our product offerings.
5. The fluctuations in the number of customers for our mobile games and software development and maintenance services was mainly due to the fact that we provide software development services on a one-off project basis.
6. The increase in the number of customers for solutions on lottery-related software systems and equipment during the Track Record Period was mainly due to our acquisition of Xi'an Tiantai in July 2020.

During the Track Record Period, we have successfully expanded our customer base as well as retained our major customers. In particular, we established business relationship with 150 customers of our advertisement placement services upon the launch of such business in FY2021. Further, the number of our customers for solutions on lottery-related software systems and equipment also increased significantly following our acquisition of Xi'an Tiantai in 2020. On the other hand, we have a stable business relationship with our major customers. For examples, among our top five customers during the Track Record Period, we have commenced our business relationships with Customer Group A, Customer B, Customer H and Customer O prior to the Track Record Period. For details on our major customers, please refer to the paragraphs headed “Our Customers — Major Customers” in this section.

Our Directors believe that synergies had resulted from the parallel operations of our various business sub-segments during the Track Record Period. When we service our customers in any particular business sub-segment, we seek to demonstrate excellence and deliver our services to the satisfaction of our customers. It is our goal to inspire trust and confidence in terms of both our capabilities and dependability, such that the business relationships built with our customers in a particular business sub-segment could serve as the starting point for further engagements in our other business sub-segments, to the extent that such services could answer other business needs of the same customers. Therefore, during the Track Record Period, there were instances of cross-selling of our services under different business sub-segments to the same customers or groups of customers.

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The following table sets forth details of our customers or group of customers who engaged us for more than one type of services during the Track Record Period:

Business Segments		Year ended 31 December			Four months ended 30 April
		2019	2020	2021	2022
		(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Customer Group A	1A(i) Traditional marketing and promotion services	23,453	6,242	–	–
	2A. Mobile games and software development and maintenance services	9,650	7,939	9,520	3,537
		33,103	14,181	9,520	3,537
Customer Group C	1A(i) Traditional marketing and promotion services	14,877	–	–	–
	2A. Mobile games and software development and maintenance services	641	–	–	–
		15,518	–	–	–
Customer Group E	1A(i) Traditional marketing and promotion services	2,450	783	150	38
	2A. Mobile games and software development and maintenance services	2,485	–	–	–
		4,935	783	150	38
Customer Group K	1B. Virtual goods sourcing and delivery services	2,986	8,956	1,174	1,018
	2A. Mobile games and software development and maintenance services	–	–	811	38
		2,986	8,956	1,985	1,056
Customer N	1A(i) Traditional marketing and promotion services	–	5,660	2,830	–
	1B. Virtual goods sourcing and delivery services	–	–	3,344	–
		–	5,660	6,174	–

During the Track Record Period, we had provided promotion and advertising services together with mobile game and software development and maintenance services to Customer A1 as a bundle to facilitate its acquisition of new users for its mobile game. For details, please refer to the paragraphs headed “Our Customers — Major Customers — Our relationship with Customer Group A — Transactions between our Group and Customer Group A during the Track Record Period — 1. Transactions with Customer A1” in this section, and the section headed “Financial Information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — 2. Revenue from our IT Solutions Services — (i) Mobile Game and Software Development and Maintenance Services” in this prospectus. Other than the above, there was no arrangement for provision of our marketing and promotion services and IT solutions services as a bundle to our customers during the Track Record Period.

Going forward, we see the potential for the strengthening of synergies among our multiple business sub-segments in the following manners, among others:

- we aim to further develop and operate our SaaS enterprise marketing service platform as a means to expand our marketing channels; leveraging our information technology capability and the access we have gained to the vast network of lottery sales points in the PRC through provision of solutions on lottery-related software systems and equipment, our SaaS enterprise marketing service platform will initially cover lottery retail stores. We intend to integrate and deploy our existing marketing channels and platforms to provide the lottery retail stores with a series of marketing and promotion services for user acquisition, engagement and/or retention purposes. Specifically, we will (i) assist the lottery retail stores with conducting marketing and promotion activities vis-à-vis lottery buyers on a mass scale via online channels; (ii) connect the mobile apps of lottery institutions to our relevant self-operated platforms, and increase their lottery buyer base and user traffic of their mobile apps through provision of our promotion and advertising services and virtual goods sourcing and delivery services; and (iii) connect the lottery retail stores to our relevant self-operated platforms to enhance their operational efficiency in areas such as lottery buyer management. We therefore stand to expand our marketing operations in the lottery industry in the PRC, which will create opportunities for cross-selling of our marketing and promotion services and IT solutions services to the relevant marketing participants. For further details, please refer to the paragraphs headed “Our Business Strategies — Developing and operating our SaaS enterprise marketing service platform as a means to expand our marketing channels” in this section; and
- we will endeavour to promote our advertisement distribution services to enterprise advertisers engaging our advertisement placement services. By cross-selling our advertisement distribution services and advertisement placement services, we will not only arrange for the advertisements of enterprise advertisers to be published and displayed on the online platforms operated by the media publishers, but also connect the enterprise advertisers with mobile app operators and causing their advertisements to be distributed to fitting mobile apps through our RegoAd SDK. We could therefore facilitate the effective reaching of target audience by our customers contemporaneously through dual means.

Major Customers

Due to the different types of services we provide, we recognise our revenue either on a gross basis or on a net basis. When we provide traditional marketing and promotion services, advertisement distribution services and IT solutions services, we act as a principal and record our revenue on a gross basis, whereas, when we provide our advertisement placement services which involve the placing of advertisement on large-scale media publishers and our virtual goods delivery and sourcing services, we act as an agent and record our revenue on a net basis. For the basis of our revenue recognition policies, please refer to the section headed “Financial Information — Critical Accounting Policies, Estimates and Judgements — Revenue Recognition” and note 4.13 in Appendix I to this prospectus.

For FY2019, FY2020, FY2021 and 4M2022, based on our revenue recognition policies as mentioned above, our five largest customers accounted for approximately 75.5%, 60.3%, 71.5% and 79.5% of our total revenue, while sales to our largest customer during the Track Record Period amounted to approximately RMB33.1 million, RMB17.9 million, RMB91.7 million and RMB37.3 million, representing 37.0%, 15.8%, 41.8% and 52.8% of our total revenue for the respective year. For the purpose of providing a better understanding of our business relationships with major customers, customers which were under common control or otherwise associated with each other at the relevant times have been grouped together and our sales to such customers have been aggregated in the tables below.

The following tables set forth five largest customers based on revenue recognised on net basis in relation to our advertisement placement services and virtual goods sourcing and delivery services and on gross basis in relation to our other services (including traditional marketing and promotion services, advertisement distribution services and IT solutions services) during the Track Record Period:

For the year ended 31 December 2019						
Customer	Products/Services sold to customer	Revenue generated from the sales	% of our total revenue	Payment method	Credit terms	Commencement
						year of our business relationship Year(s)
Customer Group A (Note 1)	Marketing and promotion services and mobile game and software development and maintenance services	33,103 RMB'000	37.0 %	Bank transfer	Five to 10 business days	2017
						To the best of the knowledge of our Directors, Customer Group A comprises two PRC companies founded and under common control by two individuals who are close partners and who established a group of companies principally engaged in the development, operation, marketing and promotion of online and mobile games, auctions and live streaming sales. The two companies comprising Customer Group A were established in 2015 and 2018, respectively, with around 15 employees each as at 31 December 2021, to the best of the knowledge of our Directors, and a registered share capital of RMB10 million each and headquartered in Zhejiang, which are principally engaged in the development and operation of online chess and card games platform, and the provision of promotion and marketing services for mobile game operators.
						To the best of the knowledge of our Directors, we became acquainted with Customer Group A through Mr. Chen, who was introduced to one of the founders of Customer Group A (the “Customer Group A Founder”) at a business occasion in 2015. Please see the paragraphs headed “— Our relationship with Customer Group A” in this section below for further details.

For the year ended 31 December 2019

Customer	Products/Services sold to customer	Revenue generated from the sales RMB'000	% of our total revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
Customer Group C (Note 3)	Marketing and promotion services and mobile game and software development and maintenance service	15,519	17.4	Bank transfer	Seven to 10 business days	2017	To the best of the knowledge of our Directors, we became acquainted with Customer Group C through Mr. Tian, who was introduced to a shareholder of a company comprising Customer Group C via his industry connections at a social event. Our Group secured a business relationship with Customer Group C pursuant to business negotiations flowing therefrom.	Two PRC companies under the same group up to January 2020, comprising (i) a company established in 2002 with a registered share capital of RMB15 million which, to the best of the knowledge of our Directors, is principally engaged in mobile game and software development to government institutions, state-owned and private enterprises in the PRC with over 80 employees as at 31 December 2021 ("Customer C1"); and (ii) a company established in 2014 with a registered share capital of RMB4 million which was deregistered in January 2020 ("Customer C2"). Please see Note 3 below for further details on the principal business and shareholders of the companies comprising Customer Group C.

For the year ended 31 December 2019

Customer	Products/Services sold to customer	Revenue generated from the sales	% of our total revenue	Payment method	Credit terms	Commencement	Our business relationship with the customer	Background and profile of the customer
						year of our business relationship		
		RMB '000	%			Year(s)		
Customer B (Note 2)	Various virtual goods	9,344	10.5	Bank transfer	Prepayment	2017	<p>To the best of the knowledge of our Directors, we became acquainted with Customer B through Mr. Chen, who was introduced to the founder and controlling shareholder of Customer B via his colleagues at Zhejiang Lande at a social event in 2011. Our Group secured a business relationship with Customer B pursuant to business negotiations flowing therefrom and commenced supplying virtual goods, which primarily comprise top-up for telecommunication services and gift cards of gas stations, as rewards for users of the large-scale online board and card game platform operated by Customer B in 2017 upon the development of our promotion and advertising services and mobile game and software development and maintenance services.</p> <p>A China Top 100 Internet Company since 2015 recognised by the Internet Society of China and Information Centre of the Ministry of Industry and Information Technology of the PRC, established in 2007 with a registered share capital of RMB21.5 million and principally engaged in the research, development and operation of online board and card games, and the operation of a large-scale online competitive board and card gaming platform. To the best of the knowledge of our Directors, Customer B had around 1,800 employees as at 31 December 2021 and was founded and owned as to approximately 80% by a seasoned market player in the board and card games business and the computer hardware industry.</p>	

BUSINESS

For the year ended 31 December 2019

Customer	Products/Services sold to customer	Revenue generated from the sales	% of our total revenue	Payment method	Credit terms	Commencement		Our business relationship with the customer	Background and profile of the customer
						%	Year(s)		
Customer Group E (Note 4)	Marketing and promotion services and software development and maintenance services	RMB'000 4,935	5.5	Bank transfer	10 to 30 business days		2015	To the best of the knowledge of our Directors, we became acquainted with Customer Group E through Ms. Shao Lijun (邵麗君), the head of the department of interactive entertainment business of our Company, who had established business relationship with Customer Group E in her previous work experience. Our Group secured a business relationship with Customer Group E pursuant to business negotiations flowing therefrom, initially providing marketing services for rebate services offered by the said member company of Customer Group E in 2015 and gradually extending our marketing services in relation to other goods and services offered by other member companies of Customer Group E.	Four PRC subsidiaries of a major telecommunications service provider listed on the Main Board of the Stock Exchange and the New York Stock Exchange which is in turn majority-owned by the State-owned Assets Supervision and Administration Commission of the State Council. The four companies comprising Customer Group E are established between 1997 and 2012 with a combined registered share capital of over RMB700 million which, collectively, are principally engaged in the provision of integrated information services to enterprises and individual users, including value-added telecommunications services and e-reading platform services. To the best of the knowledge of our Directors, the companies comprising Customer Group E had over 1,500 employees in total as at 31 December 2021.

For the year ended 31 December 2019

Customer	Products/Services sold to customer	Revenue generated from the sales	% of our total revenue	Payment method	Credit terms	Commencement	Our business relationship with the customer	Background and profile of the customer
						year of our business relationship		
		RMB '000	%			Year(s)		
Customer F	Marketing and promotion services	4,534	5.1	Bank transfer	10 business days	2019	To the best of the knowledge of our Directors, we became acquainted with Customer F through Mr. Tian, who was introduced to the legal representative of Customer F at a social event during a business trip in Wuhan in 2019. Our Group secured a business relationship with Customer F pursuant to business negotiations flowing therefrom.	A PRC company established in 2011 with a registered share capital of RMB10 million and principally engaged in software development and the provision of marketing services across the PRC. To the best of the knowledge of our Directors, Customer F had over 20 employees as at 31 December 2021 and was wholly owned by an individual Independent Third Party who was a seasoned player in the internet industry.
Total		67,435	75.5					

For the year ended 31 December 2020

Customer	Products/Services sold to customer	Revenue generated from the sales RMB'000	% of our total revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
Customer G	Advertisement distribution services	17,870	15.8	Bank transfer	30 calendar days	2020	To the best of the knowledge of our Directors, we became acquainted with Customer G through Mr. Zhang, who was introduced to the founder and controlling shareholder of Customer G at an industry event in early 2019, after which the parties explored business collaboration opportunities.	A PRC digital media marketing services provider established in 2014 with a registered share capital of RMB5 million and principally engaged in the provision of advertisement agency services to applications, and has business partnerships with major media publishers. To the best of the knowledge of our Directors, Customer G had around 30 employees as at 31 December 2021 and was founded and owned as to 92% by an individual Independent Third Party with extensive experience in accounting, finance and business management.
Customer B (Note 2)	Various virtual goods	17,049	15.1	Bank transfer	Prepayment to five business days	2017	Please refer to the disclosures above.	Please refer to the disclosures above.
Customer Group A (Note 1)	Marketing and promotion services and mobile game development and maintenance services	14,181	12.5	Bank transfer	Five to 10 business days	2017	Please refer to the disclosures above.	Please refer to the disclosures above.

For the year ended 31 December 2020

Customer	Products/Services sold to customer	Revenue generated from the sales RMB'000	% of our total revenue	Payment method	Credit terms	Commencement	Our business relationship with the customer	Background and profile of the customer
						year of our business relationship Year(s)		
Customer H	Various virtual goods	9,966	8.8	Bank transfer	Prepayment to 90 calendar days	2018	To the best of the knowledge of our Directors, we became acquainted with the founder of Customer H during his previous work experience as the business manager of a major hotel management company listed on NASDAQ Global Select and the Main Board of the Stock Exchange. Our Group secured a business relationship with Customer H pursuant to business negotiations flowing therefrom.	A PRC company established in 2013 with a registered share capital of RMB10 million and principally engaged in the supply of virtual goods, provision of marketing and promotion services, software development and operational services to banks, insurance companies and commercial retail chains. To the best of the knowledge of our Directors, Customer H had around 25 employees as at 31 December 2021 and was founded and owned as to 95% by an individual Independent Third Party who had extensive experience in the marketing industry.

For the year ended 31 December 2020

Customer	Products/Services sold to customer	Revenue generated from the sales RMB'000	% of our total revenue	Payment method	Credit terms	Commencement	Our business relationship with the customer	Background and profile of the customer
						year of our business relationship Year(s)		
Customer I	Lottery-related IT Solutions Services	9,097	8.1	Bank transfer	30 to 60 calendar days	2020	To the best of the knowledge of our Directors, we commenced business relationship with Customer I through Mr. Xiao Yanfeng, our executive Director, who was previously a co-worker with the controlling shareholder and legal representative of Customer I at a company in Shanghai. The parties entered into negotiations to explore business collaboration opportunities in the lottery industry thereafter.	A PRC company established in 2017 and headquartered in Shandong with a registered share capital of RMB10 million and principally engaged in the provision of internet security services mainly to large government enterprises. To the best of the knowledge of our Directors, Customer I had around 30 employees as at 31 December 2021 and its ultimate controlling shareholder was an individual Independent Third Party who was a seasoned player in the internet security services industry.
Total		68,163	60.3					

BUSINESS

For the year ended 31 December 2021

Customer	Products/Services sold to customer	Revenue generated from the sales	% of our total revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
		RMB'000	%			Year(s)		
Customer G	Advertisement distribution services	91,741	41.8	Bank transfer	30 calendar days	2020	Please refer to the disclosures above.	Please refer to the disclosures above.
Customer B (Note 2)	Various virtual goods	25,467	11.6	Bank transfer	Prepayment to five business days	2017	Please refer to the disclosures above.	Please refer to the disclosures above.
Customer J (Note 5)	Advertisement distribution services	13,660	6.2	Bank transfer	30 business days	2021	We applied to be an authorised distribution agent of Customer J through its standard agent recruitment process and formally commenced providing advertisement distribution services in 2021.	A PRC company established in 2000 with around 20,000 employees and a registered share capital of USD2 million, being a subsidiary of a blue chip Chinese multinational technology conglomerate operating a leading multi-purpose instant messaging, social media and mobile payment app listed on the Main Board of the Stock Exchange which is principally engaged in the provision of value-added services through internet and mobile platforms and online advertising services.
Customer H	Various virtual goods	13,568	6.2	Bank transfer	Prepayment to 90 calendar days	2018	Please refer to the disclosures above.	Please refer to the disclosures above.

BUSINESS

For the year ended 31 December 2021

Customer	Products/Services sold to customer	Revenue generated from the sales	% of our total revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
		RMB'000	%			Year(s)		
Customer O	Lottery-related IT solutions services	12,559	5.7	Bank transfer	30% of contract sum to be paid upon signing of agreement; 50% upon receipt and acceptance of goods after preliminary inspection; 20% upon acceptance of goods after final inspection	2018	To the best of the knowledge of our Directors, the sales team of Xi'an Tiantai conducted research and visited Customer O, formally commencing business relationship through public tender thereafter.	A public institution in charge of the issuance, promotion and organisation of welfare lottery tickets in Shanxi Province, the PRC.
Total		156,995	71.5					

BUSINESS

For the four months ended 30 April 2022

Customer	Products/Services sold to customer	Revenue generated from the sales	% of our total revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
		RMB'000	%			Year(s)		
Customer G	Advertisement distribution services	37,316	52.8	Bank transfer	30 calendar days	2020	Please refer to the disclosures above.	Please refer to the disclosures above.
Customer B (Note 2)	Various virtual goods	8,363	11.8	Bank transfer	Prepayment to five business days	2017	Please refer to the disclosures above.	Please refer to the disclosures above.
Customer H	Various virtual goods	4,449	6.3	Bank transfer	Prepayment to 90 business days	2018	Please refer to the disclosures above.	Please refer to the disclosures above.
Customer Group A (Note 1)	Mobile game and software development and maintenance services	3,537	5.0	Bank transfer	Five to 10 business days	2017	Please refer to the disclosures above.	Please refer to the disclosures above.

BUSINESS

For the four months ended 30 April 2022

Customer	Products/Services sold to customer	Revenue generated from the sales	% of our total revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
		RMB'000	%			Year(s)		
Customer V	Lottery-related IT solutions services	2,581	3.6	Bank transfer	50% of contract sum to be paid within 10 calendar days of signing of agreement; 50% upon acceptance of goods after final inspection	2016	The parties became acquainted after our Group won a tender organised by Customer V in 2016.	A public institution in charge of the issuance, promotion and organisation of welfare lottery tickets in Heilongjiang Province, the PRC.
Total		56,246	79.5					

For illustration purpose only, the following tables set forth our five largest customers based on the gross revenue in relation to all our services during the Track Record Period:

For the year ended 31 December 2019						
Customer	Products/Services sold to customer	Gross revenue generated from the sales	% of our total gross revenue	Payment method	Credit terms	Commencement year of our business relationship with the customer
		RMB '000	%			Year(s)
Customer B (Note 2)	Various virtual goods	270,695	75.4	Bank transfer	Prepayment	2017 Please refer to the disclosures above.
Customer Group A (Note 1)	Online marketing and promotion services and mobile game and software development and maintenance services	33,103	9.2	Bank transfer	Five to 10 business days	2017 Please refer to the disclosures above.
Customer Group C (Note 3)	Marketing and promotion services and mobile game and software development and maintenance services	15,519	4.3	Bank transfer	Seven to 10 business days	2017 Please refer to the disclosures above.

For the year ended 31 December 2019

Customer	Products/Services sold to customer	Gross revenue generated from the sales	% of our total gross revenue	Payment method	Credit terms	Commencement	Our business relationship with the customer	Background and profile of the customer
						year of our business relationship		
		RMB'000	%			Year(s)		
Customer Group K (Note 6)	Various virtual goods	10,061	2.8	Bank transfer	Prepayment or five to seven business days	2018	To the best of the knowledge of our Directors, we were introduced to Customer Group K through an employee of our Group, who was a personal friend of the vice president of Customer Group K. Our Group secured a business relationship with Customer Group K pursuant to business negotiations flowing therefrom.	Two PRC companies owned as to 60% and 75% by the same individual who, to the best of the knowledge of our Directors, was an individual Independent Third Party with over 10 years of experience in the virtual goods industry. The two companies comprising Customer Group K are established in 2011 and 2014, respectively, with a combined registered share capital of over RMB60 million, around 60 employees in total as at 31 December 2021 to the best of the knowledge of our Directors and are principally engaged in the supply of virtual goods to banks and insurance companies as well as marketing campaign planning services.

For the year ended 31 December 2019

Customer	Products/Services sold to customer	Gross revenue generated from the sales	% of our total gross revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
		RMB'000	%			Year(s)		
Customer Group E (Note 4)	Marketing and promotion services and software development and maintenance services	4,935	1.4	Bank transfer	10 to 30 business days	2015	Please refer to the disclosures above.	Please refer to the disclosures above.
Total		334,313	93.1					

BUSINESS

For the year ended 31 December 2020

Customer	Products/Services sold to customer	Gross revenue generated from the sales	% of our total gross revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
		RMB'000	%			Year(s)		
Customer B (Note 2)	Various virtual goods	420,125	64.0	Bank transfer	Prepayment to five business days	2017	Please refer to the disclosures above.	Please refer to the disclosures above.
Customer Group K (Note 6)	Various virtual goods	95,095	14.5	Bank transfer	Five to seven business days	2018	Please refer to the disclosures above.	Please refer to the disclosures above.
Customer L	Various virtual goods	37,956	5.8	Bank transfer	Prepayment	2020	To the best of the knowledge of our Directors, we became acquainted with Customer L through Mr. Yang Lei, the general manager of our virtual goods sourcing and delivery services department, who was introduced to the founder and controlling shareholder of Customer L in December 2019 by industry connections. Our Group secured a business relationship with Customer L pursuant to business negotiations flowing therefrom and commenced supplying virtual goods to Customer L in August 2020.	A PRC company established in 2016 with a registered share capital of RMB10 million and principally engaged in media broadcasting and brand promotion as well as member benefits support services for insurance companies, banks and service providers. To the best of the knowledge of our Directors, Customer L had around 10 employees as at 31 December 2021; its founder and ultimate controlling shareholder was an individual Independent Third Party who was a seasoned player in the e-commerce industry.

For the year ended 31 December 2020

Customer	Products/Services sold to customer	Gross revenue generated from the sales	% of our total gross revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
		RMB'000	%			Year(s)		
Customer H	Various virtual goods	24,061	3.7	Bank transfer	Prepayment to 90 calendar days	2018	Please refer to the disclosures above.	Please refer to the disclosures above.
Customer G	Advertisement distribution services	17,870	2.7	Bank transfer	30 calendar days	2020	Please refer to the disclosures above.	Please refer to the disclosures above.
Total		595,107	90.7					

BUSINESS

For the year ended 31 December 2021

Customer	Products/Services sold to customer	Gross revenue generated from the sales	% of our total gross revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
		RMB'000	%			Year(s)		
Customer B (Note 2)	Various virtual goods	520,164	35.4	Bank transfer	Prepayment to five business days	2017	Please refer to the disclosures above.	Please refer to the disclosures above.
Customer M	Various virtual goods	121,006	8.2	Bank transfer	Seven business days	2021	To the best of the knowledge of our Directors, we were acquainted with Customer M through Mr. Yang Lei, the general manager of our virtual goods sourcing and delivery services department, who approached the general manager and controlling shareholder of Customer M in 2020 after introduction by industry connections. Our Group secured a business relationship with Customer M in December 2020 pursuant to business negotiations flowing therefrom and commenced supplying virtual goods to Customer M in January 2021.	A PRC company established in 2017 with a registered share capital of RMB20 million and principally engaged in the provision of loyalty points service and marketing campaign planning services to banks, insurance companies and e-commerce platforms. To the best of the knowledge of our Directors, Customer M had around 35 employees as at 31 December 2021 and was owned as to 80% by an individual Independent Third Party who was a seasoned player in the e-commerce industry.
Customer G	Advertisement distribution services	91,741	6.2	Bank transfer	30 calendar days	2020	Please refer to the disclosures above.	Please refer to the disclosures above.

For the year ended 31 December 2021

Customer	Products/Services sold to customer	Gross revenue generated from the sales	% of our total gross revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
		RMB'000	%			Year(s)		
Customer Group K (Note 6)	Various virtual goods and mobile game and software development and maintenance services	58,205	4.0	Bank transfer	Prepayment or five to seven business days for virtual goods and 30 business days for mobile game and software development and maintenance	2018	Please refer to the disclosures above.	Please refer to the disclosures above.

BUSINESS

For the year ended 31 December 2021

Customer	Products/Services sold to customer	Gross revenue generated from the sales	% of our total gross revenue	Payment method	Credit terms	Commencement	Our business relationship with the customer	Background and profile of the customer
						year of our business relationship		
		RMB'000	%			Year(s)		
Customer N	Offline marketing and promotion services and various virtual goods	50,956	3.5	Bank transfer	30 business days for offline marketing and promotion services and 10 business days for virtual goods	2020	To the best of the knowledge of our Directors, we were introduced to Customer N via industry connections. Our Group secured a business relationship with Customer N pursuant to business negotiations flowing therefrom, initially by our Group providing offline marketing and promotion services and extending to the provision of virtual goods thereafter.	A PRC company established in 2002 with a registered share capital of over RMB140 million and principally engaged in the operation of an online audio and radio platform with over 3,000 radio channels for online news, music and entertainment as well as anchor stations, audiobooks and podcasts. To the best of the knowledge of our Directors, Customer N had around 500 employees as at 31 December 2021; its founder and single largest shareholder was an entrepreneur specialising in the internet industry.
Total		842,072	57.3					

BUSINESS

For the four months ended 30 April 2022

Customer	Products/Services sold to customer	Gross revenue generated from the sales	% of our total gross revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
		RMB'000	%			Year(s)		
Customer B (Note 2)	Various virtual goods	165,729	33.2	Bank transfer	Prepayment to five business days	2017	Please refer to the disclosures above.	Please refer to the disclosures above.
Customer Group K (Note 6)	Various virtual goods and mobile game and software development and maintenance services	93,015	18.7	Bank transfer	Prepayment or five to seven business days for virtual goods and 30 business days for mobile game and software development and maintenance	2018	Please refer to the disclosures above.	Please refer to the disclosures above.
Customer G	Advertisement distribution services	37,316	7.5	Bank transfer	30 calendar days	2020	Please refer to the disclosures above.	Please refer to the disclosures above.

BUSINESS

For the four months ended 30 April 2022

Customer	Products/Services sold to customer	Gross revenue generated from the sales	% of our total gross revenue	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the customer	Background and profile of the customer
		RMB'000	%			Year(s)		
Customer W	Various virtual goods	23,967	4.8	Bank transfer	Prepayment	2021	Customer W found our Group online and approached us for business collaboration as part of their business development efforts.	A PRC company established in 2016 with a registered share capital of USD200 million and principally engaged in SaaS solutions for local lifestyle service providers. To the best of the knowledge of our Directors, Customer W had around over 1,000 employees as at 30 April 2022 and was wholly owned by a Hong Kong-incorporated private company.
Customer X	Advertisement distribution services	20,959	4.2	Bank transfer	Prepayment to 30 calendar days	2021	The founder of Customer X previously established a business relationship with an employee of our Group who previously worked at a cloud-based commerce and marketing solutions services provider listed on the Main Board of the Stock Exchange.	A PRC company established in 2021 with a registered share capital of RMB5 million and principally engaged in advertisement placement services. To the best of the knowledge of our Directors, Customer X had around 20 employees as at 30 April 2022 and was wholly owned by an individual Independent Third Party who was a seasoned player in the advertising industry.
Total		340,986	68.4					

BUSINESS

Notes:

- (1) For details of our relationship with Customer Group A, please refer to the paragraphs headed “Our relationship with Customer Group A” in this section.
- (2) Since 2017, Customer B has engaged us for the sourcing and delivery of virtual goods, which primarily comprise top-up for telecommunication services and gift cards of gas stations. To the best of the knowledge, information and belief of our Directors, these virtual goods are used as rewards and incentives by Customer B in the course of operating its online board and card gaming platform and other mobile games. Users and players may exchange points accumulated on such platform or in such games for these virtual goods. For FY2019, FY2020, FY2021 and 4M2022, or gross profit margin from the transactions with Customer B was 64.2%, 74.5%, 87.9% and 89.5%, respectively. The increase in profit margin was mainly due to the facts that (i) Customer B only acquired our top-up for telecommunication services in FY2019 and it started to acquire gift cards of gas station from us from FY2020, which had a higher gross profit margin than top-up for telecommunication services; and (ii) we have expanded our supplier base for top-up for telecommunication services which allowed us to procure such virtual goods at a lower cost.

During the Track Record Period, Customer B had held minority interest in Zhejiang Lande, a company then indirectly controlled by Mr. Chen. Mr. Tian also held approximately 2.3% in Zhejiang Lande during the Track Record Period. Zhejiang Lande was established on 28 July 2010 and has been principally engaged in venture capital investments in the technology, media and telecommunication sector. As confirmed by Mr. Chen, he became acquainted with the founder of Customer B in or around 2011. The founder of Customer B considered that the investment in Zhejiang Lande would provide valuable investment opportunities to Customer B, which was also engaged in internet related business. Accordingly, Customer B invested in Zhejiang Lande as a passive investor in June 2012. To the best of the knowledge, information and belief of our Directors and as confirmed by Mr. Chen, save as aforesaid, there is no other transaction or dealing between Customer B and Mr. Chen, whether directly or indirectly through Zhejiang Lande. As at the Latest Practicable Date, each of Customer B, Mr. Chen and Mr. Tian had ceased to have any equity interest in Zhejiang Lande.

- (3) Customer Group C comprises two companies which were fellow subsidiaries with Jiangxi Yunjia prior to our acquisition of Jiangxi Yunjia in January 2018. Please see “History, Development and Reorganisation — Our Corporate History and Development — Former Major Subsidiaries of Our Group — Jiangxi Yunjia” in this prospectus for further details.

During the period from December 2015 to 9 January 2020, Customer C1 was held as to 60% by Jiangxi Tiansheng (the parent company of Jiangxi Yunjia prior to our acquisition in January 2018 and 40% by an Independent Third Party (who is, to the best of the knowledge of our Directors, an experienced player in the telecommunication industry) from December 2015 to 9 January 2020. Customer C1 was deregistered on 9 January 2020. Prior to its deregistration, such customer was principally engaged in the provision of marketing services in connection with AliPay (支付寶), including the provision of assistance to physical stores in joining and operating the payment platform of AliPay. To the best knowledge, information and belief, the business of such customer was substantially affected by a change in policy of AliPay in respect of its services providers. As a result, shareholders of such customer had decided to cease its business operation and deregistered the company. During FY2019, Customer C2 was held as to 60% by Jiangxi Tiansheng, who transferred its entire equity interests in Customer C2 to an Independent Third Party in April 2020. The remaining shareholder holding 40% of Jianxi Tiansheng was a former employee of our Group who, to the best of the knowledge of our Directors, had approximately 20 years of experience in the information technology industry.

- (4) Customer Group E comprises four subsidiaries of a joint stock limited liability company incorporated in the PRC with limited liability, which was listed on the Stock Exchange and the New York Stock Exchange and principally engaged in the provision of fundamental telecommunications, at the relevant times.
- (5) Customer J and Supplier W are both wholly-owned subsidiaries of a Chinese multinational technology conglomerate and the operator a leading multi-purpose instant messaging, social media and mobile payment app which is listed on the Main Board of the Stock Exchange. Please see “— Overlapping Customers and Suppliers” in this section for further details.
- (6) Customer Group K comprises two companies which, as at the Latest Practicable Date, were owned as to 60% and 75%, respectively, by the same individual Independent Third Party.

During the Track Record Period, certain of our customers fell within our five largest customers for more than one year/period, namely Customer Group A, Customer B, Customer G, Customer H and Customer Group K. Our competitive edge in retaining these customers, as acknowledged by themselves, primarily include our quality of service, commercial reputation and competitive pricing of our services. Some customers further acknowledged our longstanding business relationship with them and sufficient downstream channel resources as reasons they continue to engage us for our services.

To the best of the knowledge of our Directors, none of our Directors, their close associates, or our Shareholders who/which owned more than 5% of our issued Shares as at the Latest Practicable Date had any interest in any of our top five customers during the Track Record Period at the relevant times.

Our relationship with Customer Group A

Customer Group A consists of (i) a company principally engages in the operation of an online game platform (“**Customer A1**”); and (ii) a company principally engages in the promotion and advertising of online games (“**Customer A2**”).

Shareholders of Customer Group A

To the best knowledge, information and belief of the Directors, each of the companies comprising the Customer Group A were beneficially controlled by Customer Group A Founder and another individual (“**Mr. Y**”, together with the Customer Group A Founder, the “**Customer Group A Beneficial Shareholders**”), each of which is an Independent Third Party. Mr. Chen was introduced to the Customer Group A Founder in 2015 at the annual meeting of a company (“**Company X**”) in which Mr. Chen had indirectly invested. At the relevant time, the Customer Group A Founder was the Head of New Media Department of Company X. To the best of the knowledge of our Directors, save as disclosed below, there is no other past or present relationships (including, without limitation, business, shareholding, employment, family, trust, financing, fund flows or otherwise) between (i) Customer Group A, its shareholders, directors, senior management and employees or any of their associates; and (ii) the Company, its subsidiaries, their shareholders, directors, senior management, employees or any of their respective associates.

The registered shareholder holding 90% and 100% of Customer A1 and Customer A2, respectively, is an Independent Third Party and the registered shareholder of the remaining 10% of Customer A1 was a former employee of the Group, who become a minority shareholder of Customer A1 after he had left his employment with our Group. To the best of the knowledge of our Directors, each of the registered shareholders of Customer A1 and Customer A2 has been holding their respective equity interests in Customer Group A as a nominee of the Customer Group A Beneficial Shareholders. Saved as disclosed, none of the registered shareholders of Customer A1 and Customer A2 has any relationship or side agreement, arrangement or understanding with the Group, its Shareholders, Directors, senior management or any of their respective associates.

To the best knowledge, information and belief of the Directors, (i) Customer A1 was established with the personal funding of the Customer Group A Beneficial Shareholders, which was primarily generated from income from their previous employments and businesses; and (ii) no registered capital of Customer A2 had been paid-up and its initial working capital was provided by Customer A1.

Transactions between our Group and Customer Group A during the Track Record Period

1. Transactions with Customer A1

We commenced business relationship with Customer A1 in 2017, when we were engaged by Customer A1 to provide promotion and advertising services to acquire new users for the PC version of its online game platform offering poker, mahjong and fishing games (the “**Game Platform**”).

As confirmed by Customer A1, the growth in the number of users of the Game Platform had slowed down in 2017 due to, among other things, the growing popularity of mobile games among game players. With a view to explore the possibility of developing into a mobile game operator, we approached Customer A1 for the potential cooperation in the development of the APP version of the Game Platform (the “**Customer A1 APP**”), and the provision of the related promotion and advertising and IT solutions services to the Customer A1 APP. Accordingly, Customer A1 entered into an agreement with us in November 2017, pursuant to which (i) Customer A1 agreed to engage us to provide promotion and advertising services for acquisition of new users in the capacity as an enterprise advertiser and IT solutions services for the Customer A1 APP; and (ii) Customer A1 and our Group shall be entitled to 60% and 40% of the users’ spending on the Customer A1 APP, respectively (the “**Profit Sharing Arrangement**”). Subsequently in 2019, Customer A1 decided not to further engage us for promotion and advertising services to the Customer A1 APP and proposed to reduce the Group’s profit share under the Profit Sharing Arrangement to 20% on the basis that a substantial portion of the users of the Customer A1 APP were actually originated from the PC version of the Game Platform. After several rounds of negotiations, it was eventually agreed that, as a packaged deal, (i) we were no longer required to provide promotion and advertising services to the Customer A1 APP and our profit sharing ratio under the Profit Sharing Arrangement shall be adjusted to 25%; and (ii) we shall acquire from Customer A1 copyrights of three online games. For further details of our acquisition in respect of the three online games, please refer to the section headed “Financial information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and development expenses” in this prospectus.

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Our Directors consider that the transactions between us and Customer A1 in respect of the Customer A1 APP, and particularly the Profit Sharing Arrangement, have been conducted on an arm's length basis and on reasonable terms on the following basis:

- (a) The Profit Sharing Arrangement was determined having taken into account the respective roles of our Group and Customer A1. In particular, Customer A1 was entitled to 60% of the total users' spending under the initial Profit Sharing Arrangement given that it is the owner who created the core contents of the Game Platform and the Customer A1 APP. On the other hand, we were entitled to 40% of the total users' spending on the Customer A1 APP and such ratio did not only represent the service fees for our promotion and advertising services and IT solutions services, but also reflected our involvement from the initial stage of development of the Customer A1 APP and the associated costs incurred by us;
- (b) following the adjustment in the Profit Sharing Arrangement commencing from May 2019, our share of the total users' spending on the Customer A1 APP decreased to 25%. Despite that we were no longer required to provide marketing and promotion services to the Customer A1 APP, we are of the view that, apart from the on-going IT solutions services provided by us, the adjusted Profit Sharing Arrangement continues to reflect our services provided for the development of Customer A1 APP before it was launched to the market. In addition, we are of the view that our IT solutions services are essential to the operation of the Customer A1 APP and it would be very costly for Customer A1 to replace us with other IT support service providers given that (i) we have been responsible for all the maintenance, upgrades and other technical supports of the Customer A1 APP since its launch; and (ii) we are in possession of all the core source code and compiled code of the Customer A1 APP and Customer A1 would not be able to make amendments to the Customer A1 APP on its own; and
- (c) according to iResearch, it is not uncommon for service providers in the mobile game development and operation industry to charge on a proportion of users' spending on the online games and the market rate ranged from 20% to 60% of the total users' spending on the relevant online games depending on the scope of services provided.

Our gross profit margin from transactions with Customer A1 was 63.2%, 63.2%, 71.1% and 71.4% for FY2019, FY2020, FY2021 and 4M2022, respectively. During the initial period after the launch of the Customer A1 APP in 2018, we have incurred higher labour costs for the provision of IT solutions services and traffic acquisition costs for the provision of promotion and advertising services. As (i) we are no longer required to provide promotion and advertising services to the Customer A1 APP since May 2019; and (ii) we were able to reduce the manpower allocated to the provision of IT solution services for the Customer A1 APP as its operation has become more stable when time goes by, and accordingly our cost of sale associated with the transactions with Customer A1 decreased which in turn resulted in an increase in our gross profit margin.

2. *Transactions with Customer A2*

In 2018, we were engaged by Customer A2, in the capacity as an advertising agent, to provide promotion and advertising services for acquisition of new users for an online mahjong game (the “**Relevant Mahjong Game**”). As confirmed by Customer A2, it was engaged by Customer B (being a China Top 100 Internet Company principally engaged in the research, development and operation of board and card games and a large-scale competitive gaming platform) as an advertising agent to acquire new users for the Relevant Mahjong Game at the consideration of RMB10.0 for each new user acquired. Customer A2 subcontracted the promotion and advertising services for the Relevant Mahjong Game to us as it did not have sufficient experience or connection in the provision of promotion and advertising services. Pursuant to the agreement entered into between our Group and Customer A2, we were entitled to RMB9.8 for each new user acquired. We further subcontracted the promotion and advertising services for the Relevant Mahjong Game to our downstream suppliers at a cost of RMB7.4 to RMB8.4.

Despite that we generated a higher gross profit margin than Customer A2 in the promotion and advertising of the Relevant Mahjong Game, our Directors are of the view that the transactions between us and Customer A2 have been conducted on an arm’s length basis and on reasonable terms on the following basis:

- (a) Customer A2 subcontracted the entire promotion and advertising services for the Relevant Mahjong Game to us without procuring any user on its own or conducting any actual works or incurring any substantial costs in its transaction with Customer B in respect of the promotion of the Relevant Mahjong Game;
- (b) we have extensive experience and connections with suppliers in providing promotion and advertising services for acquisition of mobile games players, in particular, for board and chess games and fishing games;
- (c) the gross profit margin derived by us from the transactions with Customer A2 (being 28.2% and 24.5% for FY2019 and FY2020, respectively) was comparable to similar projects of the Group. During the Track Record period, we have provided promotion and marketing services for user acquisition for four other online board and chess games and fishing games and our gross profit margin from the relevant transactions ranged from 22.4% to 25.0%; and
- (d) as confirmed by Customer A2, the profit margin derived by Customer A2 for the promotion of the Relevant Mahjong Game was similar to its other projects.

Since April 2020, Customer A2 had ceased its cooperation with us regarding the promotion and advertising services for the Relevant Mahjong Game because to the best knowledge, information and belief of our Directors, the upstream customer of Customer A2 (i.e. Customer B) had ceased to engage Customer A2 to conduct promotion for the Relevant Mahjong Game.

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3. Transaction amounts with Customer Group A

Set forth below are details of our revenue attributable to the transactions with Customer Group A and the percentage to our total revenue during the periods indicated:

	For the year ended 31 December						Four months ended 30 April	
	2019		2020		2021		2022	
	<i>Percentage to our total</i>		<i>Percentage to our total</i>		<i>Percentage to our total</i>		<i>Percentage to our total</i>	
	<i>RMB'000</i>	<i>revenue (%)</i>	<i>RMB'000</i>	<i>revenue (%)</i>	<i>RMB'000</i>	<i>revenue (%)</i>	<i>RMB'000</i>	<i>revenue (%)</i>
Customer A1	9,650	10.8	7,939	7.0	9,520	4.3	3,537	5.0
Customer A2	23,453	26.2	6,242	5.5	–	–	–	–
TOTAL	33,103	37.0	14,181	12.5	9,520	4.3	3,537	5.0

The decrease in our revenue from Customer Group A since FY2020 was mainly attributable to (i) the decrease in revenue generated from Customer A1 after the downward adjustment of our share under the Profit Sharing Arrangement from 40% to 25% from May 2019; (ii) a shift of our business focus away from the online game industry since FY2019 in view of the uncertain regulatory environment of the online game industry in the PRC; and (iii) the cessation of our business relationship with Customer A2 from April 2020.

Customers and suppliers of Customer Group A

As confirmed by Customer Group A, during the Track Record Period, the customers of Customer A1 were individual players of the Customer A1 APP and the Game Platform and its suppliers mainly comprised companies providing technical supports and promotion services. On the other hand, the customer of Customer A2 is a sizable online game operator, which is also one of our major customers during the Track Record Period (i.e. Customer B) and its suppliers were mainly marketing and promotion services providers. To the best knowledge, information and belief of our Directors, (i) Customer Group A collectively recorded a total revenue of over RMB60 million, over RMB60 million, over RMB70 million and over RMB20 million for each of the three years ended 31 December 2021 and the four months ended 30 April 2022, respectively; (ii) the Group was one of the largest suppliers of Customer Group A during the Track Record Period; and (iii) apart from Customer B, who was an overlapping customer of our Group and Customer Group A, there were two overlapping suppliers between our Group and Customer Group A, both of which were suppliers of our advertisement placement services. The aggregated transaction amounts between our Group and the overlapping suppliers amounted to approximately RMB188,700, RMB471,700, RMB18,300 and RMB400 in each of the three years ended 31 December 2021 and the four months ended 30 April 2022, respectively.

Customer Group A further confirmed that, (i) we were the only supplier of IT solutions services of Customer A1 during the Track Record Period and approximately 49.9%, 52.9%, 57.2% and 50.7% of the total procurement costs of marketing and promotion and IT support of Customer A1 for FY2019, FY2020, FY2021 and 4M2022, respectively, were attributable to transactions with our Group; and (ii) we were one of the two and five suppliers of promotion and advertising services to Customer A2 in FY2019 and FY2020, respectively, and approximately 97.8% and 25.7% of the total procurement costs for marketing and promotion services of Customer A2 for FY2019 and FY2020, respectively, were attributable to the services provided by us.

Affiliated company of Customer A1

To the best of the knowledge of our Directors, the Customer Group A Beneficial Shareholders also beneficially control another customer of our Group, which was principally engaged in the development of online games (“**Customer A3**”) We have entered into an agreement with Customer A3 for the cooperation in the development and promotion of a HTML5 online game in 2017. As such online game was unable to retain a large number of users due to delays in technical updates, the transaction amounts between the Group and Customer A3 remained very insignificant during the Track Record Period, which amounted to approximately RMB2,000 in FY2019. The parties ceased to operate such online game in 2019.

Customer A3 was held as to 79% by Mr. Y and as to 21% by two Independent Third Party who are passive investors. As confirmed by the Customer Group A Beneficial Owners, (i) they were collectively interested in the 79% equity interests in Customer A3; and (ii) the initial funding for the establishment of Customer A3 was jointly provided by the Customer Group A Beneficial Owners. The Customer Group A Beneficial Owners had further confirmed that suppliers of Customer A3 mainly comprise marketing and promotion service providers and the transaction amount with our Group amounted to approximately 0.5% of its procurement costs for marketing and promotion services in FY2019.

Cooperation between Mr. Chen and Customer Group A Founder outside of our Group

In November 2017, Mr. Chen (our Director and Controlling Shareholder) invested in a company, namely Hangzhou Yunxi Property Co., Limited* (杭州雲希置業有限公司) (“**Yunxi Property**”) together with the Customer Group A Founder and the controlling shareholder of Company X (“**Mr. X**”), who is an Independent Third Party. Since its establishment, Yunxi Property was held as to 30% by Mr. Chen, 30% by the Customer Group A Founder and 40% by Mr. X. As confirmed by each of Mr. Chen, the Customer Group A Founder and Mr. X, it was Mr. X who initiated the cooperation in Yunxi Property as the local government of the Fuyang district offered to grant to Yunxi Property the land use right for the development a piece of land situated in the Fuyang District (the “**Relevant Land**”). As a condition of offering the Relevant Land to Yunxi Property, the local government requested Mr. X to procure the relocation of Company X to the Fuyang district. As Company X eventually decided not to relocate to the Fuyang district, Yunxi Property was unable to obtain the Relevant Land. Yunxi Property was subsequently deregistered in October 2020.

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Mr. Chen confirmed that, he agreed to invest in Yunxi Property as a passive investor as he was interested in the business opportunities in the property development in the Fuyang district. Each of Mr. Chen, the Customer Group A Founder and Mr. X further confirmed that, Yunxi Property had no actual operation since its establishment.

Our Directors confirm that, Mr. Chen's proposed investment in Yunxi Property was conducted in his personal capacity and was not related to any transactions between our Group and Customer Group A.

Transactions with customers related to our former employees, Controlling Shareholders or their relatives

During the Track Record Period, we have entered into transactions with certain customers, of which the shareholder(s) and/or director(s) was or were our former employee(s), Controlling Shareholder(s) and/or their relatives (the “**Other Related Customers**”). The aggregate transaction amounts with the Other Related Customers amounted to approximately 23.4%, 0.9%, 0.4% and 0.3% of our total revenue in FY2019, FY2020, FY2021 and 4M2022, respectively.

Set forth below are details of our transactions with the Other Related Customers during the Track Record Period:

	Year ended 31 December						Four months ended 30 April	
	FY2019		FY2020		FY2021		2022	
	<i>RMB'000</i>	<i>Profit margin (%)</i>	<i>RMB'000</i>	<i>Profit margin (%)</i>	<i>RMB'000</i>	<i>Profit margin (%)</i>	<i>RMB'000</i>	<i>Profit margin (%)</i>
Traditional promotion and marketing								
Customer P	1,793	9.5	–	–	–	–	–	–
Zhejiang Yuanxing	1,597	93.8	959	62.3	658	43.8	242	100.0
Customer C2	14,877	22.4	–	–	–	–	–	–
Customer Q	837	100.0	–	–	–	–	–	–
Virtual goods sourcing and delivery services								
Customer R	–	–	15	100.0	18	100.0	2	100.0
Customer S	6	100.0	3	100.0	156	100.0	–	–

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	Year ended 31 December						Four months ended 30 April	
	FY2019		FY2020		FY2021		2022	
	RMB'000	Profit margin (%)	RMB'000	Profit margin (%)	RMB'000	Profit margin (%)	RMB'000	Profit margin (%)
Mobile games and software development and maintenance services								
Customer C1	641	62.2	-	-	-	-	-	-
Customer T	28	58.1	-	-	-	-	-	-
Solutions on lottery- related software systems and equipment								
Customer U	1,122	11.6	-	-	-	-	-	-
Total	20,901		977		832		244	

Customer P

Customer P is principally engaged in development and operation of online games. We commenced business relation with Customer P in July 2019. We became acquainted with Customer P through its then sole shareholder, Mr. Xie Jianping (“**Mr. Xie**”), who was also a minority shareholder of Hangzhou Gongjia (which in turn held equity interests in Hangzhou Rego prior to October 2017). The current sole director and shareholder of Customer P was an employee of our Group during the period from October 2018 to November 2019. Such former employee became acquainted with Mr. Xie during his employment with our Group and he acquired Customer P in April 2020 after he had left his employment with our Group. Accordingly, the former employee had not become a shareholder of Customer P at the time when we commenced business with Customer P.

Pursuant to the agreement entered into between Customer P and our Group, Customer P engaged us to provide traditional promotion and marketing services to acquire new users for an online game under CPA pricing model at RMB13 per each new user acquired. During the Track Record Period, the service fees charged by us for user acquisition for online games and APP ranged from RMB9.8 to RMB20.0 per each new user acquired. In addition, according to iResearch, the price range of user acquisitions for APPs and/or other online platform may range from RMB8 to RMB30 depending on the manner and requirements of the registration and marketing channels. Accordingly, the fees charged by us under the transactions with Customer P fall within the range of our fee charged for our projects under CPA pricing model as well as the market price range. On the other hand, the overall gross profit margin of our traditional marketing and promotion services was approximately 34.9% for FY2019. We have recorded a relatively lower gross profit margin from our transactions with Customer P mainly because we provided our marketing and promotion services through advertisement placement which involved a higher cost whilst the advertisement placement was not as effective as expected in terms of the number of new users acquired.

Zhejiang Yuanxing

As at the Latest Practicable Date, Zhejiang Yuanxing was owned as to 33.3% by Hangzhou Lande Youshi Venture Capital Partnership (Limited Partnership)* (杭州蘭德優勢創業投資合夥企業(有限合夥)) (“**Hangzhou Lande**”), whose management partner was a company controlled by Mr. Chen, 40% by Zhang Jing (張璟), the nephew of Mr. Chen who acquired such equity interests from an Independent Third Party in April 2022, and 26.7% by Mr. Xie. For details of Zhejiang Yuanxing and its transactions with our Group, please refer to the section headed “Connected Transaction” in this prospectus.

We commenced business relationship with Zhejiang Yuanxing in 2016. Pursuant to the agreement entered into between Zhejiang Yuanxing and us, Zhejiang Yuanxing engaged our Group to acquire users for certain mobile value-added services by mobile carriers and our Group entitled to 90% of the fees received by Zhejiang Yuanxing from the mobile carriers. Notwithstanding that the Group did not engage in other projects of traditional marketing and promotion services with a comparable pricing mechanism with that of our transactions with Zhejiang Yuanxing, we considered that such pricing mechanism and the rate of service fees are reasonable as Zhejiang Yuanxing had subcontracted to us and we conducted substantially all the works in connection with the services provided to the mobile carriers. On the other hand, we recorded a higher gross profit margin of approximately 93.8% from the transactions with Zhejiang Yuanxing in FY2019 because the relevant services were mainly conducted by our own staff and the relevant staff costs were mainly recorded in our selling and distribution expenses. We recorded a decrease in gross profit margin from our transactions with Zhejiang Yuanxing in FY2020 and FY2021 as we have engaged downstream suppliers to provide the marketing and promotion services. During 4M2022, we recorded a gross profit margin of 100.0% for revenue generated from Zhejiang Yuanxing because we did not provide or engage any suppliers to provide promotion and advertising services to Zhejiang Yuanxing in 4M2021 and the revenue was only generated from users acquired through us in previous years.

Customer C2

We commenced business relationship with Customer C2 in 2018. We provided marketing and promotion services for user acquisition of an online game at RMB9.8 per each new users acquired. During the Track Record Period, the service fees charged by us for user acquisition for online games and APP ranged from RMB9.8 to RMB20.0 per each new user acquired. In addition, according to iResearch, the price range of user acquisitions for APPs and/or other online platform may range from RMB8 to RMB30. Therefore, the fee charged by us under the transactions with Customer fall within the range of our fee charged for our projects under CPA pricing model as well as the market price range. On the other hand, our gross profit margin derived from the transactions with Customer C2 of approximately 22.4% was also in line with the gross profit margin of our other transactions for user acquisition for online games with Customer A2 (being 28.2% and 24.5% for FY2019 and FY2020, respectively).

At the time when we commenced business relationship with Customer C2, it was held as to 60% by Jiangxi Tiansheng and 40% by Mr. Deng Fengwei (“**Mr. Deng**”) and Customer C2 was a fellow subsidiary of Jiangxi Yunjia prior to our acquisition of Jiangxi Yunjia in January 2018. For details of the acquisition, please refer to the section headed “History, Development and Reorganisation — Our Major Subsidiaries — Jiangxi Yunjia” in this prospectus. As part of the acquisition of Jiangxi Yunjia, our Group and Jiangxi Tiansheng (the then shareholder of Jiangxi Yunjia and Customer C1) agreed that a team of experienced technical staff from Jiangxi Tiansheng (the “**Jiangxi Tiansheng Technical Team**”) would also join us to assist in the establishment of the internal technical team of Jiangxi Yunjia. Accordingly, Mr. Deng joined our Group in January 2018 as a member of the Jiangxi Tiansheng Technical Team. Please refer to the paragraphs headed “Major Customers” in this section for further details on the background of the commencement of our business relationship with Customer Group C.

Customer Q

We commenced business relationship with Customer Q in 2018. We became acquainted with Customer Q through Mr. Chen and Mr. Tian, our executive Directors, who held minority interests in Customer Q prior to February 2021. Customer Q engaged us to acquire users for its APP in relation to sport games under the CPA pricing model at RMB20 per each new user acquired. The fee charged by us under the transactions with Customer Q was higher than that of other projects of our traditional marketing and promotion services because the services provided to Customer Q involved onsite marketing of its APP at the offline lottery sale points operated by our staff. As confirmed by iResearch, offline marketing and promotion services would normally involve a higher costs than online services. Further, our Directors had taken into account the nature of the APP of Customer Q when determining the price. As confirmed by iResearch, it is relatively more difficult to acquire users for APP relating to sport games as compared to other apps such as online games. We mainly promoted the APP at the offline lottery sale points operated by our staff, and the relevant staff costs were mainly recorded in our selling and distribution expenses we have therefore recorded gross profit margin of 100.0% from the relevant transactions. As confirmed by Mr. Chen and Mr. Tian, despite their minority shareholdings in Customer Q, they were not involved in the daily operation of Customer Q or its transactions with our Group.

Customer R

As at the Latest Practicable Date, Customer R was held as to 30% by Hangzhou Gongjia, a former shareholder of Hangzhou Rego prior to October 2017 and currently wholly-owned by Zhang Jing (張璟), the nephew of Mr. Chen. As confirmed by the majority shareholder of Customer R (who held 70% of the equity interests in Customer R), he became acquainted with our Group through Mr. Yang Lei, the general manager of our virtual goods sourcing and development services, as they were former colleagues with each other. We commenced business relationship with Customer R in 2020, pursuant to which we provided the sourcing and delivery service of train tickets to Customer R at a fixed price per each ticket. The revenue generated from Customer R, if measured on a gross basis, amounted to RMB72,282, RMB92,356 and RMB10,335 for FY2020, FY2021 and 4M2022, respectively. Our gross profit margin, as derived from the gross revenue, from the transactions with Customer R was

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approximately 20.8%, 19.5% and 20.0% for FY2020, FY2021 and 4M2022, respectively, was higher than the overall gross profit margin of our virtual goods sourcing and delivery services (calculated on gross basis) of approximately 4.4%, 7.7%, 5.5% and 4.9% for FY2019, FY2020, FY2021 and 4M2022, respectively. The low overall gross profit margin was mainly due to the relatively low gross profit margin of our major virtual goods services, i.e. top-up for telecommunication services. Our gross profit margin from transactions under our virtual goods sourcing and delivery services may vary depending on the virtual goods supplier to our customers. While we have not supplied train tickets to other customers, we also recorded a gross profit margin of approximately 20.0% to 30.0% from transactions of gift cards of online music or video platforms and memberships of online healthcare and medical services.

Customer S

Since April 2017 and up to the Latest Practicable Date, Customer S had been owned as to approximately 6.1% by Hangzhou Gongjia. We commenced business relationship with Customer S in 2018 and become acquainted with Customer S through Mr. Chen, who was then a controlling shareholder of Hangzhou Gongjia. During the Track Record Period, Customer S mainly acquired lottery tickets (in virtual claim form) from us at a fixed price of RMB2.2 per each ticket, which was in line with the price charged by us in other transactions of the same nature. The revenue generated from Customer S, if measured on a gross basis, amounted to RMB154,187, RMB98,373, RMB6,602,282 and nil for FY2019, FY2020, FY2021 and 4M2022, respectively. Our gross profit from the transactions with Customer S, as measured on a gross basis, was approximately 3.9%, 3.0%, 2.3% and nil for FY2019, FY2020, FY2021 and 4M2022, which was slightly lower than the overall average gross profit margin of our virtual goods sourcing and delivery services, as measured on a gross basis.

Customer C1

We commenced business relationship with Customer C1 in 2017 when Customer C1 engaged us to develop software in respect of an online game platform. Mr. Yu Genqiang (“**Mr. Yu**”) had been the sole director of Customer C1 since September 2015. Mr. Yu joined the Group in March 2018 as a member of the Jiangxi Tiansheng Technical Team while remaining as the director of Customer C1. Please refer to the paragraphs headed “Major Customers” in this section for further details on the background of the commencement of our business relationship with Customer Group C. We recorded a gross profit margin of 62.2% from our transactions with Customer C1, which was in line with our overall gross profit margin of the mobile game and software development and maintenance services of 63.3% for FY2019.

Customer T

Customer T was owned by two former employees of our Group. Based on the interviews conducted with such former employees, they jointly set up Customer T in November 2018 with a view to established their own business. Customer T engaged our Group to develop an APP and the server in April 2019. We recorded a gross profit margin of 58.1% from our transactions with Customer T, which was in line with our overall gross profit margin of the mobile game and software development and maintenance services.

Customer U

Since December 2019 and up to the Latest Practicable Date, Customer U was wholly-owned by two former employees of our Group. Such former employees become acquainted with our Group during the course of their employment with us and they subsequently left their employment with our Group to pursue their own business. In December 2019, we entered into an agreement with Customer U for the supply of certain equipment for lottery sale. We recorded a relatively lower gross profit margin of approximately 11.6% from our transactions with Customer U as compared to our overall gross profit margin for solutions on lottery-related software systems and equipment of approximately 58.4%, 44.7% and 64.7% for FY2020, FY2021 and 4M2022, respectively, mainly because the equipment for lottery sale provided by us in FY2019 were relatively simple and had lower technical requirements as compared to our lottery related software systems and equipment after the acquisition of Xi'an Tiantai.

Mr. Tian and Mr. Chen were the shareholders of Hangzhou Yuntian Information Technology Co., Ltd.* (杭州雲天信息技術有限公司) (“**Hangzhou Yuntian**”), the then sole shareholder of Customer U prior to January 2018 and they subsequently disposed their equity interests in Hangzhou Yuntian to Mr. Lin Fei, who is an Independent Third Party. As confirmed by the former employees, they become aware of the investment opportunity in Customer U through Mr. Lin Fei and neither Mr. Tian nor Mr. Chen was involved in their acquisition of or the business operation of Customer U.

Our Directors consider that all the transactions with the Other Related Customers during the Track Record Period had been entered into on arm's length basis and conducted on normal commercial terms which are fair and reasonable, on the following basis:

- (a) the pricing mechanism in most of the transactions with the Other Related Customers were similar to our other comparable projects entered into with our other customers who are Independent Third Parties; and
- (b) despite that our fee charge and gross profit margin may vary depending on, among other things, the services or products provided, the scale, duration and arrangement of the individual projects, the fees charged by us in our transactions with the Other Related Customers and/or our gross profit margin derived therefrom were generally in line with our other similar projects and/or market rates or varies with valid commercial reasons.

Please also refer to Note 33 to the Accountants' Report for our material related parties' transactions during the Track Record Period.

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OUR SUPPLIERS

During the Track Record Period, our suppliers mainly comprised (i) channel agents and marketing channel providers offering advertising space and services, in our traditional marketing and promotion services and advertisement placement services; (ii) distribution agents and mobile app operators offering advertising space in their apps where advertisement contents can be displayed, in our advertisement distribution services; (iii) suppliers of virtual goods including various electronic top-up coupons and gift coupons; and (iv) IT development companies providing software, hardware and related technical supports such as installation and/or maintenance services for our lottery-related software systems and equipment solutions. Please refer to the paragraphs headed “Our Business Model — 1. Marketing and Promotion Services” and “Our Business Model — 2. IT Solutions Services” in this section for details.

The following table sets forth the total number of our suppliers of each of our business segments during the periods indicated:

	Year ended 31 December			Four months ended 30 April
	2019	2020	2021	2022
1. Marketing and promotion services				
1A. Promotion and advertising services				
(i) Traditional marketing and promotion services	19	14	5	2
(ii) Advertisement placement services	—	—	54	30
(iii) Advertisement distribution services	—	4	14	6
1B. Virtual goods sourcing and delivery services	5	22	24	21
Sub-total	24	40	97	59
2. IT solutions services				
2A. Mobile games and software development and maintenance services (Note)	—	—	—	—
2B. Solutions on lottery-related software systems and equipment	8	18	32	7
Sub-total	8	18	32	7
Total	32	58	129	66

Note: We do not have any suppliers for our mobile games and software development and maintenance services and our sale of lottery tickets through offline shops as we provided the relevant services through our own staff. Nevertheless, our mobile games and software development and maintenance services had incurred traffic acquisition costs of RMB0.4 million in FY2019, representing the fees paid to our suppliers of marketing channels in connection with our mobile games development and maintenance services provided to a customer within Customer Group A, which was bundled with our promotion and advertising services for acquisition of new users. For details, please refer to the section headed “Financial Information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — 2. Revenue from our IT Solutions Services — (i) Mobile Game and Software Development and Maintenance Services” in this prospectus.

Major suppliers

For the three years ended 31 December 2021 and for 4M2022, based on our revenue recognition policies as referred to in the paragraph headed “Financial Information — Critical Accounting Policies, Estimates and Judgements — Revenue Recognition” whereby our revenue attributable to our advertisement placement services and virtual goods sourcing and delivery services are recognised on a net basis after deducting the related purchase cost while the revenue and purchase costs for the other services are recognised on a gross basis, our five largest suppliers accounted for approximately 74.2%, 65.1%, 74.2% and 83.3% of our total purchases, while purchases from our largest supplier in each year during the Track Record Period amounted to approximately RMB16.4 million, RMB12.6 million, RMB68.5 million and RMB26.1 million, representing 36.8%, 33.9%, 62.6% and 76.8% of our total purchases for the respective year/period. For the purpose of providing a better understanding of our business relationships with major suppliers, suppliers which were under common control or otherwise associated with each other at the relevant times have been grouped together and our purchases from such suppliers have been aggregated in the tables below.

The following tables set forth our five largest suppliers based on purchase costs being offset with revenue recognised on net basis in relation to our advertisement placement services and virtual goods sourcing and delivery services and on gross basis in relation to our other services (including traditional marketing and promotion services, advertisement distribution services and IT solutions services) during the Track Record Period:

For the year ended 31 December 2019						
Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement year of our business relationship
		RMB'000	%			Year(s)
Supplier Group F (Note 3)	Marketing and promotion services	16,429	36.8	Bank transfer	10 business days	2019
						To the best of the knowledge of our Directors, we became acquainted with Supplier Group F through Mr. Tian, whose personal friend was a core employee working in one of the companies of Supplier Group F. Our Group secured a business relationship with Supplier Group F pursuant to business negotiations flowing therefrom.
						Four PRC companies under the same group established between 2010 and 2015 with a combined registered share capital of over RMB38 million which, collectively, are principally engaged in the provision of marketing and promotion services in relation to mobile games and e-sports. To the best of the knowledge of our Directors, Supplier Group F had over 500 employees in total as at 31 December 2021. Please refer to Note 4 below for further information on the shareholders of Supplier Group F.

BUSINESS

For the year ended 31 December 2019

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement	Our business relationship with the supplier	Background and profile of the supplier
						year of our business relationship		
		RMB'000	%			Year(s)		
Supplier Group A (Note 1)	Marketing and promotion services	8,381	18.8	Bank transfer	10 business days	2018	To the best of the knowledge of our Directors, we first came into with Supplier Group A through Mr. Tian, who was introduced to the founder and controlling shareholder of Supplier Group A through a mutual friend. Our Group secured a business relationship with Supplier Group A pursuant to business negotiations flowing therefrom in 2017 and commenced business relations with Supplier Group A in 2018.	Two PRC companies under common ownership between August 2016 and April 2018, comprising (i) a company established in 2014 with a registered share capital of RMB6 million and, to the best of the knowledge of our Directors, more than 10 employees as at 31 December 2021 ("Supplier A1"); and (ii) a company established in 2016 with a registered share capital of RMB1 million which was deregistered in November 2020 ("Supplier A2") which, collectively, are principally engaged in the provision of enterprise agency, business development and marketing services, refer to Note 1 below for further information on the background of the shareholders of Supplier Group A.

For the year ended 31 December 2019

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier B	Marketing and promotion services	5,449	12.2	Bank transfer	10 business days	2018	To the best of the knowledge of our Directors, we were introduced to Supplier B through Mr. Tian, who was introduced to the founder and controlling shareholder of Supplier Group A through a mutual friend. The founder of Supplier Group A, who was an employee of Supplier B, introduced our Group to Supplier B and our Group secured a business relationship pursuant to business negotiations flowing therefrom.	A PRC company established in 2009 with a registered share capital of over RMB65 million, which is principally engaged in technological systems development and the provision of marketing and promotion services. To the best of the knowledge of our Directors, Supplier B had not more than 200 employees as at 31 December 2021; its founder and largest individual shareholder, who was an Independent Third Party, had more than 20 years' experience in the banking technology industry. The single largest shareholder of Supplier B was a wholly-owned subsidiary of the operator of a major bank card scheme in the PRC.

For the year ended 31 December 2019

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier G	Marketing and promotion services	2,002	4.5	Bank transfer	10 business days	2019	To the best of the knowledge of our Directors, we became acquainted with Supplier G through Mr. Tian, who was introduced to the supplier by his friends within the industry in 2018. Our Group secured a business relationship with Supplier G pursuant to business negotiations flowing therefrom.	A PRC company established in 2014 with a registered share capital of RMB1 million, which was principally engaged in the provision of marketing and promotion services and software development prior to its deregistration in December 2021. To the best of the knowledge of our Directors, it was owned as to 90% by an individual Independent Third Party who had extensive experience in the software development industry prior to its deregistration.

BUSINESS

For the year ended 31 December 2019

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement	Our business relationship with the supplier	Background and profile of the supplier
						year of our business relationship		
		RMB'000	%			Year(s)		
Supplier H	Marketing and promotion services	868	1.9	Bank transfer	Prepayment	2019	To the best of the knowledge of our Directors, we were introduced to the legal representative and chairman of Supplier H by a friend within the industry in 2018. Our Group secured a business relationship with Supplier H pursuant to business negotiations flowing therefrom.	A PRC company established in 2013 with a registered share capital of over RMB10 million which is principally engaged in advertising services and advertising platform agency. To the best of the knowledge of our Directors, Supplier H had around 15 employees as at 31 December 2021; its founder and largest shareholder was an Independent Third Party with extensive experience in game development and operation and in the advertising industry.
Total		33,129	74.2					

BUSINESS

For the year ended 31 December 2020

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement		Background and profile of the supplier
						year of our business relationship	Our business relationship with the supplier	
		RMB'000	%			Year(s)		
Supplier I	Provision of advertising space on apps and online platforms	12,589	33.9	Bank transfer	30 business days	2020	To the best of the knowledge of our Directors, we became acquainted with Supplier I through Mr. Zhang, our executive Director and chief operating officer, who was introduced to the controlling shareholder of Supplier I in a business event in January 2020. Our Group secured a business relationship with Supplier I pursuant to business negotiations flowing therefrom.	A PRC company established in 2020 with a registered share capital of RMB500,000 which is principally engaged in the provision of advertisement agency services. To the best of the knowledge of our Directors, Supplier I had around 10 employees as at 31 December 2021; it was owned as to 98% by an individual Independent Third Party who had more than 10 years' experience in the internet industry.
Supplier Group F (Note 3)	Marketing and promotion services	5,295	14.2	Bank transfer	10 business days	2019	Please refer to the disclosures above.	Please refer to the disclosures above.

For the year ended 31 December 2020

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement	Our business relationship with the supplier	Background and profile of the supplier
						year of our business relationship		
		RMB'000	%			Year(s)		
Supplier J	Lottery system hardware products	2,942	7.9	Bank transfer	60 calendar days	2016	To the best of the knowledge of our Directors, the technical department and business department of Xi'an Tiantai, upon research, shortlisting and discussion, agreed on the engagement of Supplier J. Xi'an Tiantai then reached out to and commenced business relationship with Supplier J.	A PRC company established in 2003 with a registered share capital of RMB5 million which is principally engaged in the research and development of lottery-related and internet communication equipment. To the best of the knowledge of our Directors, Supplier J had around 40 employees as at 31 December 2021 and was owned as to 88% by an individual Independent Third Party who was a seasoned player in the internet security industry.

BUSINESS

For the year ended 31 December 2020

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier K	Lottery-related IT solutions services and products	2,015	5.4	Bank transfer	45 calendar days	2020	To the best of the knowledge of our Directors, we were acquainted with Supplier K through a referral from a client of Supplier K in or around 2019. Our Group secured a business relationship with Supplier K pursuant to business negotiations flowing therefrom in 2020.	A PRC company established in 1993 with operating income of approximately RMB1.3 billion for each of FY2019 and FY2020, net profit of approximately RMB20 million for FY2019 and RMB18 million for FY2020, net assets of approximately RMB2.4 billion as at 31 December 2019 and 2020, around 2,000 employees as at 31 December 2020 and a registered share capital of over RMB600 million, which is listed on the Shenzhen Stock Exchange and principally engaged in the research and development of secure payment systems, according to its public disclosures. Supplier K was owned directly as to approximately 17.04% by its founder and single largest shareholder as at the Latest Practicable Date.

BUSINESS

For the year ended 31 December 2020

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier L	Lottery system hardware products	1,366	3.7	Bank transfer	30 calendar days	2016	To the best of the knowledge of our Directors, the technical department and business department of Xi'an Tiantai, upon research, shortlisting and discussion, agreed on the engagement of Supplier L. Xi'an Tiantai then reached out to and commenced business relationship with Supplier L.	A PRC company established in 2003 with a registered share capital of RMB15 million, which is principally engaged in research, development and production of computer hardware. To the best of the knowledge of our Directors, Supplier L had around 25 employees as at 31 December 2021 and its ultimate controlling shareholders were three individual Independent Third Parties who serve as the executive director, general manager and supervisor of the same, respectively.
Total		24,207	65.1					

BUSINESS

For the year ended 31 December 2021

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier I	Provision of advertising space on apps and online platforms	68,485	62.6	Bank transfer	30 business days	2020	Please refer to the disclosures above.	Please refer to the disclosures above.
Supplier Y	Lottery system hardware products	5,081	4.6	Bank transfer	Within three months after acceptance of goods	2021	To the best of the knowledge of our Directors, we were acquainted with Supplier Y through Mr. Li Yi (李屹), a former vice president of Xi'an Tiantai. Our Group secured a business relationship with Supplier Y pursuant to business negotiations flowing therefrom.	A PRC company established in 1999 with operating income of approximately RMB550 million for FY2019 and RMB667 million for FY2020, net profit of approximately RMB23 million for FY2019 and RMB57 million for FY2020, net assets of approximately RMB284 million for FY2019 and RMB339 million for FY2020, over 700 employees as at 31 December 2020 and a registered share capital of over RMB80 million, which is listed on the National Equities Exchange and Quotations and principally engaged in the development, manufacturing and sales of IoT smart terminals and enterprise-class network equipment, according to its public disclosures. Supplier Y was owned as to approximately 54.40% by its largest shareholder, which was in turn owned as to approximately 74.04% by the chairman and general manager of Supplier Y, as at the Latest Practicable Date.

BUSINESS

For the year ended 31 December 2021

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier Group N (Note 4)	Provision of advertising space on apps and online platforms	2,978	2.7	Bank transfer	30 business days	2021	To the best of the knowledge of our Directors, we became acquainted with Supplier Group N through Mr. Zhang Yongli, our executive Director and chief operating officer, who was introduced to the founder and controlling shareholder of Supplier Group N through the ultimate controlling shareholder of Supplier I in 2021. The controlling shareholder of Supplier Group N is the owner of two apps, for which Supplier I provides agency services. Our Group secured a business relationship with Supplier Group N pursuant to business negotiations flowing therefrom. To the best of the knowledge, information and belief of our Directors, there is no shareholding relationship or between Supplier I and Supplier Group N or their respective shareholders.	Two PRC companies under the same group both established in 2020 and with a combined registered share capital of over RMB1 million, which are collectively principally engaged in online marketing. To the best of the knowledge of our Directors, Supplier Group N had around 25 employees in total as at 30 April 2022; the founder and ultimate controlling shareholder of Supplier Group N was an individual Independent Third Party who had extensive experience in the areas of games, internet and e-commerce.

BUSINESS

For the year ended 31 December 2021

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier M	Provision of advertising space on apps and online platforms	2,371	2.2	Bank transfer	30 business days	2020	To the best of the knowledge of our Directors, we became acquainted with Supplier M through Mr. Zhang Yongli, our executive Director and chief operating officer, who was introduced to the general manager of Supplier M by the controlling shareholder of Supplier I in 2021 after we have commenced business relationship with Supplier I. Our Group secured a business relationship with Supplier M pursuant to business negotiations flowing therefrom. To the best of the knowledge, information and belief of our Directors, there is no shareholding relationship between Supplier I and Supplier M or their respective shareholders.	A PRC company established in 2020 with a registered capital of RMB500,000, which is principally engaged in app development. To the best of the knowledge of our Directors, Supplier M had around 10 employees as at 31 December 2021; its ultimate controlling shareholder was a supervisor of the same, a seasoned investor in the information technology segment holding seven companies engaged in such area and an Independent Third Party.
Supplier J	Lottery system hardware products	2,222	2.1	Bank transfer	60 calendar days	2016	Please refer to the disclosures above.	Please refer to the disclosures above.
Total		81,137	74.2					

For the four months ended 30 April 2022

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier I	Provision of advertising space on apps and online platforms	26,121	76.8	Bank transfer	30 business days	2020	Please refer to the disclosures above.	Please refer to the disclosures above.
Supplier Group N (Note 4)	Provision of advertising space on apps and online platforms	1,508	4.4	Bank transfer	30 business days	2021	Please refer to the disclosures above.	Please refer to the disclosures above.
Supplier CC	Traditional marketing and promotion services	312	0.9	Bank transfer	Prepayment	2022	Our Group and Supplier CC became acquainted at an industry event in early 2022.	A PRC company established in 2017 with a registered capital of RMB10 million and principally engaged in advertisement placement services targeting local communities. To the best of the knowledge of our Directors, Supplier CC had over 150 employees as at 30 April 2022 and was owned as to 80% by its executive director, general manager and legal representative and an Independent Third Party.

BUSINESS

For the four months ended 30 April 2022

Supplier	Products/ Services procured from supplier	Purchase costs	% of our total purchases	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier L	Lottery system hardware products	240	0.7	Bank transfer	60% of the contract sum to be paid upon signing of agreement; 40% to be paid within 30 business days after final inspection and acceptance of goods	2016	Please refer to the disclosures above.	Please refer to the disclosures above.
Supplier AA	Lottery ticket sales operation services	175	0.5	Bank transfer	Three to 30 business days	2021	Supplier AA was a fellow subsidiary of Xi'an Tiantai prior to our acquisition of Xi'an Tiantai in July 2020. We procured lottery-related IT solutions services and products from them after the acquisition.	A PRC company established in 2019 with a registered share capital of RMB10 million and principally engaged in the sales of lottery tickets. To the best of the knowledge of our Directors, Supplier AA had around five employees as at 30 April 2022 and indirectly owned as to approximately 62.34% by Tiantai Huitou.
Total		28,356	83.3					

For illustration purpose only, the following tables set forth our five largest suppliers based on the gross purchase costs in relation to all our services during the Track Record Period:

For the year ended 31 December 2019						
Supplier	Products/ Services procured from supplier	Gross purchase costs	% of our total purchases on gross basis	Payment method	Credit terms	Commencement year of our business relationship
		RMB'000	%			Year(s)
Supplier Group C (Note 2)	Supply of various virtual goods	261,753	85.5	Bank transfer	Prepayment	2017
						<p>To the best of the knowledge of our Directors, we were acquainted with Supplier Group C through Mr. Tian, who was a colleague of one of the controlling shareholders of Supplier Group C in his previous work experience at Zhejiang Lian Lian Technology Company Limited* (浙江連連科技有限公司). Our Group secured a business relationship with Supplier Group C pursuant to business negotiations flowing therefrom in January 2017 and commenced providing marketing and promotion services to Supplier Group C in October 2017.</p> <p>Three PRC companies under common ownership by two individuals, established between 2013 and 2017 with a combined registered share capital of RMB25 million, which are collectively principally engaged in the supply of virtual goods and the provision of marketing and promotion services. To the best of the knowledge of our Directors, Supplier Group C had approximately 100 employees in total as at 31 December 2021. Please refer to Note 2 below for further information on the shareholders of Supplier Group C.</p>

BUSINESS

For the year ended 31 December 2019

Supplier	Products/ Services procured from supplier	Gross purchase costs	% of our total purchases on gross basis	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier Group F (Note 3)	Online marketing and promotion services	16,429	5.4	Bank transfer	10 business days	2019	To the best of the knowledge of our Directors, we became acquainted with Supplier Group F through Mr. Tian, whose personal friend was a core employee working in one of the companies of Supplier Group F. Our Group secured a business relationship with Supplier Group F pursuant to business negotiations flowing therefrom.	Four PRC companies under the same group established between 2010 and 2015 with a combined registered share capital of over RMB38 million which, collectively, are principally engaged in the provision of marketing and promotion services in relation to mobile games and e-sports. To the best of the knowledge of our Directors, Supplier Group F had over 500 employees in total as at 31 December 2021. Please refer to Note 4 below for further information on the shareholders of Supplier Group F.
Supplier Group A (Note 1)	Online marketing and promotion services	8,381	2.7	Bank transfer	10 business days	2018	Please refer to the disclosures above.	Please refer to the disclosures above.

BUSINESS

For the year ended 31 December 2019

Supplier	Products/ Services procured from supplier	Gross purchase costs	% of our total purchases on gross basis	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier Q	Various virtual goods	7,075	2.3	Bank transfer	Prepayment	2019	To the best of the knowledge of our Directors, we were acquainted with Supplier Q through Mr. Xia Yuanbo, the vice president of operations of our Group, who was introduced to its person-in-charge of telecommunications business Supplier Q by a mutual friend in 2017. Our Group secured a business relationship with Supplier Q pursuant to business negotiations flowing therefrom.	A PRC company established in 2010 with a registered share capital of RMB10 million, which is principally engaged in the supply of virtual goods. To the best of the knowledge of our Directors, Supplier Q had not more than 50 employees as at 31 December 2021 and was owned as to 90% by its general manager and legal representative, who had experience in corporate governance and investments in various industries and was an Independent Third Party.
Supplier B	Online marketing and promotion services	5,449	1.8	Bank transfer	10 business days	2018	Please refer to the disclosures above.	Please refer to the disclosures above.
Total		299,087	97.7					

BUSINESS

For the year ended 31 December 2020

Supplier	Products/ Services procured from supplier	Gross purchase costs	% of our total purchases on gross basis	Payment method	Credit terms	Commencement	Our business relationship with the supplier	Background and profile of the supplier
						year of our business relationship		
		RMB'000	%			Year(s)		
Supplier Group C (Note 2)	Various virtual goods	311,672	54.3	Bank transfer	Prepayment	2017	Please refer to the disclosures above.	Please refer to the disclosures above.
Supplier R	Various virtual goods	67,975	11.9	Bank transfer	Prepayment	2020	To the best of the knowledge of our Directors, we were acquainted with Supplier R through Mr. Zhang Yongli, our executive Director and chief operating officer, who was a personal friend of the former sole shareholder of Supplier R. Our Group secured a business relationship with Supplier R pursuant to business negotiations flowing therefrom in early 2020 and commenced sourcing virtual goods from Supplier R in October 2020.	A PRC company established in 2020 with a registered share capital of RMB5 million, which is principally engaged in the research and development of technology in relation to e-commerce operations. To the best of the knowledge of our Directors, Supplier R had not more than 50 employees as at 31 December 2021 and had been wholly owned by an individual Independent Third Party who was a passive investor from the time of its establishment and up to October 2021.

For the year ended 31 December 2020

Supplier	Products/ Services procured from supplier	Gross purchase costs	% of our total purchases on gross basis	Payment method	Credit terms	Commencement	Our business relationship with the supplier	Background and profile of the supplier
						year of our business relationship		
		RMB'000	%			Year(s)		
Supplier S	Various virtual goods	37,147	6.5	Bank transfer	Prepayment	2020	To the best of the knowledge of our Directors, we were acquainted with Supplier S in an industry business conference in early 2017, when our staff representatives met with an employee working at the state-owned broadcaster which owned Supplier S. Our Group secured a business relationship with Supplier R pursuant to business negotiations flowing therefrom.	A PRC subsidiary of a prominent state-owned broadcaster established in 2010 with a registered share capital of RMB20 million, which is principally engaged in the development of mobile television business. To the best of the knowledge of our Directors, Supplier S had over 130 employees as at 31 December 2021.

BUSINESS

For the year ended 31 December 2020						
Supplier	Products/ Services procured from supplier	Gross purchase costs	% of our total purchases on gross basis	Payment method	Credit terms	Commencement year of our business relationship
		RMB'000	%			Year(s)
Supplier T	Various virtual goods	34,433	6.0	Bank transfer	Prepayment	2020
						<p>To the best of the knowledge of our Directors, we were acquainted with Supplier T through Mr. Yang Lei, the general manager of our Group's virtual goods sourcing and delivery services department, when he was introduced to the supervisor and operations director of Supplier T through business referral. Our Group secured a business referral with Supplier T pursuant to business negotiations flowing therefrom.</p> <p>A PRC company established in 2018 with a registered share capital of RMB10 million, which is principally engaged in the provision of virtual goods. To the best of the knowledge of our Directors, Supplier T had around 10 employees as at 31 December 2021; it was owned as to 70% by its executive director, general manager and legal representative who had experience in the industry and as to 30% by its supervisor and operations director, both being Independent Third Parties.</p>

BUSINESS

For the year ended 31 December 2020

Supplier	Products/ Services procured from supplier	Gross purchase costs	% of our total purchases on gross basis	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier U	Various virtual goods	20,377	3.6	Bank transfer	Prepayment	2020	To the best of the knowledge of our Directors, we were acquainted with Supplier U through Mr. Li Binghua (李炳華), a former employee of our Group, who was introduced to the marketing director of Supplier U by a personal friend. Our Group secured a business relationship with Supplier U pursuant to business negotiations flowing therefrom.	A PRC company established in 2017 with a registered share capital of RMB1 million, which is principally engaged in the provision of virtual goods and the sales of appliances. To the best of the knowledge of our Directors, Supplier U had around 30 employees as at 31 December 2021 and was wholly owned by its executive director, general manager and legal representative who was an experienced player in the internet industry and an Independent Third Party.
Total		471,604	82.3					

BUSINESS

For the year ended 31 December 2021

Supplier	Products/ Services procured from supplier	Gross purchase costs recognised on gross basis	% of our total purchases on gross basis	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier R	Various virtual goods	490,082	36.3	Bank transfer	Prepayment	2020	Please refer to the disclosures above.	Please refer to the disclosures above.
Supplier W (Note 5)	Provision of advertising space on apps and online platforms	132,772	9.8	Bank transfer	Prepayment	2021	We engage the services of Supplier W in the course of our advertisement placement services. Given their vast user traffic, we have continuously procured advertising space on apps and online platforms offered by the parent company of Supplier W and its fellow subsidiaries.	A PRC company established in 2014 with a registered share capital of RMB5 million and a wholly- owned subsidiary of a blue chip Chinese multinational technology conglomerate and the operator of a leading multi-purpose instant messaging, social media and mobile payment app which is listed on the Main Board of the Stock Exchange which is principally engaged in the provision of value-added services through internet and mobile platforms and online advertising services.

BUSINESS

For the year ended 31 December 2021

Supplier	Products/ Services procured from supplier	Gross purchase costs recognised on gross basis	% of our total purchases on gross basis	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier V	Various virtual goods	101,717	7.5	Bank transfer	Prepayment	2021	To the best of the knowledge of our Directors, we became acquainted with Supplier V through Ms. Shao Lijun (邵麗君), a head of the department of interactive entertainment business of our Company, who met an employee of Supplier V in a social event among members in the same industry as our Group in early 2019. Our Group secured a business relationship with Supplier V pursuant to business negotiations flowing therefrom.	A PRC company established in 2017 with a registered share capital of RMB10 million, which is principally engaged in the supply of virtual goods and the provision of related services. To the best of the knowledge of our Directors, Supplier V had around 30 employees as at 31 December 2021 and was wholly owned by an individual Independent Third Party who had more than 10 years' experience in the virtual goods business.

For the year ended 31 December 2021

Supplier	Products/ Services procured from supplier	Gross purchase costs recognised on gross basis	% of our total purchases on gross basis	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier X	Provision of advertising space on apps and online platforms	98,309	7.3	Bank transfer	Prepayment	2021	To the best of the knowledge of our Directors, we became acquainted with Supplier X through Mr. Zhang Liwen (張力文), a sales executive of our Company, who was a colleague of the executive director, general manager and legal representative of Supplier X at his previous working experience in a major provider of cloud- based commerce and marketing solutions provider in the PRC which is listed on the Main Board of the Stock Exchange. Our Group secured a business relationship with Supplier X pursuant to business negotiations flowing therefrom.	A PRC company established in 2019 with a registered share capital of RMB10 million, which is principally engaged in the provision of e-commerce operating services. To the best of the knowledge of our Directors, Supplier X had around 30 employees as at 31 December 2021; it was owned as to 70% by a passive investor and as to 30% by its executive director, general manager and legal representative, both being Independent Third Parties.

BUSINESS

For the year ended 31 December 2021

Supplier	Products/ Services procured from supplier	Gross purchase costs recognised on gross basis	% of our total purchases on gross basis	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier Z	Provision of advertising space on apps and online platforms	88,679	6.6	Bank transfer	Prepayment	2021	To the best of the knowledge of our Directors, we were acquainted with Supplier Z through Mr. Wang Nan (王 楠), an employee of our Group, through his previous work experience in the Chinese multinational technology conglomerate which owns Supplier W and Customer J. Our Group secured a business relationship with Supplier Z pursuant to business negotiations flowing therefrom.	A PRC company established in 2019 with a registered capital of HK\$10 million which is principally engaged in the provision of advertisement agency services for large-scale e-commerce businesses. To the best of the knowledge of our Directors, Supplier Z had more than 400 employees as at 31 December 2021 and was wholly-owned by a private company incorporated in Hong Kong.
Total		911,559	67.5					

BUSINESS

For the four months ended 30 April 2022

Supplier	Products/ Services procured from supplier	Gross purchase costs recognised on gross basis	% of our total purchases on gross basis	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier R	Various virtual goods	159,185	34.9	Bank transfer	Prepayment	2020	Please refer to the disclosures above.	Please refer to the disclosures above.
Supplier BB	Provision of advertising space on apps and online platforms	38,204	8.4	Bank transfer	Prepayment	2021	Our Group applied to be Supplier BB's authorised agent through its standard recruitment process.	A PRC company established in 2018 with a registered share capital of RMB10 million and a wholly- owned subsidiary of the operator of a major Chinese news and information content platform, which is in turn a wholly-owned subsidiary of one of a leading short-form video hosting service provider.
Supplier U	Various virtual goods	37,133	8.1	Bank transfer	Prepayment	2020	Please refer to the disclosures above.	Please refer to the disclosures above.
Supplier I	Provision of advertising space on apps and online platforms	26,121	5.7	Bank transfer	30 business days	2020	Please refer to the disclosures above.	Please refer to the disclosures above.

For the four months ended 30 April 2022

Supplier	Products/ Services procured from supplier	Gross purchase costs recognised on gross basis	% of our total purchases on gross basis	Payment method	Credit terms	Commencement year of our business relationship	Our business relationship with the supplier	Background and profile of the supplier
		RMB'000	%			Year(s)		
Supplier X	Provision of advertising space on apps and online platforms	21,308	4.7	Bank transfer	Prepayment	2021	Please refer to the disclosures above.	Please refer to the disclosures above.
Total		281,951	61.8					

BUSINESS

Notes:

- (1) Supplier Group A comprises two PRC companies including (i) Supplier A1, which was partially owned between May 2014 and June 2019 and wholly owned since June 2019 and as at the Latest Practicable Date; and (ii) Supplier A2, which was partially owned between August 2016 and April 2018, respectively, by the same individual Independent Third Party who, to the best of the knowledge of our Directors, had over 10 years of experience in internet-related industries.
- (2) Supplier Group C comprises three PRC companies which were, as at the Latest Practicable Date, (i) owned as to 90% and 10% by two individual Independent Third Parties who, to the best of the knowledge of our Directors, were both seasoned players in the industry (known as “**Independent Third Party A**” and “**Independent Third Party B**”, respectively); (ii) owned as to 61.4% by Independent Third Party B; and (iii) directly partially owned as to 68% by Independent Third Party A and a holding company, which was in turn owned as to 55% by Independent Third Party A, respectively.
- (3) Supplier Group F comprises (i) a holding company owned by 25 different shareholders (the “**Holding Company**”), including as to approximately 11.53% by its single largest shareholder which is a venture capital partnership and as to approximately 8.16% by one of its directors and an entrepreneur shortlisted by Forbes China as a “rising star of entrepreneurship” among business leaders aged under 30 in 2015 (the “**Holdco Director**”); (ii) two of its subsidiaries which were owned as to 55% and 80% by the Holding Company, the former of which was deregistered in August 2020; and (iii) a fourth company owned by 21 different shareholders, including as to approximately 12.02% by the Holdco Director and 12.50% by its single largest shareholder, which is an investment partnership in turn owned as to approximately 8.33% by the Holdco Director as at the Latest Practicable Date.
- (4) Supplier Group N comprises two PRC companies which, as at the Latest Practicable Date, were both wholly-owned by the same company and in turn held as to 99.9% by the same individual Independent Third Party.
- (5) Supplier W and Customer J are both wholly-owned subsidiaries of a Chinese multinational technology conglomerate and the operator a leading multi-purpose instant messaging, social media and mobile payment app which is listed on the Main Board of the Stock Exchange. Please see “— Overlapping Customers and Suppliers” in this section for further details.

To the best of the knowledge of our Directors, none of our Directors, their close associates, our Shareholders who/which owned more than 5% of our issued Shares as at the Latest Practicable Date had any interest in any of our top five suppliers during the Track Record Period at the relevant times.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, one of our five largest suppliers for each of the two years ended 31 December 2020 (on gross purchase costs basis), namely Supplier Group C, was also our customer. Further, one of our five largest suppliers (on gross purchase costs basis) and one of our five largest customers (on net revenue basis) for the year ended 31 December 2021, namely Supplier W and Customer J, are both wholly-owned subsidiaries of a Chinese multinational technology conglomerate which operates a leading multi-purpose instant messaging, social media and mobile payment app, and are both principally engaged in the provision of value-added services through internet and mobile platforms and online advertising services.

We engaged Supplier Group C for the provision of marketing and promotion services in relation to a mobile game which we provide IT solution services for, and procured virtual goods such as top-up coupons from Supplier Group C for our customers in our virtual goods sourcing and delivery business during the Track Record Period in the amounts shown in the tables in “— Our Suppliers” in this section.

BUSINESS

In the ordinary and usual course of our marketing and promotion business, we have been engaged by Supplier Group C to provide traditional offline marketing and promotion services to support the operation agency business then operated by Supplier Group C. We were engaged to promote the electronic payment systems operated by Supplier Group C's end customers during the year ended 31 December 2019. For the year ended 31 December 2019, we generated revenue of approximately RMB2.8 million, representing 3.2% of our total revenue during the corresponding year from our services provided to Supplier Group C.

We procured advertising space on mobile apps and online platforms from Supplier W in the amount of approximately RMB132.8 million and RMB1.9 million (on gross purchase costs basis) for our customers in our promotion and advertising services business during FY2021 and 4M2022, representing 9.8% and 0.4% of our total purchases during the corresponding year.

We supplied advertisement distribution services to Customer J which, as an operator of large-scale media platforms, would receive substantial volumes of advertising request and in turn engaged us possibly with increasing the advertising reach of its customers in mind during FY2020, FY2021 and 4M2022, generating revenue of approximately RMB0.6 million, RMB13.7 million and RMB0.2 million, respectively, representing 0.6%, 6.2% and 0.3% of our total revenue during the corresponding period.

The terms of our sales to and purchases from Customer W and Supplier J respectively were negotiated on an individual basis and the sales and purchases were neither inter-connected or inter-conditional with each other. Our Directors confirmed that all of our sales to Customer W and purchases from Supplier J were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

Our Directors confirmed that negotiations of the salient terms of our sales to and purchases from each of Supplier Group C, Supplier W and Customer J were conducted separately and the sales and purchases did not involve the same products/services. As a result, the sales and purchases in question were incidental transactions, neither inter-connected with nor inter-conditional upon each other or otherwise considered as one transaction. The terms of transactions with each of Supplier Group C, Supplier W and Customer J were similar to those with our other customers and suppliers, which our Directors considered to be normal commercial terms.

To the best knowledge and belief of our Directors, each of Supplier Group C, Supplier W and Customer J is an Independent Third Party. None of our Group, Directors, senior management, employees, any Shareholder who, to the best knowledge of our Directors, owns more than 5% of our issued capital, or their respective close associates has any interest in Supplier Group C, Supplier W or Customer J during the Track Record Period. Save as disclosed above, to the best knowledge of our Directors, (i) none of our five largest customers were also our supplier; and (ii) none of our five largest suppliers were also our customer during the Track Record Period.

MARKETING AND BUSINESS DEVELOPMENT

Our sales and marketing team is responsible for customer maintenance on a regular basis and ensuring that the expectations of our customers are fulfilled with satisfactory feedbacks. We ensure that our different teams collaborate closely to monitor market trends for the purpose of establishing an extensive and effective network within the PRC. We usually target customers with good reputation, leading status in their respective industry, and sufficient cash flow and repayment capability.

OUR TECHNOLOGY AND INFRASTRUCTURE

Our IT Infrastructure

Our IT infrastructure is supported by external cloud storage providers. We have maintained cooperation with two cloud computing companies in the PRC, all of which deploy reliable servers that are able to secure data storage. These data storage providers support our vast and growing database. As part of our precautionary measures, we have adopted a recovery system to avoid collapse of our operations by the unfortunate demise of a single channel agent or marketing channel provider.

Our Quality Control and Research and Development Team

We have a dedicated team of quality control and research and development professionals who are responsible for developing the user interface design of the software modules and platforms and monitoring our system services. Our quality control team consists of three subdivisions, being administration, testing and file keeping subdivisions. The quality control team members review our products and services to maintain the consistency and quality of solutions we present to our customers.

As at 30 April 2022, we had a research and development team with 68 members, of which 43 held an undergraduate qualification and five had a master qualification. To the best of our knowledge, our research and development team has, on average, eight years of working experience. For each year/period during the Track Record Period, our total research and development expenses amounted to RMB7.8 million, RMB9.4 million, RMB18.6 million and RMB4.8 million, respectively. As a part of our acquisition of Xi'an Tiantai in July 2020, we have also acquired 40 research and development staffs, who were mainly responsible for the development of lottery-related software systems and equipment. Among the 65 research and development staffs employed by our Group as at the Latest Practicable Date, nine of them were responsible for the development of our SaaS enterprise marketing service platform as at the Latest Practicable Date. For further details of our SaaS platform, please refer to “Our Business Strategies — Developing and operating our SaaS enterprise marketing service platform as a mean to expand our marketing channels” in this section. As mentioned in the paragraphs headed “Our Business Strategies — Developing and operating our SaaS enterprise marketing service platform as a means to expand our marketing channels” and “Our Business Model — 1. Marketing and Promotion Services — 1A. Promotion and Advertising Services — 1(A)(iii)

Advertisement Distribution Services (Delivered through Mobile App Operators) — Key Operating Processes — Distribution of advertisements through RegoAd SDK — Our RegoAd SDK” in this section, we are dedicated to further develop expand the coverage of our marketing and promotion businesses through IT, with our in-house-developed software development kit for placement of advertisements already in operation and a further SaaS enterprise marketing service platform in our plans. We regard the constant advancement of our technology crucial to our present and future operations. We have taken measures to keep up with the latest developments in our industry, such as collaborating with a leading university on product development, and attending various seminars and forums on blockchain, AI and other advanced technology related to our businesses.

Both of our quality control and research and development teams are led by Mr. Ming Lu, who has 19 years of experience in the fields of IT and research and development. Mr. Lu previously worked at various PRC companies principally engaged in IT system development, consultancy and services with the position of IT Department manager. Mr. Lu is responsible for the internal information system of our operations and development of various software platforms.

Driven by the demands from advertisers under the growing competition in the online marketing industry, our quality control and research and development team are focused on strengthening the use of big data, 5G, block chain and AI technology, as well as to recruit a team of seasoned AI experts to support the functioning of various new and enhanced IT systems and strengthen our AI and technology capabilities.

DATA PRIVACY AND SECURITY

In our business operations, we do not proactively or directly collect any user-specific or device specific data from individual users. Instead, we rely on the data released by our customers to us when performing various marketing services. In the course of it, personal information of the individual users, such as their mobile phone numbers and member account names and numbers, may possibly be passed to us, particularly when we are providing virtual goods sourcing and delivery services. Such data has been stored in the web-based storage space provided by a third-party service provider and would be automatically cleared after seven days.

We put a strong emphasis on the compliance with relevant laws and regulations on data protection and privacy in our business operations and we seek to ensure the data that we accumulate is not misused or misappropriated. To the best of the knowledge of our Directors, our customers have informed the relevant individual users that their personal information may be provided to third party(ies) (such as our Group) for the purpose of service delivery and obtained their consent in this connection. Our PRC Legal Advisers are of the opinion that given that our customers had obtained the necessary consent from respective individual users, the custody and storage of such user data by us did not violate applicable laws and regulations in the PRC in all material respects during the Track Record Period.

We treat all personal data of individual users we accumulate as strictly confidential. We would not disclose any information we gather from enterprise advertisers, advertising agents, marketing channel providers, channel agents, mobile app operators or distribution agents, unless such disclosure is approved by them, and they have in turn obtained user consent. We have put in place appropriate physical, electronic, and managerial procedures to safeguard and secure our data assets, including preventing unauthorised access, preserving their integrity, and ensuring their appropriate use. Our staff members at and with different levels and job duties are assigned different levels of access permissions to our systems and data. In addition, we have established hardware firewalls where all traffic is inspected and filtered. We conduct comprehensive security reviews of our data assets on an annual basis and ad hoc security reviews as and when necessary.

Our legal department is responsible for overseeing the legal compliance of our business practices in relation to data privacy. We provide ongoing training to our operations and technology staff to enhance their knowledge of data privacy protection. As confirmed by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable PRC laws and regulations in connection with data privacy in all material respect. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, disputes, litigations or government investigation with respect to data privacy.

On 14 November 2021, the Cyberspace Administration of China (國家互聯網信息辦公室) published the draft Administrative Regulations on Internet Data Security (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Internet Data Security Regulations**”), which provides that, among others, an application for cyber security review shall be made by any entity which is regarded as a “data processing operator” if such entity (i) is an internet platform operator which is in possession of a large amount of information related to national safety, economic development and public interests which is undergoing merger, restructuring or separation or otherwise affect or might affect national security; (ii) processes personal information of more than one million users and is contemplating an overseas listing; (iii) is contemplating a listing in Hong Kong and will or might affect national security; or (iv) undertaking any data processing activities which will or might affect national security. Further, pursuant to the Cybersecurity Review Measures (《網絡安全審查辦法》) which became effective from 15 February 2022 (together with the Draft Internet Data Security Regulations, the “**Cybersecurity Regulations**”), internet platform operators possessing personal information of more than one million users who are applying for overseas listing are subject to cybersecurity review by the Office of Cybersecurity Review.

In conducting our virtual goods sourcing and delivery business, we would obtain personal information of the end users, such as their phone numbers and/or stored value card numbers, from our customers for the purpose of topping-up of the relevant accounts of the end users. According to our PRC Legal Advisors, as we are involved in storage and deletion of data of the end users of our virtual goods sourcing and delivery business, it is likely that we would be treated as a data processing operator under the Draft Internet Data Security Regulations. Our PRC Legal Advisors further advised that, despite that we may be treated as a data processing

operator, it is unlikely that we would be required to undergo a cybersecurity review for the proposed Listing as we did not fall under any one of the situations which necessitates a cybersecurity review under the Cybersecurity Regulations, given that (a) the platforms used by us in our business operations were not opened for access by the end users or the public; accordingly, our platforms were internal business management platforms of our Group by nature, and we do not fall within the scope of “internet platform operator”; (b) the Listing is not an “overseas listing” under the Cybersecurity Regulations as “overseas listing” therein refers to listing outside China; (c) it is unlikely that the Listing in Hong Kong will or might affect national security because (i) our business mainly involved provision of general marketing services for enterprise advertisers and not directly to end consumers, and the corporate information obtained by us did not involve relevant national or government information and was unlikely to constitute national core data; (ii) the data stored and kept by our Group were stored in a state-supervised data centre, and there was no issue of provision or leakage of information to overseas individuals or entities; and (iii) the personal information possessed by our Group was stored and used solely for the purpose of providing top-up or virtual goods delivery services to our relevant customers; and (d) pursuant to an interview with the Director of the Office of Cyberspace Affairs Commission of the Fuyang District Committee of the Chinese Communist Party (中共富陽區委網絡安全和信息化委員會辦公室), being a competent authority to confirm on matters related to cybersecurity matters, on 31 March 2022, as (i) listing in Hong Kong is not an overseas listing under the Cybersecurity Regulations; (ii) the Group is not an “internet platform operator”; and (iii) the Listing is unlikely to affect national security, the Listing would not be subject to cybersecurity review. In addition, our Group processed on average around 30,000 units of data per day contained in the orders received in our business operations (including mobile phone numbers (for mobile phone credit top-up services and other virtual goods delivery services), card numbers of oil station cards (for oil station cards top-up services), names and identity card numbers (for lottery ticket delivery services, which we had ceased to provide as at the Latest Practicable Date), and the respective top-up times and amounts); such order data would be retained in our computer systems for seven days and automatically cleared afterwards; hence, our computer systems constantly stored an aggregate of approximately 210,000 units of order data, which fell below the relevant threshold specified in the Cybersecurity Regulations. Taking into account the views and advice of our PRC Legal Advisors, our Directors believe, and the Sole Sponsor concurs, that the Cybersecurity Regulations, if implemented in their current form, are unlikely to give rise to any material impediment to the Listing from the compliance perspective. We will maintain ongoing communication with the PRC government authorities regarding the latest development of and requirements under the Cybersecurity Regulations and any other applicable new regulations and take necessary measures in a timely manner.

We have put in place appropriate internal procedures, as set out below, to safeguard the information and data obtained by us. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material incident of data or personal information leakage, infringement of data protection or privacy laws and regulations or any investigation, claims or legal proceedings in relation to data privacy. During the CAC Interview, it was also confirmed that our Group was not involved in any government investigation, penalty or order for rectification in connection with non-compliance with data privacy and security. Based on

the above, our PRC Legal Advisors are of the view that our Group complies with or will be able to comply with the Cybersecurity Regulations (assuming that the Draft Internet Data Security Regulations are implemented in the current form) in all material aspects.

Considering the nature of our business and based on the advice of our PRC Legal Advisers, our Directors are of the view that, assuming the Draft Internet Security Regulations is implemented in its current form, it is unlikely that the Listing will be subject to cybersecurity review; and the Cybersecurity Regulations will not have any material adverse effect on our business operations or the Listing. Nevertheless, as at the Latest Practicable Date, the Draft Internet Data Security Regulations were released for public comment only and their operative provisions and the effective date remain uncertain. Please refer to the section headed “Risk Factors — Risks Relating to our Business and Industry — If we or our suppliers fail to protect data privacy of individual users, we might be subject to fines or other regulatory sanctions” in this prospectus.

In addition, to ensure our ongoing compliance with the applicable laws and regulations on data protection and privacy, we have adopted relevant internal control measures, which primarily include:

- (i) adopting strict requirements for collecting, using, storing and transferring personal information;
- (ii) taking all necessary measures to avoid leakage, theft, tampering, loss or illegitimate use of data, including database backup, encryption, file access control, enhancement of data security protection and establishing data safety emergency mechanisms;
- (iii) where we provide access to or transmit personal data to third party, we shall inform all individuals affected of all details in respect of the use of their data and obtain personal consent from them unless permitted by law or such data is anonymised. We shall also take steps to ascertain data privacy obligations of such third party, such as incorporating relevant terms in our contracts with them; and
- (iv) prohibiting improper use of personal data made available to us in our operations, including acts that would damage the interests of individual users or interfere with fair market competition in marketing.

Our Directors confirmed that, (i) we have established adequate internal control measures to ensure compliance with the applicable laws and regulations on data protection and privacy; and (ii) no material deficiencies in our relevant internal control measures had been noted during the review conducted by the Internal Control Consultant (as defined below).

INTELLECTUAL PROPERTIES

We regard our domain names, trademarks, patents, copyrights, trade secrets and other intellectual property as critical to our business operations. We rely on a combination of patents, copyrights, trademarks, and trade secret laws and restrictions on disclosure such as confidentiality and non-competition agreements with our employees, suppliers, partners and others to protect our intellectual property.

As at the Latest Practicable Date, we had registered 142 software copyrights in the PRC, which are primarily used in our RegoAd SDK and solutions on lottery related software systems and equipment, in addition to six trademarks, 13 patents and 11 domain names in the PRC and two trademarks in Hong Kong.

For further details of our material intellectual property rights and copyrights, please refer to the section headed “B. Further Information about our Business — 2. Intellectual Property Rights” and “B. Further Information about our Business — 3. Copyrights” in Appendix IV to this prospectus. Our Directors consider that there is no material impediment in renewing the registration of our trademarks, patents or domain names upon expiry.

In general, our employees are required to enter into a standard employment contract which includes a clause acknowledging that all inventions, trade secrets, developments, and other processes generated by them on our behalf are our property, and assigning to us any ownership rights that they may claim in those works. We do not authorise third parties who collaborate with us to use any of our intellectual property.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material breaches of our intellectual property rights and we did not have any pending or threatened claims against us relating to the infringement of any intellectual property rights owned by third parties. We believe that we have been taken all reasonable measures to prevent any infringement of our own intellectual property rights. Our PRC Legal Advisers confirm that we have not been subject to any material dispute, claims for infringement upon third-party intellectual properties in the PRC, infringed any other third-parties’ intellectual rights during the Track Record Period that would have a material and adverse impact to our operation and financial position.

SEASONALITY

During the Track Record Period, due to the variance in the development stages of our several business segments and our business focuses at different points of time, no clear pattern of seasonal fluctuations in our overall results of operations could be observed. In respect of our provision of solutions on lottery-related software systems and equipment, our revenue is generally higher during the period from August to December of each year as the provincial WLIACs, being the major customers of Xi’an Tiantai, generally start their tendering process in the second half of the year. For FY2020 and FY2021, our revenue from provision of solutions on lottery-related software systems and equipment recorded during the period from August to December represented approximately 55.2 % and 75.3 % of our annual total revenue from this business segment, respectively.

BUSINESS

As confirmed by iResearch, the marketing and promotion services business in the PRC is subject to seasonal fluctuations: the second half of each year, especially the fourth quarter, generally contributes the largest proportion of the intermediate marketing service providers' annual revenue; as consumers are expected to increase their spending in or around the festive season, advertisers tend to allocate a more significant portion of their marketing budgets to the fourth quarter. Going forward, we expect that our revenue, and in particular revenue derived from marketing and promotion services business, may exhibit seasonal fluctuations in line with the industry norm. Please refer to the section headed "Risk Factors — Risks Relating to Our Business and Industry — Seasonal fluctuations in marketing activities could have a material impact on our revenue, cash flow and operating results" in this prospectus for further details.

COMPETITION

The market in which we operate is highly competitive with relatively high entry barriers such as in relation to optimisation capability, marketing channel provider base, technology, data and capital barriers. Our direct competitors are other intermediate advertising service providers based in the PRC. We also compete for advertisers' overall marketing spending with direct marketing, print advertising companies and traditional media such as television, radio and cable companies.

We believe that we are differentiated from our competitors by reason of, among other reasons, our ability to offer diversified marketing channels and resources, including a wide variety of virtual goods and marketing and promotion services offered under our business collaboration with prominent media platforms, to meet different marketing needs of our customers in relation to acquiring, engaging and retaining their own customers, as well as our robust research and development capability to develop apposite software in support of present and future business needs. Please refer to the section headed "Risk Factors — Risks Relating to Our Business and Industry — We face intense competition from other intermediate advertising service providers and we may not be able to compete effectively." and the section headed "Industry Overview" in this prospectus for further information on the competitive landscape of the industry we operate in.

INSURANCE

We believe we maintain insurance policies covering risks in line with industry standards. In line with general market practice, we do not maintain any business interruption insurance, product liability insurance, insurance policies covering damages to our network infrastructure or information technology systems, or insurance policies for our properties. Please refer to the section headed "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may be inadequate to cover all significant risk exposures." in this prospectus for further details. During the Track Record Period and up to the Latest Practicable Date, we did not make and had not been the subject of any material insurance claims in relation to our business.

BUSINESS

EMPLOYEES

As at 30 April 2022, we had 191 employees. The following tables set forth the number of our Group's employees by function and geographic location:

Function	Number of full-time employees
Management	6
Sales and marketing	15
Research and development	68
Information technology support	21
Finance and accounting	15
Customer services	4
Operations	22
Human resources and general administration	12
Others	28
Total	191

Employee Location	Number of employees
Hangzhou	86
Xi'an	72
Shanghai	14
Shenzhen	16
Wuhan	1
Hainan Province	2
Total	191

Recruitment

Our Group has a recruitment policy under which we would recruit new employees based on departments' request. We generally recruit our workforce through online platforms, regional job fairs and references by our current employees. We undergo a strict interview process and background search by which we assess the candidate's past industry experience, academic qualification, integrity and work experience.

Training

For the purpose of increasing the overall competitiveness of our workforce, we implement employee training policies to ensure that our employees are equipped with the required skill and safety knowledge when performing their duties. We organise induction training for our newly joined employees to help them better understand our value, team culture and working environment.

We provide all-round training to our existing employees, which usually includes professional trainings tailored for our employees from the quality control and research and development department as well as the sales and marketing team. We collaborate with external program designers and third party individuals to provide training sessions for our employees to enhance their work performance and on the job efficiency. We also arrange management training to our potential mid-level staffs to increase their ability on management and recruitment.

Remuneration

We believe that maintaining a stable and motivated employee force is crucial to the success of our business. We provide our employees with competitive salaries and bonuses determined by performance, housing subsidies, regular team building activities and internal opportunities of career advancement. Our Group adopts an appraisal system for our employees, where their respective supervisor and our president's office conduct monthly or quarterly performance review depending on their rank and determines the amount of bonus to be awarded accordingly.

We enter into standard employment contracts with our employees typically for a duration of three years subject to further renewal. These standard contracts usually include a confidentiality clause effective during and after termination of employment, a non-competition provision effective during and after their employment with us, and a specific intellectual property rights provision such that all intellectual property created and developed during the course of employment are owned by and will belong solely to us.

As required by PRC laws and regulations, we participate in various mandatory social security plans organised by applicable local municipal and provincial governments, including basic pension insurance, unemployment insurance, basic medical insurance, maternity leave insurance and occupational injury plan. We also provide our employees with housing fund as well as offer them an annual health check.

Our employees have not formed any employee union or association. We believe that we maintain a good working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any material labour dispute or any difficulty in recruiting staff for our operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Our Directors have overall responsibility for our strategy and reporting on environmental, social and governance (“ESG”) matters. Our Directors also support our commitment to fulfilling its environmental and social responsibility, for which they are responsible for identification, assessment and management of our ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

Due to the nature of our business as a marketing service provider, we do not operate any production facilities or otherwise impose any material threats to the environment in our daily operations. Nonetheless, we are committed to conducting our business operations to comply with all applicable environmental laws and regulations. Our environmental management system in relation to software design and development has been assessed and certified as meeting the requirements of the ISO 14001:2015 standard. It is also our policy to minimise our impact on the environment in the design and operations of all our facilities and business processes to the largest extent where reasonable and cost-efficient.

In relation to our employment practices, we have put in place a set of social policies to promote health and safety of our employees. In order to provide a safe working environment, we provide our employees with occupational safety training and updates to enhance their awareness of safety issues. Our Directors confirm that we had been in compliance with health and work safety requirements in all material respects during the Track Record Period up to the Latest Practicable Date. We also invest in the training of our employees, including management and recruitment training for potential mid-level staff, and strive to engage with the local community. We encourage our employees to donate to local charities and take part in volunteering and other social activities on a voluntary basis. We intend to organise social activities which integrate our talents to care for those in need in the future.

As regards our corporate governance, we have specific policies on declaration of potential conflicts of interest, anti-money laundering measures and procurement management to ensure compliance with all relevant laws and regulations and avoid corruption in our business operations. During the Track Record Period and up to the Latest Practicable Date, to the best of the knowledge and belief of our Directors, there were no legal proceedings regarding corrupt practices brought against us or any of our directors and employees.

To the of the best knowledge and belief of our Directors, as at the Latest Practicable Date, we were not subject to any significant environmental, social and climate-related risks that could negatively impact our Group’s businesses, strategies and financial performance. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we were not subject to any material claim, lawsuit, penalty or administrative action relating to non-compliance with health, work safety or environmental laws and regulations.

In accordance with the Corporate Governance Code and ESG Reporting Guide set forth in Appendices 14 and 27 to the Listing Rules respectively, we will put in place mechanisms that will effectively enable us to continue to adopt recognised best practices and fulfil our corporate responsibility in respect of corporate governance and ESG matters following the Listing.

BUSINESS

PROPERTIES

Our headquarter is located in Hangzhou, the PRC. As at the Latest Practicable Date, we did not own any properties in the PRC. The table below sets forth the details of our leased properties as at the Latest Practicable Date:

Location	Type of property	Lease Term	Expiry Date
Room 202, 2nd Floor, No. 8 Yinhu Innovation Centre, No. 9 Fuxian Road, Yinhu Street, Fuyang District, Hangzhou (杭州市富陽區 銀湖街道富閑路9號銀湖創 新中心8號二層202室)	Office Premises	One year	30 November 2022
Room 215, 2nd Floor, No. 8 Yinhu Innovation Centre, No. 9 Fuxian Road, Yinhu Street, Fuyang District, Hangzhou (杭州市富陽區 銀湖街道富閑路9號銀湖創 新中心8號二層215室)	Office Premises	One year	14 July 2023
Level 6, Tower C, No. 34 Moer Center, Fenghui South Road, High-tech Zone, Xi'an (西安市高新 區灃惠南路摩爾中心34號 C座6層)	Office Premises	One year	31 December 2022
No. 108, Building 4, 20 An Ding Road, Dongcheng District, Beijing (北京市 東城區安定路20號4號樓 108號)	Office Premises	One year with the right of first refusal to lease	31 July 2023
Room 2002, 20th Floor, Saixi Technology Building, Shenzhen (深圳 市賽西科技大廈20樓2002 房)	Office Premises	One year with the right of first refusal to lease	31 March 2023

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Location	Type of property	Lease Term	Expiry Date
Rooms 101-105, 1st Floor, Building 8816, Woke Park, Hainan Resort Software Community, Hi-Tech Demonstration District, Laocheng Town, Chengmai County, Hainan Province (海南省澄邁縣老 城鎮高新技術產業示範區 海南生態軟件園沃克公園 8816大廈1層101-105房間)	Office Premises	One year	11 October 2022
Rooms 401-03, 4th Floor, Building 5, No. 2388, Chenhong Highway, Minhang District, Shanghai (上海市閔行區 陳行公路2388號5號樓4層 401-03號單元)	Office Premises	One year	31 December 2022

LEGAL PROCEDURES AND REGULATORY COMPLIANCE

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

Our Directors had not been involved in any actual or threatened material claims or litigations as at the Latest Practicable Date. There had been no material legal, arbitral, or administrative proceedings before any court current or pending against, or involving the properties, or the businesses of our Company, which any of the properties or members of our Company was subject during the Track Record Period and the subsequent period up to the Latest Practicable Date. However, we may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of business.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed below, we had, in all material respects, complied with all applicable PRC laws and regulations governing our principal business.

Failure to Make Full Contribution to the Social Insurance and Housing Provident Funds for Our Employees in the PRC

(i) Particulars of the Non-compliance Incident

During the Track Record Period and up to the Latest Practicable Date, certain of our PRC subsidiaries did not register for and/or make full contributions to social insurance and housing provident fund in accordance with the Regulations on Administration of Housing Provident Fund 《住房公積金管理條例》 and the Social Insurance Law of the PRC 《中華人民共和國社會保險法》. We estimate that the aggregate shortfall of social insurance and housing provident fund contributions for the years ended 31 December 2019, 2020, 2021 and 4M2022 amounted to approximately RMB1.4 million, RMB2.0 million, RMB3.4 million and RMB1.3 million, respectively.

(ii) Reasons for the Non-compliance Incident

Such incidents occurred primarily because (i) the lack of understanding by the responsible personnel of the applicable PRC laws and regulations requirements; and (ii) certain number of our employees work remotely at the place of residency and were not willing to join the social insurance or pension schemes of the city where our subsidiary located.

(iii) Legal Consequences and Potential Penalties

Our PRC Legal Advisers have advised us that, under the Regulations on Administration of Housing Provident Fund 《住房公積金管理條例》, (i) for housing provident fund registrations that we fail to complete before the prescribed deadlines, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiary; and (ii) for housing provident fund contributions that we fail to pay within the prescribed deadlines, we may be subject to any order by the relevant people's court or administrative supervisory authority to make such payments.

According to the Social Insurance Law of the PRC 《中華人民共和國社會保險法》, for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay; if we fail to make such payments, we may be liable to a fine of one to three times the outstanding contribution amount.

(iv) Remedial Actions Taken and Current Status

We always encourage to make such contributions for our employees. However, we were unable to pay contribution in full for some of our employees as they were reluctant to participate in the relevant schemes. Therefore, we provided these employees with compensation in lieu of such contributions (for example, we have arranged third party agent to make the relevant contributions to the local pension scheme on behalf of us for the employees work remotely).

We have started to make full payment of social security insurance and housing provident fund contributions based on the actual salaries of our employee for any newly recruited employees since January 2021. We also intend to make full contribution of social security insurance for our other existing employees when such rectification is allowed or practicable to be made. We have been actively communicating with the relevant local government authorities and we expect that rectification could be completed by the end of 2022.

We have obtained written confirmations from relevant officers at the local social insurance and housing provident fund authorities during May 2022 confirming, among other things, that: (i) the social insurance and housing provident fund contributions made by relevant PRC subsidiaries during the Track Record Period were in compliance with respective laws, regulations and/or relevant local policies and requirements; (ii) no administrative penalty has been imposed on the relevant PRC subsidiaries; and (iii) no employee's complaints have been filed against us during the Track Record Period. Our PRC Legal Advisers are of the opinion that the relevant written confirmations are addressed by competent authorities.

Our Directors are of the view that no provision is required to be made in respect of the relevant PRC subsidiaries based on (i) written confirmations from local social insurance and housing provident fund authorities as stated above; (ii) that as at the Latest Practicable Date, no material administrative action, fine or penalty had been imposed by the relevant authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order from or been alleged by relevant authorities or courts that we had not made full social insurance and housing provident fund contributions before a stipulated deadline. As at the Latest Practicable Date, we were not aware of any employee's complaints nor were involved in any labour disputes with our employees in relation to social insurance and housing provident fund contributions, which may have a material adverse effect on our business, finance and operations. In view of the above, our PRC Legal Advisers are of the view that our risk being penalised by the competent authorities providing the above written confirmations for our aforementioned historical failure is remote. In addition, we have obtained an indemnity from our Controlling Shareholders under the Deed of Indemnity to indemnify our Group against any claims, fines and other liabilities which may arise from such incidents. As a result, we did not make any provisions in connection with these incidents during the Track Record Period and up to the Latest Practicable Date. Our Directors are of the view that the incidents will not have a material adverse impact on our business operations, nor will such events constitute a material legal obstacle for the Listing.

(v) *Internal Control Measures Taken*

As at the Latest Practicable Date, we have established various internal control policies and procedures to mitigate the risk of such incidents and ensure full contributions in relation to social insurance and housing provident fund would be made properly. These internal policies and procedures include (i) regularly consulting legal advisers for advice on relevant PRC laws and regulations; and (ii) designating our personnel to monitor and assess the correct amounts of contributions in relation to social insurance and housing provident fund.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Directors are responsible for the establishment and updating of our internal control systems while our senior management monitors the daily implementation of internal control procedures and measures with respect to our subsidiaries and functional departments. We have formulated internal control measures and procedures in various aspects, including risks relating to information system, human resources, internal control and credit in order to provide reasonable assurance for our operations, reporting and compliance.

Information Security Risk Management

We have adopted measures to protect sensitive data and information in our business operations. We have a dedicated information safety management team responsible for protecting data and ensuring the stability of our network infrastructure and information technology system. To ensure information security, authorisation to access information stored by us is kept to a minimum and users are only allowed to access information related to their respective scope of work. We have adopted various policies on database operation to prevent information leakage and loss of data, such as constant monitor of our internet connection, servers, database and application systems to alert relevant departments to abnormal situations, and performing regular data backup arranged by the staff responsible for supervising the relevant database or application system. Further, we have signed confidentiality agreement with all our key personnel, pursuant to which such personnel undertake to keep confidential data and operational, financial and product information of our Group to third parties. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material data leakage or hacking activities.

Human Resources Risk Management

We provide internal trainings to our new and existing employees to familiarise themselves with our operation and development, required skills and safety knowledge when performing their duties. We also provide professional training tailored for our employees from different departments and management training to our potential mid-level staff. We have in place an employee handbook and a compliance manual approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practice, work ethics, negligence and corruption.

Internal Control Relating to Lottery Sales

We have adopted internal controls and procedures to ensure our sale of lottery tickets complies with the applicable laws and regulations in the PRC and contracts on agent sale of lotteries with lottery distributors. We will also consult external legal advisors in respect of any changes in the laws and regulations relating to the sale of lottery tickets when necessary. In addition, we have adopted internal control measures to monitor our exposure to money laundering activities in the course of our sale of lottery tickets. Our legal department is responsible to monitor our compliance with the relevant laws and regulations (if any) and any transactions with a large transaction amounts shall be reported to our legal department. Based on our consultation with the Internal Control Consultant (as defined below), we confirm that there were no material defects in our internal control systems relating to lottery sale.

Internal Control Risk Management

In preparation for the Listing, we engaged an independent internal control consultant (the “**Internal Control Consultant**”), to review and enhance our risk management and internal control systems and measures in certain aspects, including revenue, purchase, fixed assets management, human resources, financial management, information technology and corporate governance. The Internal Control Consultant provided a number of findings and recommendations after the review, including the following:

- we have not performed annual review on the effectiveness of our internal control system. We should specifically include review of internal control systems in the terms of reference of our Board, establish a formal risk assessment policy, perform regular risk assessment regarding all aspects of our business and retain written record of such review and assessment;
- we have not established an independent internal audit department. We should establish an internal audit department which directly reports to the audit committee of our Board with updated internal audit management measures clarifying the reporting objects, work scope, duties and responsibilities, reporting system and implementation standards of internal control; and
- we have not set up any mechanisms to avoid conflict of interests between our staff and our customers. We should establish policies on conflict of interests such as mandatory written declaration by staff members in our sales department before engagement of new customers.

We have subsequently implemented the suggested remedial actions in response to such findings and recommendations. The Internal Control Consultant performed follow-up procedures on our internal control system with regard to those actions taken by us and raised no further comment. After consultation with the Internal Control Consultant, we confirm that there were no material internal control findings outstanding as at the Latest Practicable Date.

CORPORATE GOVERNANCE MEASURES

In order to continuously improve our corporate governance, we have implemented and/or will implement the following measures:

- we will engage PRC and Hong Kong legal advisers to advise us in relation to future compliance with the PRC and Hong Kong laws and regulations in all respects;
- all our Directors and senior management have attended training on the relevant applicable laws and regulations, including the Listing Rules, provided by our Hong Kong legal advisers prior to the application for Listing. We will continue to arrange various training programmes to be provided by our legal advisers and/or any appropriate accredited institution to update our Directors, senior management and relevant employees on the relevant laws and regulations. In addition, specific training programme(s) in relation to updates on relevant applicable laws and regulations will also be held when necessary;

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- we have appointed CMBC International Capital Limited as our compliance adviser to advise on compliance with the Listing Rules;
- when necessary, we will engage external professionals, including auditors, internal control consultants, tax consultants and external legal advisers to render professional advice as to comply with statutory and regulatory requirements as applicable to us from time to time;
- we have provided training for our employees on compliance matters to enhance their knowledge to better manage our operation risks. We plan to provide training to employees of managerial level on an annual basis and ad hoc training to all relevant employees when necessary; and
- we have established an Audit Committee, comprising three independent non-executive Directors, which will implement formal and transparent arrangements to apply financial reporting, risk management and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and other relevant laws and regulations, including timely preparation and filing of accounts. We will also periodically review our compliance status with the Hong Kong laws after the Listing. The Audit Committee will exercise its oversight by:
 - (i) reviewing our internal control and legal compliance; and
 - (ii) discussing the status of our internal control systems with our management to ensure that our management has performed its duty to maintain an effective internal control system.

We plan to continue strengthening our risk management and internal control policies by ensuring regular management review of relevant corporate governance measures and corresponding implementation.

LICENSES, PERMITS, AND APPROVALS

As advised by our PRC Legal Advisers, we had obtained all requisite licences, permits and approvals from the relevant government authorities that were material for our current business operations in the PRC as at the Latest Practicable Date.

The platforms through which we provide our services, namely Rego Virtual Goods Platform, RegoAd SDK and Rego Advertisement Operations and Management Platform, are business-facing management platforms for user by our enterprise customers, but not intended and not available for consumers and end users. More specifically, both the Rego Virtual Goods Platform and Rego Advertisement Operations and Management Platform are effectively internal business and financial management platforms targeted at providing our enterprise customers with data regarding our transactions with them. Similarly, RegoAd SDK, while capable of recording click behaviour of end users and synchronising the same to our customers, is only designated for the settlement of service fees payable by our enterprise customers, and is not open for use by consumers.

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On the above bases, our PRC Legal Advisers confirm that the operation of our business service platforms do not involve online data processing and transaction processing business or any other value-added telecommunication services, nor do they constitute basic telecommunication businesses. Hence, in the course of our business, we are not required to obtain ICP licence or other licenses which are restricted to domestic holders under the applicable PRC laws and regulations, including but not limited to the Catalogue of Classification of Telecommunications Business (2019 Edition) (《電信業務分類目錄(2019年版)》), “Circular on Strengthening the Administration of Foreign Investment in the Operation of Value-added Telecommunications Business” (《關於加強外商投資經營增值電信業務管理的通知》), “Administrative Measures on Telecommunications Business Operating Licences” (《電信業務經營許可管理辦法》), and “Regulations for Administration of Foreign-invested Telecommunications Enterprises” (《外商投資電信企業管理規定》).

Set forth below are the details of the licenses, permits and approvals that had been obtained by our Group and were material to our business operations as at the Latest Practicable Date:

Type of licenses, permits and approvals	Holding entity	Issuing authority	Validity period/Term
Information security management system certification (ISO/IEC 27001:2013)	Hangzhou Rego	Beijing TIRT Certification Co., Ltd. (北京泰瑞特認證有限公司)	12 October 2020 – 11 October 2023
Environmental management system certification (ISO 14001:2015)	Xi'an Tiantai	ZhongTai Union Certification Co., Ltd (中泰聯合認證有限公司)	20 April 2020 – 19 April 2023
Occupational health and safety management system certification (ISO 45001)	Xi'an Tiantai	ZhongTai Union Certification Co., Ltd (中泰聯合認證有限公司)	20 April 2020 – 19 April 2023
China national compulsory product certification (lottery terminal machine model TBC-100) (中國國家強制性產品認證(彩票終端機型號 TBC-100))	Xi'an Tiantai	China Quality Certification Centre (中國質量認證中心)	17 February 2020 – 15 January 2025

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Type of licenses, permits and approvals	Holding entity	Issuing authority	Validity period/Term
China national compulsory product certification (lottery terminal machine model TBC) (中國國家強制性產品認證(彩票終端機型號TBC))	Xi'an Tiantai	China Quality Certification Centre (中國質量認證中心)	30 March 2018 – 15 March 2023
Quality management system certification (質量管理體系認證) (ISO 9001:2015)	Xi'an Tiantai	China Quality Certification Centre (中國質量認證中心)	2 September 2013 – 1 September 2025

AWARDS AND RECOGNITIONS

The table below sets forth the details of our awards and recognitions during the Track Record Period:

Award/Recognitions	Recipient	Award Date(s)	Awarding Institution(s)/ Authority(ies)
Hangzhou enterprise high and new technology research and development centre (杭州市企業高新技術研究開發中心)	Hangzhou Rego	20 June 2018	Hangzhou Science and Technology Committee* (杭州市科學技術委員會)
Vice-president unit, Retail Professional Committee of China Department Store Business Association (中國百貨商業協會新零售專業委員會副會長單位)	Hangzhou Rego	1 March 2019	New Retail Professional Committee of China Department Store Business Association (中國百貨商業協會新零售專業委員會)
High and new technology enterprise (高新技術企業)	Xi'an Tiantai	7 November 2019	Shaanxi Provincial Department of Science and Technology* (陝西省科學技術廳), Shaanxi Provincial Department of Finance* (陝西省財政廳) and Shaanxi Provincial Tax Service, State Taxation Administration* (國家稅務總局陝西省稅務局)

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<u>Award/Recognitions</u>	<u>Recipient</u>	<u>Award Date(s)</u>	<u>Awarding Institution(s)/ Authority(ies)</u>
Provincial level high and new technology research and development centre (省級高新技術企業研究開發中心)	Hangzhou Rego	1 February 2020	Zhejiang Provincial Department of Science and Technology* (浙江省科學技術廳)
High and new technology enterprise (高新技術企業)	Hangzhou Rego	1 December 2020	Zhejiang Provincial Department of Science and Technology* (浙江省科學技術廳), Zhejiang Provincial Department of Finance* (浙江省財政廳) and Zhejiang Provincial Tax Service, State Taxation Administration* (國家稅務總局浙江省稅務局)
Membership unit, High-Tech Enterprises Association Of Hangzhou City (杭州市高新技術企業協會會員單位)	Hangzhou Rego	10 March 2021	High-Tech Enterprises Association of Hangzhou City (杭州市高新技術企業協會)
Software enterprise (軟件企業)	Hangzhou Rego	29 April 2022	Zhejiang Software Enterprise Association* (浙江省軟件行業協會)

CONNECTED TRANSACTION

OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, any director, chief executive or substantial shareholder of our Company or any of our subsidiaries (including any person who, within 12 months preceding the Listing Date, was a director of our Company or any of our subsidiaries), or any associate of the above persons will become a connected person of our Company upon the Listing. Upon the Listing, our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

Our Directors confirm that the following transactions which are expected to continue after the Listing will constitute continuing connected transactions under Chapter 14A of the Listing Rules which is exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Value-added Business Promotion Agreement

Principal Terms and Pricing Policy

On 1 January 2021, our Group entered into a value-added business operation and promotion agreement with Zhejiang Yuanxing for a term of three years commencing from the Listing Date (the “**Value-added Business Agreement**”), pursuant to which our Group has agreed to provide marketing and promotion services for user acquisition (the “**Services**”) for certain mobile value-added services offered by mobile carriers (the “**Mobile Value-added Services**”) to Zhejiang Yuanxing, which is the agent of the mobile carriers. Under the Value-added Business Agreement, Zhejiang Yuanxing has agreed to pay 90% of the fees it receives from mobile carriers to our Group, which is determined at arm's length negotiations between our Group and Zhejiang Yuanxing and on normal commercial terms with reference to (i) the prices of similar services; and (ii) the previous agreements in relation to the Services provided by our Group to Zhejiang Yuanxing taking into consideration that (a) our Group is responsible for providing all the marketing and promotion services stipulated under the service contracts between Zhejiang Yuanxing and the mobile carriers and Zhejiang Yuanxing mainly plays a role as an agent without substantial contribution to the provision of services and acquisition of customers; and (b) our Group bear all the cost to provide such services and the users are acquired through the services provided by us.

CONNECTED TRANSACTION

Reasons for the Transactions

The Services have been provided by us in our ordinary and usual course of business, and we had been providing such Services to Zhejiang Yuanxing during the Track Record Period. Under the Value-added Business Agreement, we may generate a relatively stable income from Zhejiang Yuanxing through (i) providing the Services to acquire new clients for the mobile carriers, being the advertiser customers of Zhejiang Yuanxing; and (ii) receiving 90% of the fees that Zhejiang Yuanxing will receive from mobile carriers for the clients acquired through us under the previous agreements between our Group and Zhejiang Yuanxing, as long as those clients continue to use the Mobile Value-added Services. Although the demand for the Services from Zhejiang Yuanxing during the Track Record Period was declining and we may not devote substantial resources in providing the Services in the future, our Group is still able to generate income from Zhejiang Yuanxing for the clients acquired through us under the previous agreements between our Group and Zhejiang Yuanxing. Taking into account that the terms offered by Zhejiang Yuanxing to us are no less favourable than the terms offered by other purchasers who are Independent Third Parties and the established business relationship between us and Zhejiang Yuanxing, we will continue to cooperate with Zhejiang Yuanxing.

Historical Amounts

For each of the year ended 31 December 2019, 2020, 2021 and 4M2022, our total revenue attributable to the abovementioned provision of the Services to Zhejiang Yuanxing was approximately RMB1.6 million, RMB1.0 million, RMB0.7 million and RMB0.2 million, respectively.

Listing Rules Implications

As at the Latest Practicable Date, Zhejiang Yuanxing was owned as to 33.3% by Hangzhou Lande Youshi Venture Capital Partnership (Limited Partnership)* (杭州蘭德優勢創業投資合夥企業(有限合夥)) (“**Lande Youshi**”), whose managing partner was Hangzhou Lande Runguang Investment Management Co., Ltd.* (杭州蘭德潤廣投資管理有限公司) (“**Lande Runguang**”), 40% by Zhang Jing (張璟), the nephew of Mr. Chen who acquired such equity interests from an Independent Third Party in April 2022, and 26.7% by Mr. Xie. As at the Latest Practicable Date, since Mr. Chen, being the chairman of the Board, an executive Director and one of the Controlling Shareholders, is the sole director and legal representative of Lande Runguang, Mr. Chen in effect has control over the board of directors of Lande Runguang, which is the managing partner of Lande Youshi. Therefore, Zhejiang Yuanxing is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Value-added Business Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon the Listing.

CONNECTED TRANSACTION

It is expected that the relevant percentage ratios calculated for the aggregate annual transaction amounts under the Value-added Business Agreement for each of for the year ended 31 December 2022, 2023 and 2024 will not exceed 5% and the annual consideration will be less than HK\$3 million. Therefore, our Directors anticipate that the transaction amounts under the Value-added Business Agreement will fall within the *de minimis* threshold set forth in Rule 14A.76(1) of the Listing Rules. As such, the transactions contemplated under the Value-added Business Agreement will, upon Listing, constitute a continuing connected transaction of our Company, which will be fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) confirm that the transactions contemplated the Value-added Business Agreement have been and will be entered into in the ordinary and usual course of business of our Group on normal commercial terms, and the terms of the Value-added Business Agreement are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Tanshin Investments (a company wholly owned by Mr. Tian), Vicen Investments (a company wholly owned by Mr. Chen) and Sprus Investments (a company wholly owned by Mr. Zhang) beneficially owned 60%, 25% and 15% of the issued share capital of our Company, respectively. On 22 October 2021, Mr. Tian, Mr. Chen and Mr. Zhang entered into the Acting-in-Concert Agreement, pursuant to which Mr. Tian, Mr. Chen and Mr. Zhang confirmed that they had been acting in concert since 14 July 2017 when they started to own the equity interest of Hangzhou Rego in proportions of 60%, 25% and 15%, respectively, directly or indirectly and undertook to vote unanimously for any resolutions proposed at board meetings and shareholder meetings of our Group upon the signing of the Acting-in-Concert Agreement. Please see “History, Development and Reorganisation — Common Control by Acting-in-Concert Agreement” in this prospectus for further details about the Acting-in-Concert Agreement. By virtue of the Acting-in-Concert Agreement, Tanshin Investments, Vicen Investments and Sprus Investments are collectively entitled to exercise voting rights of 100% of the issued share capital of our Company. As such, Mr. Tian, Mr. Chen, Mr. Zhang, Tanshin Investments, Vicen Investments and Sprus Investments are regarded as a group of Controlling Shareholders of our Company as at the date of this prospectus.

Immediately following completion of the Capitalisation Issue and the Global Offering, and assuming the Over-allotment Option is not exercised, Tanshin Investments, Vicen Investments and Sprus Investments will collectively be entitled to exercise voting rights of approximately 75% of the issued share capital of our Company. Accordingly, Mr. Tian, Mr. Chen and Mr. Zhang, Tanshin Investments, Vicen Investments and Sprus Investments will continue to remain as our Controlling Shareholders.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will consist of seven Directors comprising four executive Directors and three independent non-executive Directors.

On the basis of the following reasons, our Directors consider that our Company is able to perform and manage our business independently from the Controlling Shareholders and their respective close associates after the Listing:

- (a) each of the Directors is aware of his/her fiduciaries duties as a Director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) we believe our independent non-executive Directors bring independent judgment to the decision-making process of our Board;
- (c) continuing connected transactions between our Group (on the one hand) and connected person (on the other hand) have been and will be entered into in the ordinary and usual course of business of our Group on normal commercial terms, and the terms thereof are fair and reasonable and in the interest of our Company and our Shareholders as a whole. The parties will comply with the applicable requirements of the Listing Rules governing the continuing connected transactions. For details of the continuing connected transactions, please refer to the section headed “Connected Transaction” in this prospectus;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) will abstain from voting at the relevant Board meetings of our Company in respect of such transactions;
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please see “— Corporate Governance Measures” in this section for further details;
- (f) our Board includes three independent non-executive Directors, which form a strong corporate governance structure to supervise the management of our Company and minimise any risk brought by the influence of our Controlling Shareholders; and
- (g) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please see “Corporate Governance Measures” in this section for further details.

Having considered the above factors, our Directors are satisfied that we are able to perform our roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders and their respective close associates following the completion of the Capitalisation Issue and the Global Offering.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Operational Independence

We have full rights to make business decisions and to carry out our business independent of our Controlling Shareholders and their respective close associates. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders and their respective close associates after the Listing:

- (a) we are not reliant on intellectual properties owned by our Controlling Shareholders, or by other companies controlled by our Controlling Shareholders;
- (b) we are the holder of all relevant licenses material to the operation of our business and has sufficient capital, equipment and employees to operate our business independently;
- (c) none of our Controlling Shareholders and their respective close associates have any interest which competes or is likely to compete with the business of our Group;
- (d) save as disclosed in the section headed “Connected Transactions” in this prospectus, we have independent access to our customers and suppliers. Our suppliers and customers are predominantly members of the public, to whom we have independent access; and
- (e) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments.

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, we had our own finance department and independent accounting systems. Our Directors also believe that we are able to obtain financing independent from our Controlling Shareholders. As at 31 December 2019, our Group did not have any bank borrowings. As at 31 December 2020 and 2021, our Group had bank borrowings of RMB10.4 million and RMB21.1 million, respectively, some of our loans were secured by guarantees provided by our Controlling Shareholders and their associates. As at the Latest Practicable Date, we have repaid all the loans that were secured by guarantees of our Controlling Shareholders, their associates and the then shareholders of Xi'an Tiantai. Please refer to the section headed “Financial Information — Indebtedness” for details.

Amounts due from our Controlling Shareholders, their respective associates and/or related parties from our Group, which were non-trade nature, amounted to approximately RMB90,000, RMB84,000, RMB96,000 and RMB203,000 as at 31 December 2019, 2020, 2021 and 4M2022, respectively. Such amounts were unsecured, interest free and repayable upon demand and had been settled as at the Latest Practicable Date.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Amounts due to our Controlling Shareholders, their respective associates and/or related parties from our Group, which were non-trade nature, amounted to approximately RMB4.9 million, RMB4.8 million, RMB27.7 million and RMB5.5 million as at 31 December 2019, 2020, 2021 and 4M2022, respectively. The amounts due to related parties as at 31 December 2021 was mainly attributable to the amounts owed to Zhejiang Runye of approximately RMB22.8 million after the Termination of our Contractual Arrangements with Zhejiang Runye, which was an intra-group balance resulting from our Group's internal funding management which Zhejiang Runye transferred the funds arising from our business operations to other subsidiaries prior to the Termination. These amounts had been repaid by us to Zhejiang Runye and other related parties as at the Latest Practicable Date. Accordingly, such balance was, in substance, a distribution of dividends to our Controlling Shareholders. For further details of the Termination of the Contractual Arrangements, please refer to the section headed "History, Development and Reorganisation — Reorganisation for Listing — 5. Subsequent Termination of Zhejiang Runye's Contractual Arrangements" in this prospectus. Such balances were non-trade related, unsecured, interest-free and repayable on demand and will be settled before Listing. For details of the balances and related party transactions, please see Notes 24 and 33 of the Accountants' Reports in Appendix I to this prospectus.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we had not provided any loans to, nor given any guarantee, security or pledge for, our Controlling Shareholders, our Directors or their respective associates, and none of our Directors or any of their respective associates had provided any personal guarantee, security or pledge for any of our banking facilities and other borrowings. In light of the foregoing, our Directors are of the view that our Group does not rely on our Controlling Shareholders and/or their associates for any financial assistance.

CONTROLLING SHAREHOLDERS' AND DIRECTORS' INTERESTS IN OTHER BUSINESSES

Each of our Controlling Shareholders has confirmed that none of them and their respective close associates (other than members of our Group) has any interest in a business apart from our business which competes or is likely to compete, either directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Further, each of our Directors has confirmed that he/she is not interested in any business apart from our business (where relevant), which competes or is likely to compete, either directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

To minimise the potential competition in the future, our Controlling Shareholders, Mr. Tian, Mr. Chen, Mr. Zhang, Tanshin Investments, Vicen Investments and Sprus Investments had entered into the Deed of Non-Competition with us.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

DEED OF NON-COMPETITION

For the purpose of the Listing, our Controlling Shareholders have entered into with and in favour of our Company (for ourselves and as trustee for our subsidiaries) the Deed of Non-Competition. Pursuant to the Deed of Non-Competition, each of our Controlling Shareholders has confirmed that none of them is engaged in, or interested in, any business (other than our Group) which, directly or indirectly, competes or may compete with our business. To protect our Group from any potential competition, each of our Controlling Shareholders has unconditionally and irrevocably undertaken in favour of our Company (for ourselves and for the benefits of our subsidiaries), on a joint and several basis, that at any time during the Relevant Period (as defined below), each of them shall, and shall procure that their respective close associates and/or companies controlled by them (other than our Group) shall:

- (a) not, directly or indirectly, be interested or involved or engaged in or carry on or be concerned with or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business, or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group in the PRC and any other country or jurisdiction to which our Group provides such products and/or services and/or in which any member of our Group carries on business mentioned above currently and from time to time (the “**Restricted Activity**”);
- (b) not solicit any existing employee or then existing employee of our Group for employment by him/it or his/its close associates (excluding our Group);
- (c) not, without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to his/its knowledge for any purpose of engaging, investing or participating in any Restricted Activity;
- (d) not, either on his/its own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any Restricted Activity;
- (e) not, either on his/its own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, solicit or endeavour to entice away from or discourage from dealing with our Group any person who was at any time during the period of one year preceding the date of the Deed of Non-Competition a manufacturer for or supplier or subcontractor, customer or client of our Group;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (f) if there is any project or new business opportunity (the “**Business Opportunity**”) that relates to the Restricted Activity and is offered or becomes aware to our Controlling Shareholders, they shall (i) promptly refer such project or new business opportunity to our Group in writing for consideration and provide such information as is reasonably required in order to enable our Group to come to an informed assessment of such opportunity, (ii) use his/its best endeavours to procure such opportunity offered to our Group on terms no less favourable than the terms on which such opportunity is offered to them and/or his/its close associates, and (iii) with regard to any project or new business opportunity which shall have been rejected by our Group and the principal terms of which our Controlling Shareholders and/or any of his/its close associates and/or entities or companies controlled by him/it invest or participate shall be no more favourable than those made available to our Company;
- (g) not invest or participate in or carry on any project or business opportunity of the Restricted Activity; and
- (h) procure his/its close associates (excluding our Group) not to invest or participate in or carry on any project or business opportunity of the Restricted Activity.

The above undertakings under the Deed of Non-Competition do not apply to:

- (a) the holding or acquisition of, or interests in, the shares of any members of our Group; and
- (b) the holding of, or interests in, the shares of a company other than a member of our Group whose shares are listed on a recognised stock exchange provided that the total number of the shares held by the relevant Controlling Shareholder and/or his/its close associates does not exceed 5% of the issued shares of that class of the company in question, and such Controlling Shareholder and his/its respective close associates, whether acting singly or jointly, would not participate in or be otherwise involved in the management of the company in question.

Each of our Controlling Shareholders has further unconditionally and irrevocably undertaken to our Company (for ourselves and for the benefit of our subsidiaries):

- (a) to allow our Directors, their respective representatives and our auditors to have sufficient access to the records of each of our Controlling Shareholders and its respective close associates to ensure compliance with the terms and conditions of the Deed of Non-Competition during the Relevant Period;
- (b) to provide to our Group and our Directors (including the independent non-executive Directors) from time to time all information necessary for the annual review by the independent non-executive Directors with regard to compliance with the terms of the Deed of Non-Competition by our Controlling Shareholders during the Relevant Period; and
- (c) to make an annual declaration as to full compliance with the terms of the Deed of Non-Competition and a consent to disclose such letter in our annual report during the Relevant Period.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The Deed of Non-Competition will become effective upon the Global Offering becoming unconditional. The obligations of our Controlling Shareholders under the Deed of Non-Competition will remain in effect during the period (the “**Relevant Period**”) from the Listing Date until the earlier of the date on which:

- (a) our Controlling Shareholders, together with their close associates (other than members of our Group), whether individually or taken together, cease to be interested directly or indirectly in 30% (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining controlling shareholder) or more of the issued share capital of our Company; or
- (b) the Shares cease to be listed and traded on the Stock Exchange (except for suspension of trading of the Shares on the Stock Exchange for any reason).

We believe the 30% threshold is justifiable as it is equivalent to the thresholds applied under the Listing Rules and the Takeovers Code for the concept of “control”.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules, which sets out principles of good corporate governance.

Our Directors recognise the importance of good corporate governance in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group our Controlling Shareholders:

- where a Shareholders’ meeting is to be held for considering proposed transactions in which any of our Controlling Shareholders or any of their close associates has a material interest, the relevant Controlling Shareholders or their close associates will not vote on the relevant resolutions;
- where a Directors’ meeting is to be held for considering proposed transactions in which any of our Directors or any of their close associates has a material interest, the relevant Director will not vote on the relevant resolutions;
- we have established internal control mechanisms to identify connected transactions. Upon the Listing, if we enter into connected transactions with our Controlling Shareholders or any of their close associates, our Company will comply with the applicable Listing Rules;
- the independent non-executive Directors will review, on an annual basis (i) the compliance with and enforcement of the Deed of Non-Competition; and (ii) all the decisions taken in relation to whether to take up the Business Opportunity (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;
- any Business Opportunity under the Deed of Non-Competition and all other matters determined by our Board as having a potential conflict of interest with our Controlling Shareholders will be referred to the independent non-executive Directors for discussion and decision. When necessary, such independent non-executive Directors will engage an independent financial adviser to advise them on these matters. In the event that any Business Opportunity presented by otherwise arising in connection with any of our Controlling Shareholders are turned down by our Group according to the Deed of Non-Competition, our Company will disclose such decision, as well as the basis of such decision in the annual report of our Company;
- we will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcements as required by the Listing Rules;
- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our expenses;
- our Company will use our best endeavours to ensure that our Board includes a balanced composition of executive and independent non-executive Directors. We have appointed three independent non-executive Directors whom we believe possess sufficient experience and are not involved in any business or other relationship which could interfere in any material manner with the exercise of their independent judgement. Please see “Directors and Senior Management — Directors — Independent non-executive Directors” in this prospectus for further details about background of our independent non-executive Directors; and
- we have appointed CMBC International Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between us and our Controlling Shareholders, and to protect our minority Shareholders’ interests after the Listing.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as at the Latest Practicable Date and immediately following the completion of the Capitalisation Issue and the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons are expected to have an interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of substantial Shareholder	Capacity/ Nature of Interest	Shares held as at the Latest Practicable Date		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is exercised in full)	
		Number	(%)	Number	(%)	Number	(%)
Mr. Tian	Interest in controlled corporation ^(Note 1) Parties acting in concert ^(Note 4)	100,000	100%	750,000,000	75%	750,000,000	72.29%
Tanshin Investments Limited	Beneficial Interest ^(Note 1)	60,000	60%	450,000,000	45%	450,000,000	43.37%
Ms. Yin Xiaohua (殷筱華)	Interest of spouse ^(Note 1)	100,000	100%	750,000,000	75%	750,000,000	72.29%
Mr. Chen	Interest in controlled corporation ^(Note 2) Parties acting in concert ^(Note 4)	100,000	100%	750,000,000	75%	750,000,000	72.29%
Vicen Investments Limited	Beneficial Interest ^(Note 2)	25,000	25%	187,500,000	18.75%	187,500,000	18.07%
Ms. Yang Jie (楊潔)	Interest of spouse ^(Note 2)	100,000	100%	750,000,000	75%	750,000,000	72.29%
Mr. Zhang	Interest in controlled corporation ^(Note 3) Parties acting in concert ^(Note 4)	100,000	100%	750,000,000	75%	750,000,000	72.29%

SUBSTANTIAL SHAREHOLDERS

Name of substantial Shareholder	Capacity/ Nature of Interest	Shares held as at the Latest Practicable Date		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is exercised in full)	
		Number	(%)	Number	(%)	Number	(%)
Sprus Investments Limited	Beneficial Interest ^(Note 3)	15,000	15%	112,500,000	11.25%	112,500,000	10.84%
Ms. Chen Yingzhi (陳英志)	Interest of spouse ^(Note 3)	100,000	100%	750,000,000	75%	750,000,000	72.29%

Notes:

- (1) As at the Latest Practicable Date, Tanshin Investments directly held 60,000 Shares in our Company. Tanshin Investments was wholly-owned by Mr. Tian. By virtue of the SFO, Mr. Tian was therefore deemed to have an interest in the Shares held by Tanshin Investments. Ms. Yin is the spouse of Mr. Tian. By virtue of the SFO, Ms. Yin is deemed to be interested in the same number of Shares in which Mr. Tian is interested.
- (2) As at the Latest Practicable Date, Vicen Investments directly held 25,000 Shares in our Company. Vicen Investments was wholly-owned by Mr. Chen. By virtue of the SFO, Mr. Chen was therefore deemed to have an interest in the Shares held by Vicen Investments. Ms. Yang is the spouse of Mr. Chen. By virtue of the SFO, Ms. Yang is deemed to be interested in the same number of Shares in which Mr. Chen is interested.
- (3) As at the Latest Practicable Date, Sprus Investments directly held 15,000 Shares in our Company. Sprus Investments was wholly-owned by Mr. Zhang. By virtue of the SFO, Mr. Zhang was therefore deemed to have an interest in the Shares held by Sprus Investments. Ms. Chen is the spouse of Mr. Zhang. By virtue of the SFO, Ms. Chen is deemed to be interested in the same number of Shares in which Mr. Zhang is interested.
- (4) Mr. Tian, Mr. Chen and Mr. Zhang are concert parties by virtue of the Acting-in-Concert Agreement. Please refer to the section headed “History, Development and Reorganisation — Common Control by Acting-in-Concert Agreement” in this prospectus for further details of the Acting-in-Concert Agreement.

Except as disclosed above, our Directors are not aware of any other person who will, as at the Latest Practicable Date and immediately following the completion of the Global Offering, have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board currently consists of seven Directors, four of whom are executive Directors and three of whom are independent non-executive Directors. The functions and duties of our Board include convening general meetings, implementing the resolutions passed at the general meetings, determining business and investment plans, formulating our annual financial budget and final accounts and formulating our proposals for profit distributions, as well as exercising other powers, functions and duties as conferred by the Articles.

Our senior management is responsible for the day-to-day management and operation of our businesses.

Board of Directors

Set forth below is certain information in respect of the members of our Board:

Name	Age	Position in our Company	Date of joining our Group	Date of appointment as Director	Current roles and responsibilities in our Group	Relationship with other Directors or senior management
Mr. Chen Ping (陳平)	57	Chairman of our Board and executive Director	12 January 2011	28 October 2021	Primarily responsible for the overall strategic planning of the corporate directions, management, development and strategies of our Group	None
Mr. Tian Huan (田歡)	54	Executive Director and chief executive officer	12 January 2011	8 August 2017	Primarily responsible for the overall management, operations and charting and reviewing of corporate directions and strategies of our Group	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position in our Company	Date of joining our Group	Date of appointment as Director	Current roles and responsibilities in our Group	Relationship with other Directors or senior management
Mr. Zhang Yongli (張永利)	34	Executive Director and chief operating officer	14 September 2016	8 August 2017	Primarily responsible for overall business development and operations of our Group	None
Mr. Xiao Yanfeng (校彥鋒)	47	Executive Director and director of IT solution services business	31 July 2020	28 October 2021	Primarily responsible for the overall management, operations and IT solution services business of our Group	None
Ms. Hu Huijun (胡惠君)	59	Independent non-executive Director	date of this prospectus	date of this prospectus	Supervising and providing independent opinion and judgment to our Board	None
Mr. Wan Lixiang (萬立祥)	35	Independent non-executive Director	date of this prospectus	date of this prospectus	Supervising and providing independent opinion and judgment to our Board	None
Mr. Zhao Zhongping (趙忠平)	56	Independent non-executive Director	date of this prospectus	date of this prospectus	Supervising and providing independent opinion and judgment to our Board	None

DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Set forth below is information about members of our senior management team:

Name	Age	Position in our Company	Date of joining our Group	Date of appointment as senior management	Current roles and responsibilities in our Group	Relationship with other Directors or senior management
Mr. Tian Huan (田歡)	54	Executive Director and chief executive officer	12 January 2011	12 January 2011	Primarily responsible for the overall management, operations and charting and reviewing of corporate directions and strategies of our Group	None
Mr. Zhang Yongli (張永利)	34	Executive Director and chief operating officer	14 September 2016	14 September 2016	Primarily responsible for overall business development and operations of our Group	None
Mr. Xiao Yanfeng (校彥鋒)	47	Executive Director and director of IT solution services business	31 July 2020	8 September 2020	Primarily responsible for the overall management, operations and IT solution services business of our Group	None
Mr. Xia Yuanbo (夏遠波)	39	Vice president of operations	1 April 2018	1 April 2018	Primarily responsible for supervision and management of general operations of our Group	None
Mr. Yang Lei (楊磊)	40	General manager of virtual goods sourcing and delivery services department	30 October 2017	30 October 2017	Primarily responsible for business development of the virtual goods sourcing and delivery services department of our Group	None
Ms. Yang Chao (楊超)	30	General manager of compliance department and joint company secretary	21 September 2020	21 September 2020	Primarily responsible for supervision of compliance and investor relation matters of our Group	None

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Chen Ping (陳平), aged 57, is the chairman of our Board. He was appointed as an executive Director on 28 October 2021. As the chairman of our Board, Mr. Chen is primarily responsible for the overall strategic planning of our corporate directions, management, development and strategies of our Group. From January 2011 to July 2017, he also served as a director of Hangzhou Rego. Since November 2017, Mr. Chen has been serving as a director of Viben HK.

Mr. Chen has accumulated over 31 years of experience in internet, computer software research and development related industry. Prior to joining our Group in 2011, Mr. Chen has worked at various organisations. Set forth below are the details:

Name of Organisation	Position	Period of Service	Responsibilities
Zhejiang University (浙江大學) in the PRC	Associate professor	January 1990 — present	Mentored graduate students in the Department of Computer Science and Technology
Shenghua Lande Scitech Limited* (“ Shenghua Lande ” (浙江昇華蘭德科技股份有限公司) (previously known as Zheda Lande Scitech Limited* (浙江浙大網新蘭德科技股份有限公司)) (listed on GEM of the Stock Exchange, stock code: 8106)	General manager	May 1997 — September 2001	Primarily responsible for the company’s overall operation management, strategic and investment planning, board meetings coordination and administrative matters
	Chairman of the board and an executive director	September 2001 — May 2017	Primarily responsible for strategic and investment planning and business development affairs of the company
	Executive director	September 2001 — August 2020	
	Chief executive officer	September 2001 — March 2007	
		May 2009 — February 2017	

DIRECTORS AND SENIOR MANAGEMENT

Name of Organisation	Position	Period of Service	Responsibilities
	Vice chairman of the board	May 2017 — present	
	Non-executive director	August 2020 — present	
Shanghai Zhouxin Information Technology Co., Ltd.* (上海洲信信息技術有限公司) (“Shanghai Zhouxin”)	Executive director and general manager	April 2002 — present	Mainly responsible for strategic and investment planning and overall operation management of the company
Zhejiang Lande Entrepreneurial Investment Co., Ltd.* (浙江蘭德創業投資有限公司)	Executive director and general manager	July 2010 — present	Mainly responsible for strategic and investment planning and overall operation management of the company
Zhejiang Lande Runguang Investment Management Co., Ltd.* (浙江蘭德潤廣投資管理有限公司)	Executive director and general manager	December 2010 — present	Mainly responsible for strategic and investment planning and overall operation management of the company
Hangzhou Lande Herun Investment Co., Ltd.* (杭州蘭德和潤投資有限公司)	Executive director and general manager	December 2010 — present	Mainly responsible for strategic and investment planning and overall operation management of the company
Zhejiang Xiaochong Technology Co., Ltd.* (浙江小蟲科技有限公司)	Director	May 2016 — October 2020	Mainly responsible for strategic and investment planning and overall operation management of the company
Hangzhou Tax Cloud Network Technology Co., Ltd.* (杭州稅雲網絡科技有限公司)	Executive director	February 2015 — November 2019	Mainly responsible for these companies’ overall operation management and strategic and investment planning
Hangzhou Baiqu Technology Co., Ltd.* (杭州百趣科技有限公司)	Director	May 2018 — April 2020	Mainly responsible for strategic and investment planning and overall operation management of the company

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen graduated from the Department of Computer Science and Technology at Zhejiang University in the PRC with a bachelor's degree in computing software and a master's degree in engineering in July 1987 and December 1989, respectively. Since graduation from Zhejiang University, Mr. Chen has been involved in research and development of computer networking and communication platforms, particularly in wireless data communication platforms and was awarded the Zhejiang Province Science and Technology Advancement Second Prize and Third Prize (浙江省科學技術進步二等獎及三等獎) issued by the Zhejiang Provincial People's Government* (浙江省人民政府) in 1993. Mr. Chen published a computer networking academic textbook in the PRC. Mr. Chen received his master's degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in September 2005.

Set forth below are the companies of which Mr. Chen was a director, supervisor, manager and/or branch in-charge and which ceased to carry on business and were dissolved by way of deregistration:

<u>Name of company</u>	<u>Place of establishment</u>	<u>Nature of business</u>	<u>Means of dissolution</u>	<u>Date of dissolution</u>
Hangzhou Saijing Technology Co., Ltd.* (杭州賽景科技有限公司)	PRC	Software and information technology services	Dissolved by deregistration	16 July 2021
Changsha Huacheng Information Technology Co., Ltd.* (長沙華誠信息技術有限公司)	PRC	Internet new information services	Dissolved by deregistration	3 June 2021
Hangzhou Xiangye Network Technology Co., Ltd.* (杭州香葉網絡科技有限公司)	PRC	Development of cigarettes retail equipment business	Dissolved by deregistration	25 September 2019
Zhouwei Wireless Technology (Shanghai) Co., Ltd.* (周圍無線科技(上海)有限公司)	PRC	Technology distribution and APPs services	Dissolved by deregistration	25 October 2018
Zhejiang ZJU Wangxin Sichuang Health Technology Co., Ltd.* (浙江浙大網新思創健康科技有限公司)	PRC	Software and information technology services	Dissolved by deregistration	6 September 2018

DIRECTORS AND SENIOR MANAGEMENT

<u>Name of company</u>	<u>Place of establishment</u>	<u>Nature of business</u>	<u>Means of dissolution</u>	<u>Date of dissolution</u>
Zhejiang Youke Information Technology Co., Ltd.* (浙江優殼信息科技有限公司)	PRC	Software and information technology services	Dissolved by deregistration	5 March 2018
Shanghai Fahui Investment Management Co., Ltd.* (上海法惠投資管理有限公司)	PRC	Management consultancy business	Dissolved by deregistration	28 September 2017
Zhejiang Lianlian Technology Co., Ltd.* (浙江連連科技有限公司)	PRC	Information and technology services	Dissolved by deregistration	
1. Shandong branch				1. 26 May 2016
2. Henan branch				2. 10 November 2015
3. Guangdong branch				3. 24 September 2015
4. Sichuan branch				4. 8 September 2015
5. Beijing branch				5. 17 August 2015
6. Hunan branch				6. 4 August 2015
7. Anhui branch				7. 29 July 2015
8. Jiangsu branch				8. 3 July 2015
9. Hubei branch				9. 26 June 2015

Mr. Chen has confirmed that each of the above companies was solvent at the time of its dissolution and there was no wrongful act on his part leading to such dissolution. He is not aware of any actual or potential claim which has been or will be made against him as a result of such dissolution, and that his involvement in each of the above companies was part and parcel of his services as a director, supervisor, manager and/or branch in-charge of the above companies and no misconduct or misfeasance was involved in the dissolution of each of the above companies.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen was a director, supervisor and/or manager of the following companies which were established in the PRC and which business license was revoked. Set forth below are the relevant details:

<u>Name of company</u>	<u>Place of establishment</u>	<u>Reasons for the revocation</u>	<u>Date of revocation/ dissolution of business license</u>	<u>Outcome/ current position</u>
Zhejiang Zheda Wangxin Health Technology Co.,Ltd.* 浙江浙大網新思創健康科技有限公司	PRC	Failure to conduct the deregistration as required under the relevant PRC laws and regulations	6 September 2018	The company ceased business prior to revocation of business license. It had been deregistered as at the Latest Practicable Date.
Hangzhou Saier Network Telecommunication Technology Co., Ltd.* (杭州賽爾網絡通信技術有限公司)	PRC	Failure to conduct the deregistration as required under the relevant PRC laws and regulations	13 August 2018	The company ceased business prior to revocation of business license. It had been deregistered as at the Latest Practicable Date.
ZJU Lande (Fujian) Investment Management Co., Ltd.* (浙大蘭德(福建)投資管理有限公司) (“ZJU Lande”)	PRC	Failure to conduct tax filings as required under the relevant PRC laws and regulations	28 May 2018	The company ceased business prior to revocation of business license. It currently has no operation but yet dissolved.

DIRECTORS AND SENIOR MANAGEMENT

Name of company	Place of establishment	Reasons for the revocation	Date of revocation/ dissolution of business license	Outcome/ current position
Hangzhou Mingjie Trade Co., Ltd.* (杭州明杰貿易有限公司)	PRC	Failure to conduct annual inspection as required under the relevant PRC laws and regulations	28 October 2008	The company ceased business prior to revocation of business license. It had been deregistered as at the Latest Practicable Date.
Shenzhen Guotong Information Technology Co., Ltd.* (深圳市國通信息技術有限公司)	PRC	Failure to conduct the deregistration as required under the relevant PRC laws and regulations	31 January 2008	The company ceased business prior to revocation of business license. It had been deregistered as at the Latest Practicable Date.
Shanghai Bosen Information Technology Co., Ltd.* (上海波森信息技術有限公司)	PRC	Failure to conduct the deregistration as required under the relevant PRC laws and regulations	1 April 2003	The company ceased business prior to revocation of business license. It currently has no operation but yet dissolved.

The above companies have been revoked of their business licenses because they have failed to (i) submit their annual tax filings; (ii) complete their deregistration filings; or (iii) conduct annual inspection as required under the relevant PRC laws and regulations in a timely manner. The revoking of the business licenses of the said companies has not resulted in any liability or obligations imposed against them.

Mr. Chen has confirmed that (i) company secretarial matters such as submitting annual tax filings, completing deregistration filings and conducting annual inspection of the above mentioned companies were assigned to certain specified staff in the respective company; (ii) the reason and circumstances leading to the above mentioned incidents are that these companies have ceased business and the staff have left employment, including those responsible for handling administrative matters, and the annual inspection was inadvertently

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overlooked; and (iii) there was no dishonest or fraudulent act on his part in respect of the license revocation of the above mentioned companies. Mr. Chen further confirmed that up to the Latest Practicable Date, he had not received any (i) claims or legal proceedings made or commenced against him by any creditors of the above mentioned companies or any third parties; (ii) notice or sanction by any relevant government authorities against him imposing any penalty or order for rectification or alleging that he is personally liable for the above mentioned incidents; or (iii) notice of disqualification by relevant authorities requiring him to cease to act as director of any PRC companies.

Our PRC Legal Advisers advised that as (i) the abovementioned incidents were assigned to specified staff to handle; and (ii) there was no dishonest or fraudulent act on Mr. Chen's part in respect of the license revocation of the above mentioned companies, Mr. Chen has no personal liability in relation to the business revocation that would affect his qualification to act as a director, supervisor or senior management of a PRC company.

Mr. Chen was a director of the following company which was established in Hong Kong and was struck off by the Registrar of Companies in Hong Kong. Set forth below are the relevant details:

Name of company	Place of incorporation	Nature of Business	Means of dissolution	Date of dissolution
Trasin (Hong Kong) Limited ("Trasin HK")	Hong Kong	Dormant	Dissolved by striking off	15 November 2019

Prior to its dissolution, Trasin (Hong Kong) Limited was involved in two court cases of (i) failing to pay Business Registration Fee in 2017; and (ii) failing to furnish Profits Tax Return in 2016 during Mr. Chen's tenure as a director. Mr. Chen has confirmed that (i) the above cases were caused by the miscommunication with the then company secretary of Trasin (Hong Kong) Limited; and (ii) all outstanding fines and fees of a total amount of approximately HK\$9,250 in relation to the abovementioned cases have been settled by the then company secretary as at the Latest Practicable Date. Save as disclosed herein, Mr. Chen has confirmed that the above company was solvent at the time of its dissolution and there was no wrongful act on his part leading to such dissolution. He is not aware of any actual or potential claim which has been or will be made against him as a result of such dissolution, and that his involvement in the above companies was part and parcel of his services as a director of the above company and no misconduct or misfeasance was involved in the dissolution of the above company.

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Our Directors are of the view, and the Sole Sponsor concurs, that the failure of ZJU Lande and Trasin HK (collectively, the “**Relevant Dissolved Companies**”), each a company of which Mr. Chen was a director, to submit the required tax filings to the relevant government authorities (the “**Incidents**”) would not affect the suitability of Mr. Chen to be our executive Director pursuant to Rules 3.08 and 3.09 of the Listing Rules on the following bases:

- (i) as Mr. Chen has been involving various companies and investment, he assigned the then financial manager of ZJU Lande and the company secretary of Trasin HK to arrange for the submission of the required tax filings and was not directly responsible for the company secretarial matters of such companies;
- (ii) to the best knowledge, information and belief of the Directors, neither Mr. Chen nor any of the Relevant Dissolved Companies were involved in any other tax-related claims, investigations and/or legal proceedings. Mr. Chen further confirmed that the Incidents did not involve (a) any intention of tax evasion; or (b) any dishonesty, fraudulent or integrity issue on the part of Mr. Chen;
- (iii) the Incidents were resulted from, among other things, the fact that Mr. Chen was not familiar with the relevant tax filings requirements in connection with the Relevant Dissolved Companies. In order to ensure the Group’s compliance of the applicable laws and regulations, Mr. Chen has received trainings on compliance, director’s duties and corporate governance matters in October 2021; and
- (iv) during the Track Record Period and up to the Latest Practicable Date, we had been in full compliance with the applicable tax rules and regulations. Our Directors confirmed that no material deficiencies was noted by the Internal Control Consultant during its review of our internal control system in relation to taxation cycle.

Mr. Tian Huan (田歡), aged 54, is our chief executive officer. He is a founder of our Group and was appointed as an executive Director on 28 October 2021. As our chief executive officer, Mr. Tian is primarily responsible for the overall management, operations and charting and reviewing of corporate directions and strategies of our Group. He has served various capacities in Hangzhou Rego since 2011. He was appointed as a director of Hangzhou Rego from January 2011 to July 2017; a manager from January 2011 to July 2017; he was then promoted as vice chairman of the board in January 2013; in July 2017, he was further promoted as an executive director; he subsequently redesignated as the chairman of the board in November 2017. He has also been serving as an executive director of Zhejiang Runye since September 2016; and an executive director and general manager of Hainan Rego since July 2019.

Mr. Tian has accumulated over 28 years of experience in sales and marketing of telecommunication appliances and computer system maintenance. Prior to joining our Group, Mr. Tian worked for various information and technology companies. From September 1988 to May 1989, Mr. Tian served as a salesman in the marketing department at Fujian Fuzhou City Science Committee Computer Company* (福建福州市科委福州電腦公司). From June 1989 to

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September 1991, Mr. Tian served as a department manager at Fuzhou Zhida Computer Co., Ltd.* (福州智達計算機有限公司). From December 1992 to August 1999, Mr. Tian served as a greater district manager at Fuzhou Weifan Computer System Integration Co., Ltd.* (福州威帆電腦系統集成有限公司), where he supervised the sales of integrated computer systems and products. From September 1999 to July 2008, Mr. Tian served as a general manager at Hangzhou Saier Equipment, where he was responsible for the supervision of sales and marketing of telecommunication devices and products. From August 2008 to November 2012, he served as a general manager at Shanghai Lianxin Information Technology Co. Ltd.* (上海連欣通訊科技有限公司), where he supervised the system development and operation of the recharging system. From December 2012 to May 2017, Mr. Tian served as an executive vice president of Shanghai Zhouxin, where he supervised the business of value-added services for mobile carriers.

Mr. Tian graduated from Huaqiao University* (華僑大學) in the PRC with a bachelor's degree in applied mathematics in July 1988.

Set forth below are the companies of which Mr. Tian was a director, supervisor, manager and/or branch in-charge and which ceased to carry on business and were dissolved by way of deregistration:

<u>Name of company</u>	<u>Place of establishment</u>	<u>Nature of business</u>	<u>Means of dissolution</u>	<u>Date of dissolution</u>
Hangzhou Xingbao Huazhou Education Technology Co., Ltd.* (杭州星豹華舟教育科技有限公司)	PRC	Education	Dissolved by deregistration	11 May 2021
Zhejiang Ruixun Information Technology Co., Ltd.* (浙江睿訓信息科技有限公司)	PRC	Software and information technology services	Dissolved by deregistration	1 December 2020
Hefei Lande Tongling Technology Co., Ltd. Customer Services Division* (合肥蘭德通靈科技有限公司客戶服務分公司)	PRC	Software and information technology services	Dissolved by deregistration	5 November 2020

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Name of company	Place of establishment	Nature of business	Means of dissolution	Date of dissolution
Hangzhou Guohan Technology Co., Ltd.* (杭州國翰科技有限公司)	PRC	Software and information technology services	Dissolved by deregistration	29 December 2016
Jilin Lemai Technology Co., Ltd.* (吉林省樂買科技有限公司)	PRC	Software and information technology services	Dissolved by deregistration	16 December 2010
Hangzhou Yingxiang Telecommunications Co., Ltd.* (杭州鷹翔通訊科技有限公司)	PRC	Software and information technology services	Dissolved by deregistration	21 April 2009

Mr. Tian has confirmed that each of the above companies was solvent at the time of its dissolution and there was no wrongful act on his part leading to such dissolution. He is not aware of any actual or potential claim which has been or will be made against him as a result of such dissolution, and that his involvement in each of above companies was part and parcel of his services as a director, supervisor, manager and/or branch in-charge of the above companies and no misconduct or misfeasance was involved in the dissolution of each of the above companies.

Mr. Tian was a director and/or manager of the following companies which were established in the PRC and which business license was revoked. Set forth below are the relevant details:

Name of company	Place of establishment	Reasons for the revocation	Date of revocation/ dissolution of business license	Outcome/ Current position
Nanjing Puqi Technology Development Co., Ltd.* (南京普齊科技發展有限公司) ^(Note)	PRC	Failure to conduct annual inspection as required under the relevant PRC laws and regulations	1 November 2018	The company ceased business prior to revocation of business license. It had been deregistered as at the Latest Practicable Date.

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<u>Name of company</u>	<u>Place of establishment</u>	<u>Reasons for the revocation</u>	<u>Date of revocation/ dissolution of business license</u>	<u>Outcome/ Current position</u>
Hefei Lande Tongling Technology Co., Ltd.* (合肥蘭德通靈科技有限公司)	PRC	Failure to conduct annual inspection as required under the relevant PRC laws and regulations	21 December 2008	The company ceased business prior to revocation of business license. It had been deregistered as at the Latest Practicable Date.

Note: Mr. Tian was the legal representative, director and general manager of Nanjing Puqi Technology Development Co., Ltd.* (南京普齊科技發展有限公司) prior to its business license being revoked. As informed by our PRC Legal Advisers after due enquiry, the business license revocation was caused by an order of close down with the reason of failure to conduct annual inspection as required under the relevant PRC laws and regulations.

The above companies have been revoked of their business licenses because they have failed to (i) submit their annual corporate filings, (ii) complete their deregistration filings or (iii) conduct annual inspection as required under the relevant PRC laws and regulations in a timely manner. The revoking of the business licenses of the said companies has not resulted in any liability or obligations imposed against them.

Mr. Tian has confirmed that (i) company secretarial matters such as submitting tax filings, completing deregistration filings and conducting annual inspection of the above mentioned companies were assigned to certain specified staff in the respective company; (ii) the reason and circumstances leading to the above mentioned incidents are that these companies have ceased business and the staff have left employment, including those responsible for handling administrative matters, and the annual inspection was inadvertently overlooked; and (iii) there was no dishonest or fraudulent act on his part in respect of the license revocation of the above mentioned companies. Mr. Tian further confirmed that up to the Latest Practicable Date, he had not received any (i) claims or legal proceedings made or commenced against him by any creditors of the above mentioned companies or any third parties; (ii) notice or sanction by any relevant government authorities against him imposing any penalty or order for rectification or alleging that he is personally liable for the above mentioned incidents; or (iii) notice of disqualification by relevant authorities requiring him to cease to act as director of any PRC companies.

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Our PRC Legal Advisers advised that as (1) the abovementioned incidents were assigned to specified staff to handle; and (2) there was no dishonest or fraudulent act on Mr. Tian's part in respect of the license revocation of the above mentioned companies, and Mr. Tian has no personal liability in relation to the business revocation that would affect his qualification to act as a director, supervisor or senior management of a PRC company.

Mr. Zhang Yongli (張永利), aged 34, is our chief operating officer. Mr. Zhang joined our Group in September 2016 and was appointed as an executive Director on 28 October 2021. As our chief operating officer, Mr. Zhang is primarily responsible for overall business development and operations. He has been serving various capacities in different subsidiaries of our Group since 2016. He has been serving as a manager of Zhejiang Runye since September 2016; as a manager and a director of Hangzhou Rego since July 2017 and November 2017 respectively; an executive director of Jiangxi Yunjia (a subsidiary which was deregistered on 5 November 2021) since October 2018; and was appointed as a vice chairman and manager of Yuncaitong from July 2018 to May 2020, and has been serving as the chairman of Yuncaitong since May 2020.

Mr. Zhang has accumulated over nine years of experience in the field of sales and marketing of telecommunication value-added services. Prior to joining our Group in 2016, Mr. Zhang served as a marketing director at Shanghai Zhouxin from June 2008 to January 2015, where he supervised and managed the value-added service business. From February 2015 to October 2016, Mr. Zhang served as an associate general manager at Zhejiang Yuanxing Information Technology Co., Ltd.* (浙江元幸信息科技有限公司), where he was primarily responsible for overall operation of such company. Since May 2020, he has been serving as an executive director of Hangzhou Co-Creation Brilliant Technology Co., Ltd.* (杭州共創輝煌科技有限公司), where he is primarily responsible for overall operation of such company.

Mr. Zhang graduated from Zhejiang Institute of Economics and Trade* (浙江經貿職業技術學院) in the PRC with a diploma in applied electronics in June 2008.

Set forth below are the companies of which Mr. Zhang was a supervisor or manager and which ceased to carry on business and were dissolved by way of deregistration. They were solvent at the time of their dissolutions:

Name of company	Place of establishment	Nature of business	Means of dissolution	Date of dissolution
Shanghai Baoyi Information Technology Co., Ltd.* (上海保逸信息技術有限公司)	PRC	Software and information technology services	Dissolved by deregistration	22 March 2021
Zhejiang Ruixun Information Technology Co., Ltd.* (浙江睿訓信息科技有限公司)	PRC	Software and information technology services	Dissolved by deregistration	1 December 2020

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Mr. Zhang has confirmed that the above companies were solvent at the time of their dissolutions and there was no wrongful act on his part leading to such dissolutions. He is not aware of any actual or potential claim which has been or will be made against him as a result of such dissolutions, and that his involvement in the above companies were part and parcel of his services as a supervisor or manager of the above companies and no misconduct or misfeasance was involved in the dissolution of the above companies.

Mr. Xiao Yanfeng (校彥鋒), aged 47, joined our Group as the director of lottery related software systems and equipment business of our Group since the acquisition of Xi'an Tiantai by our Group in July 2020 and was redesignated as a director of IT solution services business of our Group in April 2021. He was appointed as an executive Director on 28 October 2021. He is currently the general manager of Xi'an Tiantai. Mr. Xiao is primarily responsible for overall management, operations and IT solution services business of our Group.

Mr. Xiao has accumulated over 15 years of experience in internet system maintenance and sales and marketing of cyber security business. Prior to joining our Group, Mr. Xiao has served as technique support specialist and marketing professional in various companies that focus on cyber security businesses. From October 2005 to June 2007, he served as a district director of the sales department in Beijing Zhongke Wangwei Information Technology Co. Ltd.* (北京中科網威信息技術有限公司), where he was responsible for the company's sales in the region of northwest in the PRC. Mr. Xiao has served as a sales director of Shanghai Tiantai Network Technology Co., Ltd.* (上海天泰網絡技術有限公司) from June 2007 to June 2015, where he was responsible for the company's overall sales. Prior to our acquisition of Xi'an Tiantai in July 2020, Mr. Xiao has served as the marketing director, deputy general manager and general manager of Xi'an Tiantai from June 2015 to July 2020 successively, where he was primarily responsible for managing the company's overall marketing strategies and particularly the company's lottery related software and equipment business development.

Mr. Xiao graduated from PLA Electronic Technology Institute* (解放軍電子技術學院) (presently known as PLA Information Engineering University Electronic Technology Institute* (中國人民解放軍信息工程大學電子技術學院)) in the PRC with a bachelor's degree in computer application in July 1999.

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Set forth are the companies of which Mr. Xiao was a director, manager and/or branch in-charge and which ceased to carry on business and were dissolved by way of deregistration. They were solvent at the time of their dissolutions:

Name of company	Place of establishment	Nature of business	Means of dissolution	Date of dissolution
Shanghai Tiantai Network Technology Co., Ltd. Xi'an Branch* (上海天泰網絡技術有限公司西安分公司)	PRC	Software and information technology services	Dissolved by deregistration	27 August 2020
Henan Tiantai Network Technology Co., Ltd.* (河南天泰網絡技術有限公司)	PRC	Software and information technology services	Dissolved by deregistration	26 July 2019

Mr. Xiao has confirmed that the above companies were solvent at the time of their respective dissolution and there was no wrongful act on his part leading to such dissolution. He is not aware of any actual or potential claim which has been or will be made against him as a result of such dissolution, and that his involvement in the above companies was part and parcel of his services as a director, manager and/or branch in-charge of the above companies and no misconduct or misfeasance was involved in the dissolution of the above companies.

Independent Non-Executive Directors

Ms. Hu Huijun (胡惠君), aged 59, has been appointed as an independent non-executive Director effective as of the date of this prospectus. She is responsible for supervising and providing independent opinion and judgment to our Board.

Ms. Hu has accumulated over 13 years of experience in innovative product research and development, mainly including the research and development, and design of innovative consumer products. For instance, since 2014, Ms. Hu has been involved in managing the project of Integrated Key Laboratory for Healthy and Smart Kitchen System in Zhejiang Province (浙江省健康智慧廚房系統集成重點實驗室), a project targeting at research and development, and promotion of the smart kitchens and smart homes. In terms of experiences in sales and marketing, Ms. Hu was appointed as the president of the New Retail Professional Committee of China Commerce Association for General Merchandise* (中國百貨業協會新零售專業委員會) (the “**New Retail Committee**”) in March 2019 and has accumulated substantial experiences in the new retail industry, including field research and the promotion of the products. Ms. Hu has also been engaged in organising or participating in several sales and marketing related events with wide regional impact. In October 2020, she was responsible for organising “I am the host of my dream” (我的夢想我主播), a livestream commerce competition in terms of online marketing capabilities as the Chairman of the New Retail Committee.

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Since September 2007, Ms. Hu has been lecturing and conducting academic research of foundation design theory and digital media at China Academy of Art* (中國美術學院).

Ms. Hu graduated from Zhejiang University of Technology* (浙江工業大學) in the PRC in July 1999 with an associate degree in industrial and civil architecture. She graduated from Party School of the CPC Zhejiang Provincial Committee* (中共浙江省委黨校) in the PRC with a master's degree in economics with a major in social development in July 2004. In June 2007, Ms. Hu graduated from Edith Cowan University in Australia with a master's degree in education.

In March 2002, Ms. Hu obtained the qualification as senior technician issued by the Bureau of Human Resource of Zhejiang Province* (浙江省人事廳). Ms. Hu has obtained the certificate of associate research fellow issued by the same Bureau in December 2007. She further obtained the certificate of the senior research fellow from Zhejiang Province Human Resources and Social Security Department* (浙江省人力資源和社會保障廳) in October 2010.

Ms. Hu was awarded the 6th Zhejiang Province High Education Teaching Achievement Award Second Prize (浙江省第六屆高等教育教學成果獎二等獎) issued by the Zhejiang Provincial People's Government in December 2007. She was further awarded the National Teaching Achievement First Prize (國家教學成果一等獎) issued by the Ministry of Education of PRC* (中國教育部) in December 2018.

Mr. Wan Lixiang (萬立祥), aged 35, has appointed as an independent non-executive Director effective as of the date of this prospectus. He is responsible for supervising and providing independent opinion and judgment to our Board.

Mr. Wan has accumulated more than ten years of experience in accounting and finance industry. Prior to joining our Group, Mr. Wan has worked for various accounting firms and companies. Set forth below are the details:

<u>Name of Organisation</u>	<u>Position</u>	<u>Period of Service</u>	<u>Responsibilities</u>
BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計 師事務所(特殊普通合夥))	Senior auditor	December 2010 — June 2013	Primarily responsible for various auditing projects
Huzhou Guanmin Accounting Firm* (湖州冠民會計師事務 所(普通合夥))	Department manager	July 2013 — April 2015	Primarily responsible for financial auditing and budgeting matters
Peking Certified Public Accountants (Special General Partnership) (中勤萬信會計師事務所(特 殊普通合夥))	Department manager	May 2015 — May 2017	Responsible for financial auditing and budgeting matters

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Name of Organisation	Position	Period of Service	Responsibilities
Zhejiang Runyang New Material Technology Co., Ltd.* (浙江潤陽新材料科技股份有限公司) (“Zhejiang Runyang”) (a company listed on the Shenzhen Stock Exchange, stock code: 300920)	Assistant to the chairman of the board	June 2017 — August 2017	Primarily responsible for daily operation management, investors relations and investment planning
	Secretary to the board and deputy general manager	August 2017 — present	
	Chief financial officer	December 2017 — January 2021	
	Director	August 2019 — present	
Ningbo Runyang Yifeng New Material Technology Co., Ltd.* (寧波潤陽易豐新材料科技有限公司)	Executive director and general manager	June 2018 — present	Primarily responsible for the overall business operation and administrative management
Ningbo Meishan Free Trade Zone Anyang Investment Management Partnership (limited partnership)* (寧波梅山保稅港區安揚投資管理合夥企業(有限合夥))	Managing partner	August 2019 — present	Primarily responsible for the overall business operation and administrative management
Zhejiang Runyang Equity Investment Co., Ltd.* (浙江潤陽股權投資有限公司)	Executive director and general manager	January 2021 — present	Primarily responsible for the overall business operation and administrative management
Zhejiang Runcheng Enterprise Management Co., Ltd.* (浙江潤誠企業管理有限公司)	Executive director and general manager	January 2021 — present	Primarily responsible for the overall business operation and administrative management

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Mr. Wan graduated from Huzhou University* (湖州師範學院) in the PRC with a bachelor's degree in international economics and trade in June 2010. He obtained his MBA from Asia Metropolitan University in Malaysia through distance learning in July 2019. Mr. Wan also obtained his certificate of Certified Public Accountant issued by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in January 2014. He passed relevant exam and obtained the qualification certificate as board secretary issued by the Shenzhen Stock Exchange (深圳證券交易所) in August 2017. In April 2018, Mr. Wan attended a training course and obtained the qualification certificate as independent director of a listing company issued by the Shenzhen Stock Exchange. In October 2018, Mr. Wan obtained the qualification certificate in securities business issued by the Securities Association of China (中國證券業協會). In November 2018, Mr. Wan passed relevant exam and obtained the qualification certificate as board secretary issued by the Shanghai Stock Exchange (上海證券交易所). In April 2019, Mr. Wan obtained the certificate of senior international finance manager issued by the International Financial Management Association. In September 2019, Mr. Wan was admitted as an associate member of the Association of International Accountants. In June 2020, Mr. Wan obtained the Occupational Qualification Certificate as First Level/Senior Technician issued by the Ministry of Human Resources and Social Security of the PRC* (中國人力資源和社會保障部). In August 2020, Mr. Wan was admitted as a member of the Institute of Public Accountants and an associate of the Institute of Financial Accountants.

Mr. Zhao Zhongping (趙忠平), aged 56, has been appointed as an independent non-executive Director effective as of the date of this prospectus. He is primarily responsible for supervising and providing independent opinion and judgment to our Board.

Mr. Zhao has acquired more than 21 years of experience in investment management and infrastructure. Prior to joining our Group, Mr. Zhao worked as deputy chief for the business development department at Shanghai Pudong Development Bank Co., Ltd.'s Hangzhou Branch* (上海浦東發展銀行股份有限公司杭州分行) from March 1995 to November 1999, he was then redesignated as the chief for credit department at the bank's Wenhui sub-branch* (文暉支行) from November 1999 to February 2002. From February 2002 to December 2004, he worked as manager of the investment department at Shenghua Lande, mainly responsible for the investment management of the company. From December 2004 to March 2012, he worked in Supcon Group Co., Ltd.* (中控科技集團有限公司) (“Supcon”) as a vice president responsible for finance, investment and infrastructure of the group, and subsequently put in charge of the group's infrastructure projects between March 2012 and October 2017. From December 2009 to present, he has been the chairman of Zhejiang Yinjia Venture Capital Co., Ltd.* (浙江銀家創業投資有限公司) responsible for its strategic and investment planning. From October 2017 to December 2018, Mr. Zhao worked as vice president for Hangzhou Ewell Technology Co., Ltd.* (醫惠科技有限公司), where he was primarily tasked with the engineering of the company's smart medical products industrialisation base and the office renovation at the company's artificial intelligence industry park. Since January 2019, Mr. Zhao served as a manager of the engineering management centre at Zhejiang Blue and Green Twin City Architectural Design Co., Ltd.* (浙江藍綠雙城建築設計有限公司) primarily responsible for management of construction engineering projects of the company.

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Mr. Zhao graduated from Zhejiang University (浙江大學) in July 1987 with a bachelor's degree in basic organic chemical engineering. Mr. Zhao obtained the qualification as an engineer issued by then Hangzhou's Bureau of Personnel* (杭州市人事局) in October 1993, and subsequently acquired the qualification as a senior engineer issued by Zhejiang Province Human Resources and Social Security Department* (浙江省人力資源和社會保障廳) in February 2020.

Set forth are the companies of which Mr. Zhao was a director, supervisor and/or manager and which ceased to carry on business and were dissolved. Except for Zhejiang Zhongkong Electrical Technology Co., Ltd.* (浙江中控電氣技術有限公司) (“**Zhejiang Zhongkong**”), these companies were solvent at the time of their dissolutions by way of deregistration:

<u>Name of company</u>	<u>Place of establishment</u>	<u>Nature of business</u>	<u>Means of dissolution</u>	<u>Date of dissolution</u>
Hangzhou Xiaocheng Yongle Investment Management Co., Ltd.* (杭州小乘永樂投資管理有限公司)	PRC	Business services	Dissolved by deregistration	5 February 2021
Zhejiang Zhongkong Electrical Technology Co., Ltd.* (浙江中控電氣技術有限公司)	PRC	Technology development and related services	Dissolved by declaration of bankruptcy ^(Note)	21 November 2019
Zhongkong (Tianjin) Software Co., Ltd.* (中控(天津)軟件有限公司)	PRC	Sale of electronic equipment and software	Dissolved by deregistration	20 March 2018
Zhejiang Zhongli Technology Co., Ltd.* (浙江中理科技有限公司)	PRC	Sale and development of composite materials	Dissolved by deregistration	4 June 2015
Zhejiang Zhongkong Jiansheng Technology Co., Ltd.* (浙江中控建盛科技有限公司)	PRC	Automatic control system development	Dissolved by deregistration	18 March 2009

Note:

Mr. Zhao was a supervisor of Zhejiang Zhongkong before its deregistration. Prior to such deregistration on 21 November 2019, Zhejiang Zhongkong was ordered by the People's Court of Binjiang District, Hangzhou City, Zhejiang Province* (浙江省杭州市濱江區人民法院) to bankrupt on 9 October 2019 on the ground that it was indebted to Supcon (its affiliated company) in a sum of approximately RMB38.0 million (the “**Bankruptcy**”). Such debt was lent to Zhejiang Zhongkong for assisting its business development (the “**Debt**”). Zhejiang Zhongkong subsequently ceased its business and was unable to repay the Debt. As confirmed by Mr. Zhao, the Bankruptcy was an intra-group financial arrangement.

Zhejiang Zhongkong was a subsidiary controlled by Supcon of which Mr. Zhao was a vice-president responsible for the finance investment and infrastructure construction from December 2004 to March 2012. Based on his role in Supcon, Mr. Zhao was appointed as a supervisor in Zhejiang Zhongkong by Supcon. As advised by the PRC Legal Advisers, according to the relevant applicable laws and regulations in PRC, business operation and major decision making for companies are entirely managed by the board of directors and shareholders of the companies, whereas the main duties of supervisors include (i) to monitor the directors and senior management in their conduct of company affairs; and (ii) to request to convene shareholders' meeting

DIRECTORS AND SENIOR MANAGEMENT

when necessary. Supervisors will not be involved in any major decision nor actual business operation of companies, and as a result they could not exert any influence to the business operation of companies. Mr. Zhao was aware of the Debt in performing his role as a supervisor through monitoring the directors and senior management of Zhejiang Zhongkong, however he was not personally involved in any business operation or decision making process in relation to the Debt.

Mr. Zhao confirmed that, as at the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of the Bankruptcy of Zhejiang Zhongkong.

Mr. Zhao has confirmed that, except for Zhejiang Zhongkong, each of the above companies was solvent at the time of its dissolution and there was no wrongful act on his part leading to such dissolution. He is not aware of any actual or potential claim which has been or will be made against him as a result of such dissolution, and that his involvement in each of the above companies was part and parcel of his services as a director, supervisor and/or manager of the above companies and no misconduct or misfeasance was involved in the dissolution of each of the above companies.

Save as disclosed above, each of our Directors has confirmed that he or she had not held directorships in the last three years in other public companies, the securities of which are listed on any securities market in Hong Kong, the PRC or overseas as at the Latest Practicable Date.

Each of our Directors also confirmed that as at the Latest Practicable Date, (i) he or she was independent from and not related to any of our other Directors, members of our senior management, our substantial shareholders or Controlling Shareholders; and (ii) save as disclosed in the section headed “Statutory and General Information — C. Further information about our Directors and Substantial Shareholders” in Appendix IV to this prospectus, he or she did not have any interest in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, there are no matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other material matters relating to our Directors that need to be brought to attention of our Shareholders.

SENIOR MANAGEMENT

Please see “Directors — Executive Directors” in the section for further details of Mr. Tian, Mr. Zhang and Mr. Xiao.

Mr. Xia Yuanbo (夏遠波), aged 39, is a vice president of operations of our Group. Mr. Xia joined our Group in April 2018 and he is primarily responsible for supervision and management of general operations of our Group. Mr. Xia has also served other roles in various members of our Group. From April 2018 to October 2018, he was appointed as a general manager of Hangzhou Runsheng and was redesignated as the director of interactive entertainment business from November 2018 to March 2019. He was then appointed as a secretary to the board of Hangzhou Runsheng from April 2019 to December 2019. From January 2020 to June 2020, he was appointed as a secretary to the board of Zhejiang Runye. Since July 2020, he has been serving as a vice president of Hangzhou Rego.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xia has accumulated over 13 years of experience in value-added telecommunication industry. From March 2008 to October 2009, Mr. Xia served as an assistant to the manager in Shanghai Zhouxin, where he was responsible for customers and suppliers development. He was later redesignated as a district manager from November 2009 to May 2011; as a director of the operation department from June 2011 to August 2013; as a deputy general manager from September 2013 to August 2014; and as a general manager of the same company from September 2014 to March 2018, where he was primarily responsible for overall operation and management of value-added service business of the company during these periods. From June 2016 to July 2019, Mr. Xia served as a director of Hubei Elite, where he was primarily responsible for overall management.

Mr. Xia graduated from Zhejiang University of Science and Technology* (浙江科技學院) in the PRC with a bachelor's degree in communication engineering in June 2005.

Set forth below is the company of which Mr. Xia was a manager and which ceased to carry on business and was dissolved by way of deregistration. It was solvent at the time of its dissolution:

<u>Name of company</u>	<u>Place of establishment</u>	<u>Nature of business</u>	<u>Means of dissolution</u>	<u>Date of dissolution</u>
Nanchang Fengyuan Information Technology Co., Ltd.* (南昌楓遠信息科技有限公司)	PRC	No Business operation	Dissolved by deregistration	13 February 2017

Mr. Xia has confirmed that the above company was solvent at the time of its dissolution and there was no wrongful act on his part leading to such dissolution. He is not aware of any actual or potential claim which has been or will be made against him as a result of such dissolution, and that his involvement in the above company was part and parcel of his services as a manager of the above company and no misconduct or misfeasance was involved in the dissolution of the above company.

Mr. Yang Lei (楊磊), aged 40, is the general manager of our Group's virtual goods sourcing and delivery services department. Mr. Yang joined our Group in October 2017, and he is primarily responsible for business development of the virtual goods sourcing and delivery services department of our Group. He has also served as other roles in various subsidiaries of our Group. From October 2017 to January 2018, he was appointed as a deputy director of the innovative business department of Hangzhou Rego and has been redesignated as the head of virtual goods sourcing and delivery services department in the same company since July 2020. He was a deputy general manager of Hangzhou Runsheng from February 2018 to October 2018 and was appointed as a chief officer from April 2019 to December 2019. He has been further

DIRECTORS AND SENIOR MANAGEMENT

appointed as an executive director and general manager of Hangzhou Runsheng since July 2020. Mr. Yang also acted as the deputy chief officer of Zhejiang Runye from November 2018 to March 2019. He was later redesignated as a chief officer of the same company from January 2020 to June 2020.

Mr. Yang has over 16 years of experience in marketing and sales of mobile, internet and lottery business. Among others, Mr. Yang worked as a project manager at Shanghai Zhouxin from January 2005 to January 2011. He served as a manager of the Zhejiang Operation Centre at Shanghai New Continental Yima Information Technology Co., Ltd.* (上海新大陸翼碼信息科技有限公司) from January 2011 to January 2013, where he was primarily responsible for business development management covering the Zhejiang Province. From August 2016 to October 2017, Mr. Yang returned to Shanghai Zhouxin serving as a director of innovative business department, where he was responsible for managing the innovative business development. Mr. Yang has also served as a director of Hangzhou Chongda Technology Co. Ltd.* (杭州充達科技有限公司) from April 2017 to May 2021, where he was primarily responsible for overall business operation and administrative management.

Mr. Yang graduated from Anhui University of Finance and Economics* (安徽財經大學) in the PRC with a diploma in the major of accounting in July 2001.

Set forth are the companies of which Mr. Yang was a director and/or manager and which ceased to carry on business and were dissolved by way of deregistration. They were solvent at the time of their dissolutions:

<u>Name of company</u>	<u>Place of establishment</u>	<u>Nature of business</u>	<u>Means of dissolution</u>	<u>Date of dissolution</u>
Hangzhou Weilai Information Technology Co., Ltd.* (杭州味洐信息科技有限公司)	PRC	No Business operation	Dissolved by deregistration	11 May 2018
Hangzhou Jima Technology Co., Ltd.* (杭州集碼科技有限公司)	PRC	Software and information technology services	Dissolved by deregistration	26 December 2017
Hangzhou Luwu Box Electronic Commerce Co., Ltd.* (杭州陸伍盒電子商務有限公司)	PRC	No Business operation	Dissolved by deregistration	22 December 2017

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang has confirmed that each of the above companies was solvent at the time of its dissolution and there was no wrongful act on his part leading to such dissolution. He is not aware of any actual or potential claim which has been or will be made against him as a result of such dissolution, and that his involvement in each of above companies was part and parcel of his services as a director and/or manager of the above companies and no misconduct or misfeasance was involved in the dissolution of each of the above companies.

Ms. Yang Chao (楊超), aged 30, was appointed as our general manager of compliance department on 21 September 2020. Ms. Yang joined our Group in September 2020 and is responsible for the investor relations and compliance matters of our Group. Prior to joining our Group, Ms. Yang worked as an attorney at the Hangzhou office of AllBright Law Offices (上海錦天城(杭州)律師事務所) from July 2016 to September 2020, where she was primarily responsible for handling corporate and finance law matters.

Ms. Yang graduated from Zhejiang University of Technology* (浙江工業大學) in the PRC with a bachelor's degree in law in June 2014 and subsequently obtained a master's degree in law from East China University of Political Science and Law* (華東政法大學) in the PRC in June 2016. Ms. Yang obtained her Legal Professional Qualification Certificate (法律職業資格證書) in August 2014 issued by the Ministry of Justice of the PRC* (中國司法部), her Lawyer's Practising Certificate* (律師執業證書) in June 2018 issued by the Department of Justice of Zhejiang Province* (浙江省司法廳), and her qualification certificate as board secretary in October 2020 issued by the Shenzhen Stock Exchange.

Save as disclosed above, none of our senior management holds or has held any other directorships in any other company listed in Hong Kong, the PRC or overseas during the three years immediately preceding the date of this prospectus.

JOINT COMPANY SECRETARIES

Ms. Yang Chao was appointed as one of our joint secretaries on 28 October 2021.

For further details of Ms. Yang, please refer to the paragraphs headed "Senior Management" in this section.

Ms. Ho Wing Nga (何詠雅), was appointed as one of our joint company secretaries on 24 February 2021. Ms. Ho serves as the managing director of governance services of Computershare Hong Kong Development Limited. She is currently a joint company secretary of Financial Street Property Co., Limited (金融街物業股份有限公司) (stock code: 1502) and Newlink Technology Inc. (新紐科技有限公司) (stock code: 9600), and the company secretary of Central China Management Company Limited (stock code: 9982). She is also a member of The Hong Kong Institute of Directors. Ms. Ho has over 25 years of experience in corporate secretarial services. She obtained a master's degree in corporate governance from the Hong Kong Polytechnic University in December 2006 and became an associate of The Hong Kong Chartered Governance Institute (the "HKCGI", previously known as the Hong Kong Institute of Chartered Secretaries) in the same month. In March 2015, Ms. Ho became a fellow of both the HKCGI and The Chartered Governance Institute.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

Our Company has appointed CMBC International Capital Limited as the compliance adviser (the “**Compliance Adviser**”) upon listing of the Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will provide advice to our Company when consulted by our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where its business activities, developments or results of our Group deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares of our Company or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date and this appointment may be subject to extension by mutual agreement.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the corporate governance practice prescribed in the Listing Rules, our Company has formed three Board committees, namely the audit committee, the remuneration committee and the nomination committee.

Audit Committee

We established the audit committee of our Company, with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The audit committee of our Company consists of three members, being Mr. Wan Lixiang, Ms. Hu Huijun and Mr. Zhao Zhongping, all being the independent non-executive Directors of our Company. Mr. Wan Lixiang has been appointed as the chairman of the audit committee of our Company, and is the independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the audit committee of our Company are to provide our Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Directors.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

We established the remuneration committee of our Company with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The remuneration committee of our Company consists of three members, being Mr. Zhao Zhongping, Mr. Chen and Mr. Wan Lixiang. Mr. Zhao Zhongping, an independent non-executive Director, has been appointed as the chairman of the remuneration committee of our Company. The primary duties of the remuneration committee of our Company include, amongst others, the followings: (i) making recommendations to our Directors on our policy and structure for remunerations of all our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; and (ii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

We established the nomination committee of our Company with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The nomination committee comprises of three members, being Mr. Chen, Mr. Zhao Zhongping and Ms. Hu Huijun. Mr. Chen, an executive Director, has been appointed as the chairman of the nomination committee of our Company. The primary duties of the nomination committee of our Company are to make recommendations to our Directors on all new appointments of our Directors and senior management, interviewing nominees, to take up references and to consider related matters.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy (the “**Board Diversity Policy**”) in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Board currently consists of seven Directors with a balanced mix of knowledge and skills, including but not limited to overall management and strategic development, finance and accounting and risk management, as well as professional experiences in telecommunication, internet, technology, marketing service industries and management. Our Board is of the view that our Board satisfies the board diversity policy.

DIRECTORS AND SENIOR MANAGEMENT

The Nomination Committee is responsible for reviewing the diversity of our Board. After Listing, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

COMPENSATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The aggregate amount of remuneration our Directors have received (including salaries, allowances, discretionary bonuses and contributions to defined contribution retirement plan) for the three years ended 31 December 2021 and 4M2022 was approximately RMB0.8 million, RMB1.1 million, RMB1.4 million and RMB0.4 million, respectively.

The aggregate amount of salaries, allowances, discretionary bonuses and contributions to defined contribution retirement plan paid to the five highest paid individuals of our Company, including Directors, for the three years ended 31 December 2021 and 4M2022 was approximately RMB1.5 million, RMB1.2 million, RMB2.0 million and RMB0.7 million, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses, payable to our Directors for the year ending 31 December 2022 is estimated to be no more than RMB1.35 million.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the three years ended 31 December 2021. Further, none of our Directors had waived any remuneration during the same period. In particular, Mr. Chen did not receive any director's remuneration during the Track Record Period. This is mainly because Mr. Chen is one of the key decision makers and controlling shareholders of our Company, his financial interests and reward are closely associated with the business development and performance of our Group. As such, Mr. Chen expects that through his continuous effort with the management team in expanding the business of our Group, he would be able to receive sufficient financial reward by receiving dividends and through appreciation in share price after Listing.

Going forward, our Group intends to offer Mr. Chen director's remuneration at an amount similar to the present amount for other executive Directors, being RMB500,000 per annum after Listing. Comparing to the net profit of our Group which amounted to approximately RMB25.9 million, RMB45.5 million, RMB50.0 million and RMB19.8 million for the Track Record Period, the impact to include such notional annual remuneration for Mr. Chen to our Group's financial performance, financial position and cash flow would be immaterial.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, no other payments have been made or are payable in respect of the three years ended 31 December 2021 by our Group to our Directors. Please see “Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Particulars of service contracts and letters of appointment” to this prospectus for further details of our Directors’ service contracts and letters of appointment. Please refer to the Accountants’ Report set out in Appendix I to this prospectus for further details of the remuneration of each Director during the Track Record Period.

The Articles provide that the remuneration to be paid to the Directors shall be such remuneration as the Directors shall determine. The Directors may by resolution approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond his ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

Share Option Scheme

In order to assist our Company in attracting, retaining and motivating key employees and other individuals, our Company has conditionally adopted the share option scheme. Please see “Appendix IV — Statutory and General Information — D. Share Option Scheme” to this prospectus for further details of the principal terms of the plan.

WAIVER FROM THE STOCK EXCHANGE

Management presence

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. Please see “Waivers from Compliance with the Listing Rules — Waiver in respect of management presence in Hong Kong” in this prospectus for further details of the waiver.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

Set forth below is a description of the authorised share capital of our Company as at the Latest Practicable Date and the issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Capitalisation Issue and the Global Offering:

Authorised Share Capital

	Nominal Value	Approximate % to total share capital
	<i>(US\$)</i>	
Authorised share capital as at the Latest Practicable Date		
<u>50,000,000</u> Shares of US\$0.001 each	<u>50,000</u>	<u>100%</u>
Authorised share capital to be increased immediately before the completion of the Global Offering		
<u>2,000,000,000</u> Shares of US\$0.001 each	<u>2,000,000</u>	<u>100%</u>
Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised)		
100,000 Shares in issue as at the date of this prospectus	100	0.01%
749,900,000 Shares to be issued pursuant to the Capitalisation Issue	749,900	74.99%
250,000,000 Shares to be issued pursuant to the Global Offering	250,000	25%
<u>1,000,000,000</u> Total	<u>1,000,000</u>	<u>100%</u>

SHARE CAPITAL

	Nominal Value	Approximate % to total share capital
	<i>(US\$)</i>	
Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is exercised in full)		
100,000 Shares in issue as at the date of this prospectus	100	0.01%
749,900,000 Shares to be issued pursuant to the Capitalisation Issue	749,900	72.28%
250,000,000 Shares to be issued pursuant to the Global Offering	250,000	24.10%
37,500,000 Shares to be issued upon the Over-allotment Option being exercised in full	37,500	3.61%
<u>1,037,500,000</u> Total	<u>1,037,500</u>	<u>100%</u>

ASSUMPTIONS

The above table assumes that the Capitalisation Issue and the Global Offering becomes unconditional and Shares are issued pursuant to the Capitalisation Issue and the Global Offering. The above tables also do not take into account any Shares which may be issued or repurchased by us under the general mandates granted to our Directors as referred to below.

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and will rank equally with all Shares currently in issue or to be issued as mentioned in this prospectus, and in particular, will rank equally for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. Please see “Appendix IV — Statutory and General Information — D. Share Option Scheme” in this prospectus for further details of the principal terms of the Share Option Scheme.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Companies Act reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. Please see “Appendix III — Summary of the Constitution of the Company and Cayman Companies Act — 2. Articles of Association — (c) Alteration of Capital” in this prospectus for further details.

Pursuant to the Cayman Companies Act and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. Please see “Appendix III — Summary of the Constitution of the Company and Cayman Companies Act — 2. Articles of Association — (b) Variation of Rights of Existing Shares or Classes of Shares” in this prospectus for further details.

Further, our Company will also hold general meetings from time to time as may be required under the Articles. Please see “Appendix III — Summary of the Constitution of the Company and Cayman Companies Act” in this prospectus for further details of a summary of the Articles.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options granted under the Share Option Scheme); and
- the aggregate nominal value of Shares repurchased by us under the authority set forth in “General Mandate to Repurchase Shares” in this section.

SHARE CAPITAL

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

Please see “Appendix IV — Statutory and General Information — Further Information About Our Company and Our Subsidiaries — 3. Resolutions of the Shareholders of Our Company” in this prospectus for further details of this general mandate to allot, issue and deal with Shares.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with nominal value of up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Capitalisation Issue and the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options granted under the Share Option Scheme).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. Please see “Appendix IV — Statutory and General Information — Further Information About Our Company and Our Subsidiaries — 6. Repurchase of Our Own Securities” in this prospectus for further details of the relevant Listing Rules.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

FINANCIAL INFORMATION

You should read this section in conjunction with our consolidated financial information, including the notes thereto, as set out in the Accountants' Report in Appendix I to this prospectus. Our Group's consolidated financial information have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projects depends on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section headed "Risk Factors" of this prospectus.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

We are a marketing services provider based in the PRC that provides marketing and promotion services and IT solutions services. Over the years, we have made unwavering endeavours to expand our capacities in providing marketing and promotion services in accordance with the prevailing market trends and developments. We offer (i) promotion and advertising services, including (a) traditional marketing and promotion services; (b) advertisement placement services; and (c) advertisement distribution services; and (ii) virtual goods sourcing and delivery services. We consider that the wide range of marketing and promotion services offered by us gives us a competitive advantage over other intermediate marketing agents in China in providing marketing services to customers. In addition, we also provide IT solutions services (including mobile game and software development and maintenance services and solutions on lottery related software systems and equipment) in an effort to enhance the quality and variety of our product and service offerings.

FINANCIAL INFORMATION

For FY2019, FY2020 and FY2021, our total revenue amounted to RMB89.4 million, RMB113.0 million and RMB219.5 million, respectively, representing a CAGR of approximately 56.7% over the three years ended 31 December 2021, while our profit for FY2019, FY2020 and FY2021 was RMB25.9 million, RMB45.5 million and RMB50.0 million, respectively, representing a CAGR of approximately 38.8% over the three years ended 31 December 2021. During 4M2022, we recorded total revenue of RMB70.7 million, representing an increase of 10.9% as compared to our total revenue for 4M2021. In addition, our profit after tax increased by 66.0% from RMB11.9 million in 4M2021 to RMB19.8 million in 4M2022.

BASIS OF PRESENTATION AND PREPARATION

The consolidated financial information of our Group for the Track Record Period, which comprised the financial statements of our Company and its subsidiaries, has been prepared in accordance with HKFRSs. All intra-group transactions and balances have been eliminated on consolidation. For the purpose of preparing and presenting the historical financial information for the Track Record Period, our Company has consistently applied HKASs, HKFRSs, amendments and interpretations issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2021 on full retrospective basis throughout the Track Record Period, including HKFRS 3 “Definition of Business, HKFRS 15 “Revenue from Contracts with Customers” (“**HKFRS 15**”), HKFRS 9 “Financial Instruments” (“**HKFRS 9**”) and HKFRS 16 “Leases” (“**HKFRS 16**”). For more information on the basis of presentation and preparation of the financial information included herein, please see Note 2 of the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

FACTORS AFFECTING OUR FINANCIAL RESULTS OF OPERATIONS

We believe the following are the key factors that affect our results of operations:

Growth of the Online Advertising Industry

The growth of our business during the Track Record Period has been in part driven by the overall growth of the online advertising industry in the PRC. According to the iResearch Report, total spending of the PRC online advertising industry grew from approximately RMB376.3 billion in 2017 to RMB942.1 billion in 2021, representing a CAGR of approximately 25.8%. On the other hand, the revenue from our marketing and promotion services had increase from RMB69.1 million for FY2019 to RMB163.5 million for FY2021, which was partly driven by our increasing focus on online marketing services. The proportion of our online marketing services increased from 83.2% for FY2019 to 97.4% for FY2021 of our total revenue from marketing and promotion services of the respective year. Such proportion further increased to 99.0% in 4M2022. According to the iResearch Report, the online advertising spending will continue its growth and is expected to reach RMB1,719.1 billion in 2026. We expect that we would be benefit from the increasing spending of the online advertising industry, especially with our continuously upgraded online platforms. However, if the online advertising industry develops or grows at a slower pace than expected, our historical growth may not be indicative of our future performance.

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Our Ability to Source Suitable and Characteristics Virtual Goods at Reasonable Costs

As part of our marketing and promotion services, we assist enterprises in executing their user acquisition, engagement and retention strategies by sourcing and delivering to them a range of virtual goods through our Rego Virtual Goods Platform. During the Track Record Period, we recorded significant growth in our virtual goods sourcing and delivery services, which has generated revenue of RMB12.4 million, RMB45.3 million, RMB44.6 million and RMB15.7 million for FY2019, FY2020, FY2021 and 4M2022, respectively. We believe that such growth is attributable to the enhancement of our product offerings to the customers. According to the iResearch Report, the key value of third-party virtual goods providers is to provide integrated offerings of goods and services at lower costs. Accordingly, we consider that our ability to source suitable and characteristics virtual goods at reasonable costs are critical to the business of our virtual goods sourcing and delivery services.

Ability to Control our Costs and Expenses

During the Track Record Period, traffic acquisition costs represented one of the major components of our cost of sales, which amounted to RMB35.5 million, RMB21.6 million, RMB75.9 million and RMB28.0 million and accounted for 39.7%, 19.1%, 34.6% and 39.6%, of our total revenue for FY2019, FY2020, FY2021 and 4M2022, respectively. The following table sets forth a sensitivity analysis illustrating the impact of hypothetical fluctuations in traffic acquisition costs on our gross profit for the year/period indicated:

	Year ended 31 December						Four months ended 30 April	
	2019		2020		2021		2022	
	%		%		%		%	
	Change in gross profit	change in gross profit	Change in gross profit	change in gross profit	Change in gross profit	change in gross profit	Change in gross profit	change in gross profit
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
% change in traffic acquisition costs								
+/-5%	-/+1,774	-/+4.0	-/+1,079	-/+1.4	-/+3,795	-/+3.4	-/+1,401	-/+3.8
+/-10%	-/+3,548	-/+7.9	-/+2,159	-/+2.8	-/+7,589	-/+6.9	-/+2,802	-/+7.6
+/-15%	-/+5,322	-/+11.9	-/+3,238	-/+4.3	-/+11,384	-/+10.3	-/+4,203	-/+11.5

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Meanwhile, employee benefits expenses constituted one of the largest component of our selling and distribution expenses, administrative expenses as well as research and development expenses. During FY2019, FY2020, FY2021 and 4M2022, our total employee benefits expenses (including those recorded in cost of sales, selling and distribution expenses, administrative expenses and research and development expenses) amounted to RMB18.2 million, RMB18.3 million, RMB33.3 million and RMB13.0 million and accounted for 20.4%, 16.2%, 15.2% and 18.4%, respectively, of our total revenue for the same years. The number of our employees has been increasing along with the growth of our business, and the increase in the total employee benefits expenses was primarily attributable to the increases in both the headcount and the general compensation level of management and key employees.

We expect that traffic acquisition costs as well as employee benefits expenses to continue to be our most significant costs and expenses going forward, particularly in light of the continued expansion and ramping up of our online marketing solutions business and the general increase in the average compensation level of the internet related industries. Our ability to control such costs and expenses may significantly affect our profitability.

Technology Advancement

Our results of operations significantly depend upon our technology capabilities and innovation. The continuous advancement in the platforms used in our marketing and promotion services is a distinguishing feature of our Group as a marketing service provider and set us apart from our competitors. In 2020, we have expanded our marketing and promotion services by introducing our advertisement distribution services through the establishment of our SDK, namely RegoAd SDK, which contributed to our revenue in the amount of RMB18.5 million, RMB107.9 million and RMB38.2 million for FY2020, FY2021 and 4M2022, respectively, representing 16.4%, 49.2% and 54.0% of our total revenue in the respective year. Also, we have made remarkable advancement of our RegoAd Virtual Goods Platform. With the continuous upgrade of our platforms, we were able to offer a wider range of virtual goods to our customers. Our revenue from our virtual goods sourcing and delivery services amounted to RMB12.4 million, RMB45.3 million and RMB44.6 million in FY2019, FY2020 and FY2021, representing a CAGR of 89.7% over the three years ended 31 December 2021. Our revenue from virtual goods sourcing and delivery also increased from RMB12.9 million for 4M2021 to RMB15.7 million for 4M2022, representing an increase of 21.1%. We believed that all of these had made and will continue to make significant contribution to the growth of our revenue.

We are dedicated to investing in research and development to continuously improve our technology. Our total research and development expenses amounted to RMB7.8 million, RMB9.4 million, RMB18.6 million and RMB4.8 million, in FY2019, FY2020, FY2021 and 4M2022, respectively. We intend to continue to focus on improving and nurturing our R&D capabilities through various measures to support our business growth. For details of our intended use of proceeds, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

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Our Preferential Tax Treatment

During the Track Record Period, certain members of our Group were entitled to preferential tax treatment including exemptions from tax payment or entitlement to a preferential income tax rate as a result of their accreditation as “Software Enterprises” or “High and New Technology Enterprises” or qualification as “micro and small business”. For FY2019, FY2020, FY2021 and 4M2022, the total amounts of exemptions and reduction in tax payment attributable to such preferential tax treatment amounted to RMB4.9 million, RMB7.2 million, RMB7.8 million and RMB2.6 million, respectively.

In addition, according to relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective and updated from 2017 onwards, enterprises engaging in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year (the “**Super Deduction**”). Our Group has made its best estimate for the Super Deduction to be claimed for our Group’s entities in ascertaining their assessable profits during the Track Record Period. The tax effect of the Super Deduction amounted to RMB2.0 million, RMB2.9 million, RMB3.9 million and RMB1.4 million for FY2019, FY2020, FY2021 and 4M2022, respectively.

For further details of our preferential tax treatment during the Track Record Period, please refer to Note 13 to the Accountants’ Report in Appendix I in this prospectus.

In case we no longer enjoy the aforesaid preferential income tax rate or preferential tax treatment, there is withdrawal/cancellation of related laws and regulations from the relevant tax authorities or any reason beyond our control, our profitability and results of operations could be materially affected.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

We prepare our consolidated financial information in accordance with HKFRSs, which requires us to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities on the date of the consolidated financial information and the reported amounts of revenues and expenses during the financial reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Because the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates. We will continuously assess our assumptions and estimates going forward. We consider the policies discussed below to be critical to an understanding of our consolidated financial information as their application places the most significant demands on our management’s judgment.

For details of our significant accounting policies, estimates, assumption and judgements, see Notes 4 and 5 of the Accountants’ Report in Appendix I to this prospectus.

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Revenue Recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if our Group's performance (i) provides all of the benefits received and consumed simultaneously by the customer; (ii) creates or enhances an asset that the customer controls as our Group performs; or (iii) does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between our Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to our Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Marketing and Promotion Services

(i) Promotion and Advertising Services

The method we recognise revenue from our promotion and advertising services is affected by our role under the particular transaction. For contracts where we act as a principal, we recognise revenue on a gross basis, while for contracts where we are acting as an agent, we recognise revenue on a net basis. In determining whether we are acting as a principal or as an agent in a transaction, it requires our management's judgements and considerations of all relevant facts and circumstances including, whether we are the primary obligor in the transaction and whether we have control in determining how the services are provided to our customers.

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Traditional marketing and promotion services (gross basis)

Our Group provides the traditional marketing and promotion services to enterprise advertisers or their advertising agents through integration of downstream marketing channels, including traditional off-line channels and on-line platforms. Our Group charges advertising customers for traditional marketing and promotion services primarily based on CPA or CPS model. Our Group recognises revenue when relevant services are provided to Our Group's customers. Our Group recognise the revenue from traditional marketing and promotion on a gross basis as our Group are the primary obligor and responsible for the transactions including pricing, selection of suppliers and provision of the marketing and promotion services.

Advertisement placement services (net basis)

During the Track Record Period, we provided advertisement placement services for enterprise advertisers or their advertising agents primarily by providing top-up services for our customers' accounts maintained on certain online platforms operated by large-scale media publishers and/or other operation services in connection with placement of their advertisements. We recorded our revenue from the advertisement placement services on a net basis as we are acting as an agent of our customers in placing advertisements at their instructions. In particular, (i) our customers make the final decisions in respect of which media publishers their advertisements would be placed on; (ii) the media publishers, rather than us, is primarily responsible for publishing the advertisements; (iii) we charge our customers based on their top-up amounts which are not affected by the performance of the advertisements placement; and (iv) we do not subject to any inventory risk as the advertisement inventories acquired upon successful bidding are not owned by us.

The media publishers may grant us rebates on a quarterly and/or annual basis which are recorded as revenue in our consolidated statements of profit or loss and other comprehensive income. As the rebates from media publishers are generally confirmed a few months after the end of the relevant quarter or year, the annual and fourth quarter rebates from media publishers would normally be finalised and received subsequent to the year-end. Accordingly, we have made and will make reasonable estimates of accrual for rebates from media publishers pursuant to the requirements under HKAS 8. We make accruals for the rebates based on estimation and make adjustments to our accounts when the rebates are confirmed by the media publishers. The rebates are revenue under HKFRS 15 and are accrued to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the estimate is subsequently resolved. Such estimates were based on, amongst others, evaluation as to whether the benchmarks or thresholds set by the media publishers are likely to

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be reached, other benchmarks, certain prescribed categorisation levels are likely to being qualified, or our discussion with and understanding from the media publishers, within the regulatory reporting deadlines. In making this judgment and estimation, we evaluate based on, amongst others, our past experience, regular monitoring of various performance factors, the rebate policies as set by the media publishers and the prevailing market information in relation to the rebates granted by such media publishers. Since the actual amounts of rebates granted by the media publishers can only be confirmed several months subsequent to the financial year-end, the final amounts of rebates might turn out to be different from the accrued amount of rebates estimated by our management and corresponding adjustments would be subsequently made if there is any difference between the actual rebates from the media publishers and the accrual for rebates.

Advertisement Distribution Services (gross basis)

We provide advertisement distribution services to advertising agents (which include large-scale media platforms operators and their agents) and connect them with mobile app operators through our RegoAd SDK, which works in combination with the advertising agents' platforms and/or applications, and matches the advertisements provided by the advertising agents with the available mobile advertising space in the mobile app operated by the mobile app operators. We act as the principal in our advertisement distribution services as we are able to identify and control the type of advertisements to be distributed in the mobile app connected by our RegoAd SDK.

(ii) Virtual Goods Sourcing and Delivery Services (net basis)

We provide virtual goods sourcing and delivery services to enterprises and their agents through our Rego Virtual Goods Platform. We are not the principal in this arrangement as we do not control the specified virtual goods prior to the purchase by our customers, because (i) we do not have control over the provision of the services under the virtual goods; (ii) we do not have inventory risk under our virtual goods sourcing and delivery services as we primarily acquire the virtual goods from downstream suppliers after our customers had placed an order; and (iii) our customers, rather than us, select the virtual goods to be provided. We report the net amounts between the payment from our customers and procurement costs of the virtual goods retained by us as our revenue. Our revenue under the virtual goods sourcing and delivery services is recognised at a point in time when the virtual goods-related services are rendered.

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(b) *IT Solutions Services*

(i) *Mobile Game and Software Development and Maintenance Service*

The revenue from provision of software development and maintenance services is recognised at the point of time when the products are delivered and the end customers have physical possession and control over the software and related products. Our Group recognises the revenue on a gross basis as our Group bears the sole responsibility for the transaction.

In addition, the revenue from the provision of mobile game maintenance services is recognised over-time when the services are delivered for a period of time. Our Group recognises the revenue on a gross basis as the customer simultaneously receives and consumes the services provided by our Group's performance as our Group performs. Our Group recognises over time in which the services are performed representing the entity's right to consideration for the services performed to date.

Variable consideration is contingent on the sharing certain portion of revenue from gross recharge amount on the online game platform published by third-party game developers. Variable consideration is estimated by using the data on the platforms which billed on monthly basis and receivable is expected to be collected within the contracted credit terms.

(ii) *Solutions on lottery related software systems and equipment*

The revenue from our solutions on lottery related software systems and equipment to our customers is recognised when control of the goods has transferred, being when the products are delivered to the customers, the customer has accepted the products, the collection of the related consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue is thus recognised at the point in time when the customers accepted the lottery systems and equipment. There is generally only one performance obligation and the considerations include no variable amount.

We provide repair and maintenance services for the lottery related software systems and equipment to our customers. Revenue is recognised when the services are rendered according to the terms of service agreement. The revenue recognised overtime as the customer simultaneously receives and consumes the maintenance services as time elapsed within the service period as the Group performs. Accordingly, revenue is recognised on a straight-line basis during the service period.

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Revenue from repair and maintenance services for the lottery related software systems and equipment is recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by our Group. The output method recognises revenue on the actual service days to the total agreed periods between our Group and customers.

Contract Assets and Liabilities

A contract asset represents our Group's right to consideration in exchange for services that our Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents our Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents our Group's obligation to transfer services to a customer for which our Group has received consideration (or an amount of consideration is due) from the customer.

Income Tax

Our Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. Transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made. Further details regarding the current and deferred tax are set out in Notes 13 and 30 of the Accountants' Report in Appendix I to this prospectus.

Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of our Group's previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as at the acquisition date.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely

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independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (“FVLCD”) (if measurable) or its value in use (“VIU”) (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

During the Track Record Period, the Group has engaged Graval Consulting Limited, an independent third party valuer, to perform valuations for the purpose of assessing (i) the recoverable amounts of Yuncaitong and Xi'an Tiantai during the Track Record Period; and (ii) the discount rates of Jiangxi Yunjia and Wuhan Cairun in FY2019.

Jiangxi Yunjia

As at 31 December 2019, goodwill arising from acquisition of Jiangxi Yunjia were fully impaired due to change of business plan and delay in revenue generating activities of Jiangxi Yunjia. Impairment loss of approximately RMB2.1 million were provided during FY2019.

Yuncaitong

The recoverable amount of Yuncaitong CGU is determined based on a VIU calculation which uses cash flow projections based on financial budgets approved by the directors covering a 5 years period, followed by an extrapolation of expected cash flow at 3%, 2%, 2% and 2% growth rate which do not exceed the long-term growth rate for the business in which the CGU operates for the FY2019, FY2020, FY2021 and 4M2022, respectively, and a discount rate of 25.95%, 26.41%, 25.12% and 25.59% per annum for FY2019, FY2020, FY2021 and 4M2022, respectively. Other key assumptions for the VIU calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. The discount rate used is pre-tax and reflect specific risks relating to the CGU. Based on the assessment result, the recoverable amounts of approximately RMB7.3 million, RMB10.1 million, RMB11.3 million and RMB10.9 million is greater than the carrying amounts of approximately RMB4.4 million, RMB4.4 million, RMB4.3 million and RMB4.3 million as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 April 2022, respectively. The Directors believe that any reasonably possible changes in other key assumptions on which recoverable amount is based would not cause the carrying amount of Yuncaitong CGU to exceed its recoverable amount. No impairment loss on its goodwill has been recognised for FY2019, FY2020, FY2021 and 4M2022.

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Based on the result of the goodwill impairment testing, the headroom of the combined business were approximately RMB2.9 million, RMB5.8 million, RMB7.0 million and RMB6.6 million as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 April 2022, respectively. The following table sets forth a sensitivity analysis illustrating the impact of hypothetical fluctuations in the key assumptions during the forecast period on the headroom:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue amount decreases by 1%	(135)	(170)	(814)	(847)
Gross margin decreases by 1%	(144)	(182)	(879)	(914)
Terminal growth rate decreases by 0.5%	(181)	(176)	(196)	(203)
Discount rate increases by 0.5%	(273)	(330)	(473)	(476)

As there was still sufficient headroom based on the assessment, our management is of the view that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

Wuhan Cairun

Wuhan Cairun had no operations in FY2019. As at 31 December 2019, goodwill arising from acquisition of Wuhan Cairun were fully impaired due to change of business plan and delay in revenue generating activities of Wuhan Cairun. Impairment loss of approximately RMB264,000 was provided during FY2019.

Xi'an Tiantai

The recoverable amount of Xi'an Tiantai CGU is determined based on a VIU calculation which uses cash flow projections based on financial budgets approved by the directors covering a 5 years period, followed by an extrapolation of expected cash flow at 2%, 2% and 2% growth rate which do not exceed the long-term growth rate for the business in which the CGU operates for FY2020, FY2021 and 4M2022, respectively, and a discount rate of 21.80%, 20.95% and 21.06% per annum for FY2020, FY2021 and 4M2022, respectively. Other key assumptions for the VIU calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. The discount rate used is pre-tax and reflect specific risks relating to the CGU. Based on the assessment result, the recoverable amount of approximately RMB61.7 million, RMB62.6 million and RMB58.8 million is greater than the carrying amount of approximately RMB24.1 million, RMB20.8 million and RMB19.8 million as at 31 December 2020, 31 December 2021 and 30 April 2022, respectively. The Directors believe that any

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reasonably possible changes in other key assumptions on which recoverable amount is based would not cause the carrying amount of Xi'an Tiantai CGU to exceed its recoverable amount. No impairment loss on its goodwill has been recognised for FY2020, FY2021 and 4M2022.

Based on the result of the goodwill impairment testing, the headroom of the combined business were approximately RMB37.6 million, RMB41.8 million and RMB39.0 million as at 31 December 2020, 31 December 2021 and 30 April 2022, respectively. The following table sets forth a sensitivity analysis illustrating the impact of hypothetical fluctuations in the key assumptions during the forecast period on the headroom:

	As at 31 December		As at
	2020	2021	30 April
	RMB'000	RMB'000	2022
			RMB'000
Revenue amount decreases by 1%	(3,786)	(3,311)	(3,477)
Gross margin decreases by 1%	(4,003)	(3,535)	(3,712)
Terminal growth rate decreases by 0.5%	(908)	(831)	(883)
Discount rate increases by 0.5%	(1,979)	(1,871)	(1,873)

As there was still sufficient headroom based on the assessment, our management is of the view that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

Intangible Assets

(i) Intangible Assets Acquired Separately and in a Business Combination

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

For the intangible assets with finite useful lives, amortisation is provided on a straight-line basis over their useful lives, and amortisation expense recognised in profit or loss. The following intangible assets with finite useful lives are amortised from the date when they are available for use and their estimated useful lives are as follows:

Computer software	10 years
Copyrights	5-10 years

Both of the period and method of amortisation are reviewed at the end of each reporting period.

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Our computer software are mainly used in the operation of the platforms for our marketing and promotion services and the copyrights are mainly related to the software and equipment used in our IT solutions services. The Company estimates the useful life of computer software and copyrights based on the estimated period of time during which the computer software and copyrights would generate revenue to the Group. It is expected that further updates to the computer software and copyrights will be required after the expiry of their respective useful life.

(ii) Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- our Group is able to sell the product; and
- sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods our Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss and included in cost of sales.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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(v) *Impairment of intangible assets*

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts. For details, please refer to Note 4.9 of the Accountants' Report in Appendix I to this prospectus.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. However, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in the profit or loss immediately.

Government Grants

Government grants are not recognised until there is reasonable assurance that our Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which our Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that our Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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Impairment of Trade Receivables and Contract Assets

The Group recognises loss allowances for expected credit loss (“ECL”) on trade receivables, contract assets and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12-month after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

Impairment of Assets (Other Than Financial Assets)

At the end of each reporting period, our Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets; and
- Investment in a subsidiary

If the recoverable amount (i.e. the greater of the FVLCD and VIU) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

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Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

VIU is based on the estimated future cash flows expected to be derived from the asset or the CGU, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. A CGU is the smallest identifiable group of assets that generate cash flows that are largely independent of the cash flows from other assets or groups of assets.

RESULTS OF OPERATIONS

The following table sets forth the consolidated statement of profit or loss during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this prospectus.

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue	89,372	113,040	219,549	63,794	70,719
Cost of sales	(44,677)	(37,166)	(109,343)	(31,342)	(34,021)
Gross profit	44,695	75,874	110,206	32,452	36,698
Other income and other gains or losses	4,031	8,175	7,373	1,221	1,520
Provision for impairment losses on financial assets	(100)	(1,442)	(3,973)	(4,725)	(1,081)
Gain on disposal of subsidiaries	139	525	–	–	–
Selling and distribution expenses	(3,844)	(4,931)	(9,561)	(1,895)	(3,287)
Administrative expenses	(9,830)	(12,507)	(13,900)	(4,300)	(4,377)
Research and development expenses	(7,834)	(9,365)	(18,611)	(5,116)	(4,781)
Listing expenses	–	(6,085)	(13,630)	(2,986)	(1,371)
Finance costs	(82)	(353)	(674)	(177)	(376)
Profit before income tax	27,175	49,891	57,230	14,474	22,945
Income tax expense	(1,231)	(4,416)	(7,245)	(2,573)	(3,188)
Profit for the year/period	<u>25,944</u>	<u>45,475</u>	<u>49,985</u>	<u>11,901</u>	<u>19,757</u>

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	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Attributable to:					
Equity owners of our Company	26,416	45,779	49,985	11,901	19,757
Non-controlling interests	(472)	(304)	–	–	–
Profit for the year/period	<u>25,944</u>	<u>45,475</u>	<u>49,985</u>	<u>11,901</u>	<u>19,757</u>

Non-HKFRS Measure

To supplement our consolidated financial statements which are presented in accordance with HKFRSs, we also use the adjusted net profit under non-HKFRS measures, as an additional financial measure, which is not required by, or presented in accordance with, HKFRSs. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit under non-HKFRS measures may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under HKFRSs.

We defined adjusted net profit under non-HKFRS measures as our profit or loss for the year adjusted by adding the listing expenses which was incurred for the purpose of the Listing and will not exist after Listing. The following table reconciles our adjusted net profit under non-HKFRS measures presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Profit for the year/period	25,944	45,475	49,985	11,901	19,757
Add:					
Listing expenses	–	6,085	13,630	2,986	1,371
Adjusted net profit under non-HKFRS measures	<u>25,944</u>	<u>51,560</u>	<u>63,615</u>	<u>14,887</u>	<u>21,128</u>

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DESCRIPTION OF SELECTED ITEMS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

For FY2019, FY2020, FY2021 and 4M2022, our total revenue amounted to approximately RMB89.4 million, RMB113.0 million, RMB219.5 million and RMB70.7 million, respectively. During the Track Record Period, we primarily generated our revenue from the provision of (a) marketing and promotion services; and (b) IT solution services. The following table sets out the breakdown of our revenue by business segment for the periods indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Marketing and promotion services										
Promotion and advertising services	56,670	63.4	35,249	31.2	118,879	54.2	42,195	66.2	42,410	60.0
Virtual goods sourcing and delivery services	12,408	13.9	45,291	40.1	44,629	20.3	12,964	20.3	15,704	22.2
Sub-total	69,078	77.3	80,540	71.3	163,508	74.5	55,159	86.5	58,114	82.2
IT solution services	18,983	21.2	31,926	28.2	55,653	25.3	8,486	13.3	12,560	17.7
Others (Note)	1,311	1.5	574	0.5	388	0.2	149	0.2	45	0.1
TOTAL	<u>89,372</u>	<u>100.0</u>	<u>113,040</u>	<u>100.0</u>	<u>219,549</u>	<u>100.0</u>	<u>63,794</u>	<u>100.0</u>	<u>70,719</u>	<u>100.0</u>

Note: Others include commission generated from the sale of lottery tickets through our offline shops.

Our revenue generated from marketing and promotion services amounted to RMB69.1 million, RMB80.5 million, RMB163.5 million and RMB58.1 million for FY2019, FY2020, FY2021 and 4M2022, respectively, which accounted for 77.3%, 71.3%, 74.5% and 82.2% of our total revenue for the respective year/period. Meanwhile, we have generated revenue from IT solutions services amounted to RMB19.0 million, RMB31.9 million, RMB55.7 million and RMB12.6 million, respectively, which accounted for 21.2%, 28.2%, 25.3% and 17.7% of our total revenue for FY2019, FY2020, FY2021 and 4M2022, respectively.

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1. Revenue from our Marketing and Promotion Services

We are a marketing services provider in the PRC that provides (i) promotion and advertising services; and (ii) virtual goods sourcing and delivery services. The following table sets forth the breakdown of our revenue generated from the provision of marketing and promotion services by the type of services provided by our Group for the period indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Promotion and advertising services	56,670	82.0	35,249	43.8	118,879	72.7	42,195	76.5	42,410	73.0
Virtual goods sourcing and delivery services	12,408	18.0	45,291	56.2	44,629	27.3	12,964	23.5	15,704	27.0
Total	69,078	100.0	80,540	100.0	163,508	100.0	55,159	100.0	58,114	100.0

We recorded a growth in the revenue from our marketing and promotion services at a CAGR of 53.9% during the three years ended 31 December 2021 from RMB69.1 million in FY2019 to RMB163.5 million in FY2021. Our revenue from marketing and promotion services also increased from RMB55.2 million in 4M2021 to RMB58.1 million in 4M2022. Such increase was resulted from the growth in both of our promotion and advertising services and virtual goods sourcing and delivery services during the Track Record Period.

Due to the different types of services we provide under our marketing and promotion services, we recognise our revenue either on a gross basis or on a net basis. When we provide traditional marketing and promotion services and advertisement distribution services (as part of our promotion and advertising services), we act as a principal and record our revenue on a gross basis, whereas, when we provide our advertisement placement services (as part of our promotion and advertising services) which involve the placing of advertisement on large-scale media publishers and our virtual goods delivery and sourcing services, we act as an agent and record our revenue on a net basis. For the basis of our revenue recognition policies, please refer to the paragraph headed “Critical Accounting Policies, Estimates and Judgements — Revenue Recognition” in this section and Note 4.13 of the Accountant’s Report in Appendix I to this prospectus.

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We provide our marketing and promotion services to our customers through an integration of online and offline marketing channels. The following table sets forth the breakdown of our revenue from marketing and promotion services by channels used for the periods indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Online	57,443	83.2	72,695	90.3	159,250	97.4	51,837	94.0	57,506	99.0
Offline	11,635	16.8	7,845	9.7	4,258	2.6	3,322	6.0	608	1.0
Total	69,078	100.0	80,540	100.0	163,508	100.0	55,159	100.0	58,114	100.0

According to the iResearch Report, the online advertising industry in the PRC has recorded growth at a CAGR of 25.8% during the period from 2017 to 2021 and is expected to further grow at a CAGR of 12.8% from 2021 to 2026. Driven by the continuous innovations in the internet and mobile technologies, advertisers are shifting their advertising spending from offline channels to online channels as online advertising allow the advertisers to reach a wider group of audience and their targeted audience more efficiently. Leveraging on our technical capability, we have also been shifting our focus from offline marketing to online marketing in order to cater for the changing market demands. Our revenue attributable to online marketing services amounted to RMB57.4 million, RMB72.7 million, RMB159.3 million and RMB57.5 million, representing 83.2%, 90.3%, 97.4% and 99.0% of our total revenue from marketing and promotion services for FY2019, FY2020, FY2021 and 4M2022, respectively. We consider that the expansion of our online marketing services was and will continue to be one of the major factors for the business growth of our marketing and promotion services.

Customers of our marketing and promotion services include (i) enterprises that have demand for marketing and promotion services for their business; and (ii) advertising agents of the enterprises. During the Track Record Period, a majority of our revenue from marketing and promotion services was attributable to the advertising agents. According to the iResearch Report, the PRC advertising services market is relatively fragmented, therefore, it is common for enterprises to conduct their marketing activities through intermediate advertising agents as it is more cost efficient. The following table sets forth a breakdown of our revenue from marketing and promotion services by type of customers for the periods indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Advertising agents	56,252	81.4	56,712	70.4	129,018	78.9	43,102	78.1	46,017	79.2
Enterprises	12,826	18.6	23,828	29.6	34,490	21.1	12,057	21.9	12,097	20.8
Total	69,078	100.0	80,540	100.0	163,508	100.0	55,159	100.0	58,114	100.0

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(i) Promotion and Advertising Services

We provide promotion and advertising services to enterprise advertisers and/or their advertising agents through diversified marketing channels, including off-line channels (such as cold calling, SMS marketing and brick-and-mortar retail stores) and online channels (such as groups on WeChat or Tencent QQ, large-scale media publishers and advertising spaces in mobile apps). Revenues generated from our promotion and advertising services amounted to RMB56.7 million, RMB35.2 million, RMB118.9 million and RMB42.4 million, representing approximately 82.0%, 43.8%, 72.7% and 73.0% of the total revenue from our marketing and promotion services for FY2019, FY2020, FY2021 and 4M2022, respectively.

The following table sets forth a breakdown of our revenue from promotion and advertising services by the type of services provided by us during the periods indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Traditional marketing and promotion services	56,670	100.0	16,749	47.5	4,724	4.0	3,322	7.9	1,768	4.2
Advertisement placement services	-	-	-	-	6,234	5.2	546	1.3	2,481	5.9
Advertisement distribution services	-	-	18,500	52.5	107,921	90.8	38,327	90.8	38,161	89.9
Total	56,670	100.0	35,249	100.0	118,879	100.0	42,195	100.0	42,410	100.0

Traditional Marketing and Promotion Services

We primarily provide traditional marketing and promotion services when we first tapped into the marketing and promotion industry, which mainly included the provision of social media marketing, telemarketing and offline marketing. In FY2019, all of our revenue from the promotion and advertising services were attributable to traditional marketing and promotion services. As our business under the traditional marketing and promotion services are primarily project-based, the demand for our services can be significantly affected by changes in the market conditions, or the marketing needs of, individual enterprise advertisers or the specific industry to which these enterprise advertisers belong and the resources accumulated, such as connections with suppliers and marketing channel providers, may not be transferrable to marketing and promotion services for advertisers of other industries and other types of products. Accordingly, we expanded and upgraded our service offerings by providing advertisement placement services and advertisement distribution services from FY2020 and FY2021, respectively. We are of the view that, by offering enterprise advertisers with easier and more convenient access to the advertisement publication services of large-scale media platform operators (as media publishers) under our advertisement placement services, and by

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offering advertisement distribution services to these large-scale media platform operations (as advertising agents) for the distribution of their advertisements in fitting mobile apps, such expansion of service offering would enhance the stability and continuity of our business. Going forward, we will continue to develop our advertisement placement services and advertisement distributions services while remain watchful of opportunities for traditional marketing and promotion services.

Advertisement Placement Services

We started to provide advertisement placement services in FY2021 which allows our customers to place advertisement on platforms operated by certain large-scale media publishers in the PRC.

Under the advertisement placement services, we typically offer top-up services to our customers' accounts maintained on online platforms operated by certain large scale media publishers. To enhance our competitiveness and establish customer loyalty, we also provide customer services to our customers in connection with their advertisement placement activities on the media platforms. For examples, we may assist our customers to liaise with the media publishers in resolving technical issues and refunds. Commencing from September 2021, we may also provide operation services to our customers such as advising on placement strategy to optimise placement performance and/or preparing advertising materials to be placed on the media platforms.

We recorded our revenue from advertisement placement services on a net basis as we are in substance acting as the agent of our customers in placing advertisements at their instructions, given that, (i) our customers make the final decisions in respect of which media publishers their advertisements would be placed on; (ii) the media publishers, rather than us, is primarily responsible for publishing the advertisements; (iii) we charge our customers based on their top-up amounts which are not affected by the performance of the advertisements placement; and (iv) we do not subject to any inventory risk as the advertisement inventories acquired upon successful bidding are not owned by us. Our revenue represents the surplus of (i) the net top-up amounts (after deducting the rebates granted by us to our customers (if any)) received by us from our customers (being enterprise advertisers or their advertising agents) over (ii) the amounts paid by us to our suppliers (including media publishers or their channel agents) (net of rebates (if any)) for crediting our customers' accounts, which would be used for acquiring advertisement publishing services on the platforms maintained by the media publishers. Under the advertisement placement services, our suppliers may grant us rebates as a percentage of the top-up amounts of our customers. For transactions where our direct suppliers are media publishers, quarterly and yearly rebates are normally paid to us a few months after the end of the previous quarter or year and such rebates are determined based on, among other things, their applicable rebate policies, the gross spending of our customers, the type of advertisement placed by our customers, and other discretionary incentive programs as set up by the media publishers. We make accruals for the rebates based on estimation and make adjustments to our accounts when the rebates are confirmed by the media publishers. On the other hand, when our suppliers are channel agents of the media publishers, such rebates are normally confirmed prior

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to, and would be set off against, our payment for top-up services. During FY2021 and 4M2022, we have recorded rebates from our suppliers (including media publishers and their channel agents) in the total amount of approximately RMB33 million and RMB5.9 million (inclusive of VAT). For further details on the accounting principles in relation to the recognition of revenue of advertisement placement services and the rebates from media publishers, please refer to the paragraph headed “Critical Accounting Policies, Estimates and Judgements — Revenue Recognition” in this section and Note 5 in Appendix I to this prospectus.

The following table illustrates the reconciliation of the amounts received from our customers and our revenue recorded under our advertisement placement services during the Track Record Period:

	Year ended 31 December	Four months ended 30 April	
	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Top-up amounts received by us (net of rebates to our customers (if any) and VAT)	493,609	42,706	128,213
Less: top-up amounts paid to our suppliers (net of rebates from suppliers (if any) and VAT)	(487,375)	(42,160)	(125,732)
Revenue	6,234	546	2,481

In FY2019, FY2020, FY2021 and 4M2022, the number of our customers of the promotion and advertising services amounted to 29, 14, 159 and 76, respectively. The increase in the number of customers since FY2021 was mainly attributable to our advertisement placement services as (i) our cooperation with the large-scale media publishers (or their channel agents) allows us to provide marketing and promotion services at a larger scale; and (ii) we have increased the manpower to cater for the launch of advertisement placement services in 2021. We believe that our advertisement placement services would become one of the key drivers to our future business growth. For further details of the business model of our promotion and advertising services, please see the section headed “Business — Our Business Model — Marketing and Promotion Services — Promotion and Advertising Services — (1) Traditional Marketing and Promotion Services; and (2) Advertisement Placement Services (Delivered through Marketing Channel Provider)” in this prospectus.

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We provide traditional marketing and promotion services and advertisement placement services for different products or services, including but not limited to, mobile games, entertainment, utility and lifestyle related products, apps and/or online platforms. The following table sets forth the breakdown of our revenue from traditional marketing and promotion services and advertisement placement services by industry of the products or services being promoted during the periods indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Games and										
entertainment	47,536	83.9	15,353	91.7	4,266	38.9	3,112	80.4	1,289	30.3
Utility and lifestyle	4,277	7.5	306	1.8	3,350	30.6	378	9.8	1,737	40.9
Others	4,857	8.6	1,090	6.5	3,342	30.5	378	9.8	1,223	28.8
Total	56,670	100.0	16,749	100.0	10,958	100.0	3,868	100.0	4,249	100.0

During the Track Record Period, we mainly provide our traditional marketing and promotion services and advertisement placement services for games and entertainment related products, apps and/or online platforms, such as online games, movies and e-books, contributing to revenue of RMB47.5 million, RMB15.4 million, RMB4.3 million and RMB1.3 million, representing 83.9%, 91.7%, 38.9% and 30.3% of the total revenue from our traditional marketing and promotion services and advertisement placement services for FY2019, FY2020, FY2021 and 4M2022, respectively.

Advertisement Distribution Services

In September 2020, we started to provide advertisement distribution services as part of our promotion and advertising services. Our revenue from advertisement distribution services amounted to RMB18.5 million, RMB107.9 million and RMB38.2 million for FY2020, FY2021 and 4M2022, respectively, representing 23.0%, 66.0% and 65.7% of our revenue from marketing and promotion services in the corresponding periods. We provide advertisement distribution services to our customers, namely advertising agents (which include large-scale media platform operators and their agents) and connect them with mobile app operators through our RegoAd SDK, which works in combination with the advertising agents' platforms and matches advertisements of the enterprise advertisers with the available and suitable mobile advertising space in the mobile app operated by the mobile app operators. We charge our customers primarily based on a mix of performance parameters of the advertisement distribution services, including but not limited to, impressions, clicks, CTR and/or CPM, and we in turn pay to the mobile app operators or their distribution agents based on an agreed proportion of the service fees we received from our customers as traffic acquisition costs. After deduction of such traffic acquisition costs, we are typically entitled to 20% to 50% of the service fees we received from our customers. Please see the section headed "Business — Our

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Business Model — Marketing and Promotion Services — Promotion and Advertising Services — (3) Advertisement Distribution Services (Delivered through Mobile App Operators)” in this prospectus for more details of our advertisement distribution services.

The following table set forth the breakdown of our revenue from advertisement distribution services in FY2020, FY2021 and 4M2022 by the types of the mobile app connected to our Rego SDK:

	Year ended 31 December				Four months ended 30 April			
	2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>							
Financial services	18,448	99.7	105,020	97.3	37,077	96.7	38,084	99.8
Utility and lifestyle	37	0.2	1,887	1.7	354	0.9	56	0.1
E-commerce platform	5	0.0	711	0.7	594	1.5	21	0.1
Others	10	0.1	303	0.3	302	0.9	–	–
Total	18,500	100.0	107,921	100.0	38,327	100.0	38,161	100.0

Revenue Model of our Promotion and Advertising Services

We adopt various different pricing policy for our promotion and advertising services. We typically charge our customers of traditional marketing and promotion services by CPA (cost per action, such as download, installation or registration by end users) or CPS (cost per sale) model. For our advertisement distribution service, our customers (being media publishers or their agents) primarily pay to us service fees determined with reference to a mix of performance parameters of the advertisement distribution services, including but not limited to, impressions, clicks, CTR and/or CPM (i.e. combined performance parameters). The service fees under the promotion and advertising services and advertisement distribution services are recognised as our revenue on a gross basis.

On the other hand, our revenue from the advertisement placement services is recognised on a net basis and represent the net amounts between the top-up amounts that we received from our customers (net of rebates, if any) and the amounts paid by us to the media publishers (or their channel agents)(net of rebates, if any) for topping-up of our customers’ accounts maintained on the platforms operated by the media publishers. Our suppliers, being the media publishers or their agents, may also grant us rebates on a quarterly and/or annual basis which are recorded as our revenue. For further details on the determination of the rebates, please refer to the section headed “Business — Our Business Model — 1. Marketing and Promotion Services — 1A. Promotion and Advertising Services — 1A(ii) Advertisement Placement Services (Delivered through Media Publishers)” in this prospectus.

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The following table sets forth a breakdown of our revenue from promotion and advertising services by revenue model:

	For the year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Traditional marketing and promotion services										
– CPA	47,977	84.7	9,993	28.3	620	0.5	251	0.6	–	–
– CPS	8,636	15.2	1,096	3.1	808	0.7	241	0.6	280	0.6
– Others ^(Note 1)	57	0.1	5,660	16.1	3,296	2.8	2,830	6.7	1,488	3.5
Advertisement placement services										
– Rebates ^(Note 2)	–	–	–	–	6,234	5.2	546	1.3	2,481	5.9
Advertisement distribution services										
– Combined performance parameters	–	–	18,500	52.5	107,921	90.8	38,327	90.8	38,161	90.0
Total	56,670	100.0	35,249	100.0	118,879	100.0	42,195	100.0	42,410	100.0

Notes:

- Others include fixed payment and service fees charged based on the quantity of marketing activities conducted by us.
- Our revenue from advertisement placement services is recognised on a net basis representing the surplus of (i) the net top-up amounts we received from our customers (after deducting the rebates granted by us to our customers) over (ii) the amounts paid by us to the media publishers (or their channel agents) (net of rebates from our suppliers, if any).

(ii) Virtual goods sourcing and delivery services

In FY2019, FY2020, FY2021 and 4M2022, we generated revenue of RMB12.4 million, RMB45.3 million, RMB44.6 million and RMB15.7 million, respectively, from our virtual goods sourcing and delivery services, representing approximately 18.0%, 56.2%, 27.3% and 27.0%, respectively, of our revenue from marketing and promotion services in the corresponding periods. The growth in the revenue generated from our virtual goods sourcing and delivery services during the Track Record Period was mainly driven by the enhancement of our product offerings to our customers. We commenced our virtual goods sourcing and delivery services in 2017 mainly offering top-up for telecommunication services to our customers. Since FY2019, we have gradually introduced other virtual goods in our product offerings and upgraded our Rego Virtual Goods Platform to cater for the transactions of different types of virtual goods. We currently offer a wide spectrum of virtual goods to our customers, including but not limited to, top-up for telecommunication services, memberships

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of online entertainment platforms, and gift cards of e-marketplaces and gas stations. Leveraging on our increasing capacity of resource integration, we entered into business relationships with a virtual goods procurement agent of several sizable enterprises including banks, insurance companies, financial service providers and a food and beverage retail chain, thereby resulting in a significant growth in our revenue from virtual goods sourcing and delivery services in FY2020 and FY2021.

The table below sets forth a breakdown of revenue generated from our virtual goods sourcing and delivery services by type of virtual goods for the periods indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Top-up for telecommunication services	9,366	75.5	17,320	38.2	18,128	40.6	6,406	49.4	6,535	41.6
Online vouchers and interests ^(Note 1)	2,986	24.1	25,788	56.9	17,721	39.7	3,564	27.5	6,344	40.4
Gift cards of gas stations	–	–	2,162	4.8	8,760	19.6	2,986	23.0	2,823	18.0
Others	56	0.4	21	0.1	20	0.1	8	0.1	2	0.0
Total	12,408	100.0	45,291	100.0	44,629	100.0	12,964	100.0	15,704	100.0

Note:

- We offer a wide spectrum of online vouchers and interests including but not limited to memberships of online entertainment platforms, gift cards of e-marketplaces, coffee vouchers, membership of online healthcare and medical services and packages combining various types of online vouchers and interests.

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During the Track Record Period, we primarily provide virtual goods sourcing and delivery services to mobile game operators and companies engage in the lifestyle and entertainment industry. Set out below is a breakdown of our revenue generated from the virtual goods sourcing and delivery services by industries of the enterprises to whom we supplied virtual goods for the periods indicated:

	For the year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Enterprises										
– Online game operators	9,348	75.3	17,053	37.6	25,466	57.1	8,398	64.8	8,363	53.3
– Lifestyle and entertainment	21	0.2	26	0.1	3,665	8.2	519	4.0	1,807	11.5
	9,369	75.5	17,079	37.7	29,131	65.3	8,917	68.8	10,170	64.8
Agents^(Note)	3,039	24.5	28,212	62.3	15,498	34.7	4,047	31.2	5,534	35.2
Total	12,408	100.0	45,291	100.0	44,629	100.0	12,964	100.0	15,704	100.0

Note: For our customers of virtual goods sourcing and delivery services who are agents, we are unable to ascertain the identities of their end-customers and their respective revenue contributions. Accordingly, the above table only provides a breakdown of the industries for transactions directly entered into with the enterprises.

We recognised our revenue from our virtual goods sourcing and delivery services on a net basis. Please refer to the paragraphs headed “Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — 1. Revenue from our Marketing and Promotion Services” in this section above for further details.

The following table illustrates the reconciliation of the GMV and our revenue recorded under our virtual goods sourcing and delivery services during the periods indicated:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
GMV	282,213	588,510	808,005	320,587	317,918
Less: purchase costs of the virtual goods	(269,805)	(543,219)	(763,376)	(307,623)	(302,214)
Revenue	12,408	45,291	44,629	12,964	15,704

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The total GMV of the virtual goods offered by us under our virtual goods sourcing and delivery services amounted to RMB282.2 million, RMB588.5 million, RMB808.0 million and RMB317.9 million in FY2019, FY2020, FY2021 and 4M2022, respectively. The increase in the total GMV of the virtual goods offered by us in FY2020 was primarily due to the increase in our product offerings since 2020. The number of virtual goods available on our Rego Virtual Goods Platform increased from four in FY2019 to over 60 in FY2021. We also offer packages combining various virtual goods since FY2020.

2. Revenue from our IT Solution Services

During the Track Record Period, we primarily offer IT solutions services in relation to (i) mobile game and software development and maintenance services; and (ii) solutions on lottery related software systems and equipment, on a project-by-project basis, in support of the business strategy for our marketing and promotion services, i.e. to facilitate our penetration of targeted marketing segments through technical supports and for diversification of our business. We consider that our technical capability and experience would allow us to stand out from our competitors and is one of the key factor to our success. For details of our IT solutions services, please see the section headed “Business — Our Business Model — IT Solution Services” in this prospectus. The following table sets forth the breakdown of our revenue from our IT solutions services for the periods indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Mobile game and software development and maintenance services	17,861	94.1	7,939	24.9	11,275	20.3	4,501	53.0	7,084	56.4
Solutions on lottery related software systems and equipment	1,122	5.9	23,987	75.1	44,378	79.7	3,985	47.0	5,476	43.6
Total	18,983	100.0	31,926	100.0	55,653	100.0	8,486	100.0	12,560	100.0

Our revenue from IT solutions services amounted to RMB19.0 million, RMB31.9 million, RMB55.7 million and RMB12.6 million for FY2019, FY2020, FY2021 and 4M2022, respectively. Such increase was mainly attributable to the growth in our solutions on lottery related software systems and equipment following our acquisition of Xi'an Tiantai in July 2020.

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(i) Mobile Game and Software Development and Maintenance Services

The mobile game industry in the PRC was one of the targeted markets of our promotion and advertising services during the Track Record Period. To facilitate our penetration into the mobile game industry, we have provided development and technical supports services in connection with mobile games, contributing revenue of RMB9.6 million, RMB7.9 million, RMB9.5 million and RMB3.5 million in FY2019, FY2020, FY2021 and 4M2022, respectively. Our revenue from mobile game and software development and maintenance services decreased in FY2020 mainly due to the decrease in the revenue generated from our services provided in respect of a mobile game operated by Customer A1 in 2019. Pursuant to our contract with Customer A1 in 2017, our IT solution services provided to Customer A1 were bundled with our promotion and advertising services for acquisition of new users for its mobile game. We subsequently renewed our contract with Customer A1 in 2019, following which we were no longer required to provide promotion and advertising services to Customer A1 and thereafter our revenue from Customer A1 only represents the service fees for our IT solution services. In addition, the decrease in our revenue in this business segment since 2020 was also resulted from a shift of our business focus away from the online game industry in view of the uncertain regulatory environment of the online game industry in the PRC. Apart from mobile games, we have also provided IT solutions services to other industries during the Track Record Period including education, business and telecommunications by developing different systems and software in support of their business operations.

(ii) Solution on lottery related software systems and equipment

During the Track Record Period, our solution on lottery-related software systems and equipment include communication security systems, network security systems, lottery sales points monitoring systems and sale of lottery vending machines, contributing revenue of RMB1.1 million, RMB24.0 million, RMB44.4 million and RMB5.5 million in FY2019, FY2020, FY2021 and 4M2022, respectively. We started to provide solution on lottery related software systems and equipment in FY2019 in view of our strategic business initiatives of converting and utilising the widespread lottery retail network in the PRC into our marketing channel and our own private traffic. For further details, please refer to the section headed “Business — Our Business Strategies — Developing and operating our SaaS enterprise marketing services platform as a means to expand our marketing channels” in this prospectus. We further expanded the services offered under our solutions on lottery related software systems and equipment after our acquisition of Xi'an Tiantai in July 2020. Since the acquisition of Xi'an Tiantai, we mainly provide lottery related software systems and/or equipment and the related technical services to provincial WLIACs in the PRC. Pursuant to the terms of the agreements entered into between our Group and the provincial WLIACs, we are normally entitled to recognise a substantial portion of the contract sum upon the successful delivery and installation of the software systems and/or equipment, while around 5% to 10% of the contract sum maybe retained by our customer until the expiry of the defects liability period.

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Cost of sales

Our cost of sales primarily consists of (i) traffic acquisition cost; (ii) cost of goods sold; and (iii) employee benefit expenses. During the Track Record Period, our cost of sales accounted for 50.0%, 32.9%, 49.8% and 48.1% of our total revenue in FY2019, FY2020, FY2021 and 4M2022, respectively. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Traffic acquisition costs										
Social media ^(Note 1)	34,182	76.5	6,710	18.1	–	–	–	–	–	–
Mobile apps ^(Note 2)	–	–	12,897	34.7	74,445	68.1	25,680	81.9	27,708	81.4
Others ^(Note 3)	1,301	2.9	1,981	5.3	1,445	1.3	809	2.6	312	0.9
	35,483	79.4	21,588	58.1	75,890	69.4	26,489	84.5	28,020	82.3
Cost of goods sold	992	2.3	8,621	23.2	17,778	16.3	1,297	4.1	375	1.1
Employee benefit expenses	8,191	18.3	3,898	10.5	7,721	7.1	1,950	6.2	3,920	11.5
Research and technical service costs	–	–	1,529	4.1	3,377	3.1	377	1.2	326	1.0
Others	11	0.0	1,530	4.1	4,577	4.1	1,229	4.0	1,380	4.1
TOTAL	44,677	100.0	37,166	100.0	109,343	100.0	31,342	100.0	34,021	100.0

Notes:

- (1) The social media adopted by us as marketing and advertising channels mainly include Wechat and Tencent QQ.
- (2) We conducted our advertisement distribution services through advertising spaces on mobile apps.
- (3) Others mainly include telemarketing and offline marketing channels.
- (4) As our revenue from advertisement placement services is recognised on a net basis, the fees paid by us to our suppliers (being media publishers or their agents) were deducted from the payment received by us from our customers. Therefore, no acquisition costs were recorded for our advertisement placement services.

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Traffic acquisitions costs accounted for 79.4%, 58.1%, 69.4% and 82.3% of our total cost of sales in FY2019, FY2020, FY2021 and 4M2022, respectively. Traffic acquisition costs primarily represent (i) as to our traditional marketing and promotion services and advertisement placement services, the costs we paid to downstream marketing channel providers or channel agents; and (ii) as to our advertisement distribution services, the revenue shared to the mobile app operators and/or their distribution agents for the available mobile advertising space in their mobile app. Our traffic acquisition costs may vary due to a number of factors, including the scale and duration of the advertising campaigns and the pricing model adopted by our customers. In FY2019, our traffic acquisition costs mainly represent our payment to suppliers for traffic on different social media platforms for the provision of traditional marketing and promotion services mainly to our customers who are online games operators. Following the shift of our business focus away from the online game industry due to regulatory uncertainties and the commencement of our advertisement distribution services, a substantial part of our traffic acquisition costs was attributable to our payment to suppliers (i.e. mobile apps operators and their channel agents) for traffic on mobile apps, representing 34.7%, 68.1% and 81.4% of our costs of sale in FY2020, FY2021 and 4M2022, respectively. Accordingly, the fluctuations in the major channels associated with our traffic acquisition costs were in line with the development of our promotion and advertising services during the Track Record Period.

Our cost of goods sold during the Track Record Period represents the amounts incurred in the purchase of software and equipment for our solutions on lottery related software system and equipment, such as servers, motherboards, terminal equipment, firewall system and lottery sale machines and related parts and components. The increase in the amount of our purchase of software and equipment in FY2021 was mainly due to the growth in our solutions on lottery related software system and equipment since our acquisition of Xi'an Tiantai in July 2020.

Employee benefits expenses represent the salaries, bonuses and other benefits of our staff directly associated with the provision of our marketing and promotion services and IT solutions services. We recorded relatively higher labour related costs in FY2019 mainly attributable to the costs of technical staff in connection with our mobile game and software development and maintenance services. As the size of our mobile game and software development and maintenance services was reducing during the Track Record Period, we downsized the manpower for mobile games and software development and maintenance services the associated labour related costs also decreased.

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Gross Profit and Gross Profit Margin

For FY2019, FY2020, FY2021 and 4M2022, our gross profit was RMB44.7 million, RMB75.9 million, RMB110.2 million and RMB36.7 million, respectively, and our gross profit margin was 50.0%, 67.1%, 50.2% and 51.9%, respectively.

The following table sets forth a breakdown of gross profit and gross profit margin of our Group by business segment for the periods indicated:

	For the year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	<i>Gross</i>		<i>Gross</i>		<i>Gross</i>		<i>Gross</i>		<i>Gross</i>	
	<i>Gross</i>	<i>profit</i>	<i>Gross</i>	<i>profit</i>	<i>Gross</i>	<i>profit</i>	<i>Gross</i>	<i>profit</i>	<i>Gross</i>	<i>profit</i>
	<i>profit</i>	<i>margin</i>	<i>profit</i>	<i>margin</i>	<i>profit</i>	<i>margin</i>	<i>profit</i>	<i>margin</i>	<i>profit</i>	<i>margin</i>
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	<i>(unaudited)</i>									
Marketing and promotion services										
Promotion and advertising services										
- Traditional marketing and promotion services	19,780	34.9	7,695	45.9	2,984	63.2	2,405	72.4	499	28.2
- Advertisement placement services	–	–	–	–	3,447	55.3	422	77.3	1,697	68.4
- Advertisement distribution services	–	–	4,843	26.2	32,641	30.2	12,449	32.5	10,915	28.6
Virtual goods sourcing and delivery services	12,174	98.1	43,724	96.5	43,094	96.6	12,615	97.3	15,146	96.4
Sub-total/overall	31,954	46.3	56,262	69.9	82,166	50.3	27,891	50.6	28,257	48.6
IT solution services										
Mobile game and software development and maintenance services	11,300	63.3	5,020	63.2	7,795	69.1	3,080	68.4	4,851	68.5
Solutions on lottery related software systems and equipment	130	11.6	14,018	58.4	19,857	44.7	1,332	33.4	3,545	64.7
Sub-total/overall	11,430	60.2	19,038	59.6	27,652	49.7	4,412	52.0	8,396	66.8
Others <i>(Note)</i>	1,311	100.0	574	100.0	388	100.0	149	100.0	45	100.0
TOTAL/OVERALL	44,695	50.0	75,874	67.1	110,206	50.2	32,452	50.9	36,698	51.9

Note: Others represent gross profit generated from the commissions from our sale of lottery tickets through offline shops. The gross profit margin for such business is 100% because we recorded such income on a net basis and the relevant rentals and labour costs are recorded in our selling and distribution expenses.

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Promotion and Advertising Services

For FY2019, FY2020, FY2021 and 4M2022, the gross profit margin for our promotion and advertising services was 34.9%, 35.6%, 32.9% and 30.9%, respectively. The gross profit margin of our promotion and advertising services during the Track Record Period varies depending on, among other things, the type, duration, scale and pricing arrangement of the individual project.

Traditional marketing and promotion services

During FY2019, FY2020 and FY2021, we recorded an increase in the gross profit margin in our traditional marketing and promotion services, which was primarily because (i) we have ceased to engage in certain projects in FY2021 involving user acquisition which generally had a lower gross profit margin of 20% to 30% in FY2021; (ii) our gross profit margin derived from our transactions with Customer P in FY2019 had recorded a relatively lower gross profit margin of 9.5% because we provided our marketing and promotion services through advertisement placement which involved a higher cost whilst the advertisement placement was not as effective as expected in terms of the number of new users acquired. We had ceased and no longer provide any similar marketing and promotion services to Customer P since FY2020; and (iii) we recorded a relative higher gross profit margin in an offline marketing project in connection with the promotion of a leading online audio broadcasting platform in the PRC with over 130 million monthly active users from November 2020 to January 2021. The decrease in the gross profit margin of our traditional marketing and promotion services from 72.4% for 4M2021 to 28.2% for 4M2022 was mainly attributable to the aforesaid offline marketing project with a relatively higher gross profit margin conducted during the period from November 2020 to January 2021.

Advertisement placement services

We recorded a gross profit margin of 55.3% and 68.4% for our advertisement placement services during FY2021 and 4M2022, respectively. The higher gross profit margin of this business segment was mainly due to the fact that we recognised the revenue from the advertisement placement services on a net basis as the amounts paid to the marketing channel providers and/or their channel agents (net of rebate) has been deducted in arriving our revenue from the advertisement placement services. In FY2021 and 4M2022, the total top-up amounts (net of rebates to our customers (if any) and VAT) received from our customers under our advertisement placement services amounted to RMB493.6 million and RMB128.2 million, respectively, and the fee payable by us to the marketing channel providers and/or their channel agents (net of rebates from suppliers (if any) and VAT), being the most significant cost item of the advertisement placement services, amounted to RMB487.4 million and RMB125.7 million, respectively. Accordingly, the margin of the relevant transactions calculated as a percentage of the total top-up amounts received from our customers during FY2021 and 4M2022 was 1.3% and 1.9%, respectively. Despite that the advertisement placement services has a lower margin than our traditional marketing and promotion services, our Directors consider that the advertisement placement services would be one of the key drivers to our business growth in the future because (i) the advertisement placement services would provide better business continuity than the traditional marketing and promotion services, which was

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conducted on a project-by-project basis; and (ii) it could be operated on a larger scale. We believe that, with accumulated market experience and developed customers relationship, we would be able to achieve a higher margin from our advertisement placement services going forward.

Advertising distribution services

We recorded a gross profit margin of 26.2%, 30.2% and 28.6% for our advertising distribution services in FY2020, FY2021 and 4M2022, respectively. The gross profit margin of our advertising distribution services may vary depending on, among other things, our fee-sharing arrangement with the individual mobile apps which supplied advertising spaces to us and the proportion of their respective revenue contribution during the relevant period.

Virtual Goods Sourcing and Delivery Services

The gross profit margin of our virtual goods sourcing and delivery services was 98.1%, 96.5%, 96.6% and 96.4% for FY2019, FY2020, FY2021 and 4M2022, respectively. Our virtual goods sourcing and delivery services have a relatively higher margin than our other business segments because we recognised our revenue from the virtual goods sourcing and delivery services on a net basis. See the paragraph headed “— Critical Accounting Policies, Estimates and Judgements — Revenue Recognition” in this section. The purchase costs of the virtual goods, being the most significant cost item for our virtual goods sourcing and delivery services, has been deducted in arriving our revenue on net basis and the other related direct costs were relatively insignificant, thereby resulting in a relatively higher gross profit margin. As advised by iResearch, the gross profit margin of virtual goods sourcing and delivery services providers is generally within 70% to 99%, depending on various factors such as the cost structure and scale of operation of the relevant companies. Based on the advice of iResearch, we consider that the gross profit margin of our virtual goods sourcing and delivery services is in line with the market rates.

The profit margin of our virtual goods sourcing and delivery services, if calculated as the revenue as a percentage of the total GMV of the relevant transactions was 4.4%, 7.7%, 5.5% and 4.9% for FY2019, FY2020, FY2021 and 4M2022, respectively. We recorded a higher profit margin (based on the GMV of the virtual goods offered by us) in our virtual goods sourcing and delivery services in FY2020 and FY2021 mainly due to the increase in the sale of online vouchers and interests which have a higher profit margin than top-up for telecommunication services. Our profit margin from virtual goods sourcing and delivery services decreased from 5.5% in FY2021 to 4.9% in 4M2022 mainly because we offered a more competitive price for the sourcing and delivery of gift cards of gas stations to a new customer.

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IT Solutions Services

The overall gross profit margin of our IT solutions services remained relatively stable at 60.2% and 59.6% in FY2019 and FY2020, respectively. The gross profit margin of our IT solutions services decreased to 49.7% in FY2021, mainly attributable to the decrease in the gross profit margin of our solutions on lottery related software systems and equipment as (i) labour costs had increased during FY2020; and (ii) we have expanded our product offerings and the new products, including lottery selling machineries, had a relatively lower gross profit margin as compared to the integrated business security access system (一線通). The gross profit margin of our IT solutions services increased from 52.0% in 4M2021 to 66.8% in 4M2022 which was mainly due to the increase in the gross profit margin of our solutions on lottery related software systems and equipment as we were engaged in a project relating to the development of a supervision platform for a provincial WLIAC during 4M2022 which had a relatively higher profit margin.

Other income and other gains or losses

The following table sets forth the breakdown of other income for the year/period indicated:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>				
Other income					
Bank interest income	75	156	249	102	65
Government grants	3,106	4,308	3,997	1,058	929
Net gain on disposal of financial assets at FVTPL	555	749	–	–	–
Gain on financial assets acquired through business combination	–	2,779	910	41	–
Others	295	183	2,217	20	526
	<u>4,031</u>	<u>8,175</u>	<u>7,373</u>	<u>1,221</u>	<u>1,520</u>

Other income of the Group mainly represents bank interest income, government grants and net gain on disposal of financial assets at FVTPL. In FY2019, FY2020, FY2021 and 4M2022, other income amounted to RMB4.0 million, RMB8.2 million, RMB7.4 million and RMB1.5 million, respectively. The net gain on disposal of financial assets at FVTPL represents our net gain from the acquisition and disposal of non-principal guaranteed commercial bank

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wealth management products issued by major and reputable financial institutions in the PRC in the corresponding years. For details of our financial assets at FVTPL, please refer to the paragraphs headed “Liquidity and Capital Resources — Financial Assets at FVTPL” in this section. We recorded government grants in the amount of RMB3.1 million, RMB4.3 million, RMB4.0 million and RMB0.9 million for the FY2019, FY2020, FY2021 and 4M2022, respectively, which primarily comprise of subsidies and/or rewards in support of high-tech enterprise and research and development which were given on a one-off basis during the Track Record Period and at the discretion of the local government authorities. Our gain on financial assets acquired through business combination represents our gain from the subsequent reversal of provision for expected credit loss on trade receivables and contract assets recorded at the acquisition of Xi'an Tiantai.

Impairment Losses on Financial Assets

The following sets forth a breakdown of our impairment losses of financial assets for the periods indicated:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Provision for impairment losses on financial assets					
– Contract assets	12	(98)	(136)	(983)	(51)
– Trade receivables	(90)	(1,421)	(3,875)	(3,772)	(978)
– Other receivables	(22)	77	38	30	(52)
	<u>(100)</u>	<u>(1,442)</u>	<u>(3,973)</u>	<u>(4,725)</u>	<u>(1,081)</u>

Impairment losses on financial assets represents net expected credit loss arising from potential bad debts in respect of our contract assets, trade receivables and other receivables in the ordinary course of business of our Group. We recorded net impairment losses recognised in respect of contract asset, trade and other receivables in aggregate of RMB100,000, RMB1.4 million, RMB4.0 million and RMB1.1 million in FY2019, FY2020, FY2021 and 4M2022, respectively.

Gain on Disposal of Subsidiaries

During FY2019 and FY2020, our Group had disposed its interests in two insignificant non-wholly owned subsidiaries, which had no substantive operation or revenue contribution to our Group, to Independent Third Parties at considerations in excess of the net assets of such

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subsidiaries that were attributable to the Group. Accordingly, we have recorded gain on disposal of subsidiaries of approximately RMB0.1 million and RMB0.5 million in FY2019 and FY2020, respectively. For further details, please refer to the section headed “History, Development and Reorganisation — Reorganisation for Listing” and Note 40 of the Accountants’ Reports in Appendix I to this prospectus.

Selling and distribution expenses

Our selling and distribution expenses primarily comprise (i) employee benefit expenses, which mainly include salaries, bonuses and other benefits for our sales and marketing personnel; (ii) travel and entertainment expenses; (iii) advertising and promotion expenses; (iv) rentals, depreciation and impairment of right-of-use assets; (v) service fees mainly in relation to technical support, software development and installation of equipment for our solutions on lottery related software system and equipments and (vi) others. The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Employee benefit expenses	2,284	59.5	2,069	42.0	2,761	28.9	785	41.4	1,967	59.8
Travel and entertainment expenses	383	10.0	967	19.6	3,479	36.4	791	41.7	720	21.9
Advertising and promotion expenses	5	0.1	334	6.8	924	9.7	22	1.2	55	1.7
Rentals, depreciation and impairment of right-of-use assets	881	22.9	85	1.7	692	7.2	134	7.1	307	9.3
Service fees <i>(Note)</i>	64	1.6	987	20.0	1,186	12.4	25	1.3	77	2.4
Others	227	5.9	489	9.9	519	5.4	138	7.3	161	4.9
Total	3,844	100.0	4,931	100.0	9,561	100.0	1,895	100.0	3,287	100.0

Note: Service fees primarily include fees paid to external service providers for market research, technical support, development and installation of lottery-related equipment and software system equipment. Such amount increased in FY2020 and FY2021 mainly due to our Group’s acquisition of Xi’an Tiantai.

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Our selling and distribution expenses amounted to RMB3.8 million, RMB4.9 million, RMB9.6 million and RMB3.3 million during FY2019, FY2020, FY2021 and 4M2022, respectively. Such increase was mainly attributable to the increase in travel and entertainment expenses, services fee and employee benefit expenses in connection with our solutions on lottery-related software system and equipment following our acquisition of Xi'an Tiantai in July 2020.

Administrative expenses

Our administrative expense primarily consists of (i) employee benefit expenses, which mainly include salaries, bonuses and other benefits for our administrative personnel; (ii) travel and entertainment expenses; (iii) professional fees; (iv) general office expenses; and (v) others. The following table sets forth the components of our administrative expenses for the years indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Employee benefit expenses	5,218	53.1	5,629	45.0	8,106	58.3	2,379	55.3	2,647	60.5
Travel and entertainment	874	8.9	1,569	12.5	705	5.1	172	4.0	231	5.3
Lease related expenses ⁽¹⁾	179	1.8	779	6.2	1,450	10.4	442	10.3	347	7.9
Depreciation and amortisation	110	1.1	299	2.4	439	3.2	129	3.0	72	1.6
Professional fees ⁽²⁾	237	2.4	259	2.1	193	1.4	123	2.9	84	1.9
Impairment expenses ^{(3), (4)}	2,339	23.8	1,962	15.7	–	–	–	–	–	–
General office expenses	583	5.9	1,332	10.7	1,089	7.8	536	12.4	337	7.7
Others	290	3.0	678	5.4	1,918	13.8	519	12.1	659	15.1
Total	9,830	100.0	12,507	100.0	13,900	100.0	4,300	100.0	4,377	100.0

Notes:

- (1) Lease related expenses mainly include property management fees, rentals and depreciation of right-of-use assets.
- (2) Professional fees mainly include auditor's remuneration, legal fees, tax consultancy fees, professional fees for assessing the "High and New Technology Enterprise" status of our subsidiaries.

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- (3) We recorded an impairment loss on goodwill of RMB2.3 million in FY2019 in connection with Jiangxi Yunjia and Wuhan Cairun. For details, please refer to respective paragraph headed “Discussion of Selected Items in the Consolidated Statements of Financial Position Items – Goodwill” in this prospectus and Notes 16 and 17 of the Accountants’ Report in Appendix I to this prospectus.
- (4) We recorded impairment expenses of RMB2.0 million in FY2020 in relation to advances made by us to a supplier in connection with our procurement of advertisement placement services for a customer which is an online game operator. Such advances had not been utilised by us for two years because the relevant customer had ceased to operate the relevant online game and therefore no longer engage us for promotion and advertising services since January 2020. As at the Latest Practicable Date, the relevant supplier had fully refunded the unutilised amounts to us. Accordingly, we recorded other income of approximately RMB1.9 million (being the unutilised amounts after deducting VAT) in FY2021.

We recorded administrative expenses amounted to RMB9.8 million, RMB12.5 million, RMB13.9 million and RMB4.4 million for FY2019, FY2020, FY2021 and 4M2022, respectively. The increase in our administrative expense during the Track Record Period was mainly attributable to (i) the increase in employee benefit expenses of our administrative staff which was in line with our business growth; and (ii) the impairment expenses in connection with goodwill of Jiangxi Yunjia and Wuhan Cairun in FY2019 and advance to a supplier in FY2020.

Research and development expenses

Our research and development expenses primarily consist of (i) employee benefit expenses, which primarily comprise the salaries, bonuses and other benefits of our research and development staff; (ii) technical service and copyright fees, which mainly represent expenses for R&D projects outsourced to an university and other external institutions and acquisition cost for copyrights; and (iii) depreciation of property, plant and equipment. The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Employee benefit expenses	2,530	32.3	6,676	71.3	14,724	79.1	3,730	72.9	4,510	94.3
Technical service and copyright fees (Note 1)	3,943	50.3	1,000	10.7	2,492	13.4	692	13.5	–	–
Depreciation and amortisation	800	10.2	1,145	12.2	852	4.6	411	8.0	143	3.0

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	Year ended 31 December						Four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Rentals and depreciation of right-of-use assets	192	2.5	142	1.5	8	0.1	6	0.1	12	0.3
Travel and entertainment	157	2.0	26	0.3	156	0.8	26	0.5	34	0.7
Others (Note 2)	212	2.7	376	4.0	379	2.0	251	5.0	82	1.7
Total	7,834	100.0	9,365	100.0	18,611	100.0	5,116	100.0	4,781	100.0

Notes:

- Our technical service and copyright fees for FY2019 includes the cost of our acquisition of copyright of mobile games of RMB2.6 million. Such acquisition was part of our initial business initiative to explore the possibility of developing into a mobile game operator. As such business initiative has not materialised subsequently, we recorded the acquisition cost of such copyright as research and development expenses in FY2019.
- Others mainly include general office expenses and services fees in connection with the registration of copyright of software.

For FY2019, FY2020, FY2021 and 4M2022, we recorded research and development expenses of RMB7.8 million, RMB9.4 million, RMB18.6 million and RMB4.8 million, respectively. The increase in our research and development expenses during the Track Record Period was mainly attributable to the increase in the number of our research and development staff as a result of our business expansion. Our employee benefit expenses for research and development personnel amounted to RMB2.5 million, RMB6.7 million, RMB14.7 million and RMB4.5 million for FY2019, FY2020, FY2021 and 4M2022, respectively.

Listing expenses

Our listing expenses comprised of professional fees and other expenses in relation to the Listing. Our listing expenses amounted to RMB6.1 million, RMB13.6 million and RMB1.4 million for FY2020, FY2021 and 4M2022, respectively. We did not record any Listing expenses for FY2019.

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Finance costs

Our finance costs mainly represent interest expenses on bank borrowings and lease liabilities. For details of our borrowings and lease liabilities, please refer to the paragraphs headed “Indebtedness” in this section. Our finance costs during FY2019, FY2020, FY2021 and 4M2022 amounted to RMB82,000, RMB353,000, RMB674,000 and RMB376,000, respectively. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Interest expenses on bank borrowings	–	335	673	176	376
Interest expenses on lease liabilities	82	18	1	1	–
	<u>82</u>	<u>353</u>	<u>674</u>	<u>177</u>	<u>376</u>

Income tax expense

Our Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies comprising our Group domicile or operate.

(i) Cayman Islands profits tax

Our Group was incorporated in the Cayman Islands as an exempted company with limited liabilities under the current law of Cayman Islands. Our Group is not subject to any profit tax in the Cayman Islands.

(ii) Hong Kong profits tax

No Hong Kong profits tax has been provided for as our Group did not have any assessable profit in Hong Kong during the Track Record Period.

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(iii) PRC corporate income tax

Pursuant to EIT Law of the PRC and the Implementation Regulation on the EIT Law, the applicable tax rate of our subsidiaries operating in the PRC during the Track Record Period was 25% of their taxable profits. Nevertheless, members of our Group was entitled to the following preferential tax treatment during the Track Record Period:

- (i) Hangzhou Rego was accredited as “Software Enterprise” and obtained the relevant certificate in 2018 and was entitled to full exemption from EIT for two years beginning from its first profitable calendar year and a 50% reduction for the subsequent three calendar years. Therefore, Hangzhou Rego was entitled to a preferential income tax rate of 12.5% in FY2019, FY2020 and FY2021. In addition, Hangzhou Rego was accredited as a “High and New Technology Enterprise” in 2020 and would be entitled to a preferential EIT rate of 15% up to December 2023.
- (ii) Zhejiang Runye was accredited as a “Software Enterprise” in 2019 and was therefore exempted from EIT in FY2019 and FY2020 and entitled to a preferential income tax rate of 12.5% in FY2021.
- (iii) Jiangxi Yunjia was accredited as a “Software Enterprise” in 2018 and was therefore exempted from EIT in FY2019 and FY2020. In 2021, Jiangxi Yunjia was entitled to preferential tax treatment due to its classification as a “micro and small business”.
- (iv) Xi’an Tiantai was accredited as a “High and New Technology Enterprise” in 2019 (which was renewed in 2022) and entitled to a preferential EIT rate of 15% in FY2020 and FY2021.

According to relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective and updated from 2017 onwards, enterprises engaging in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year (i.e. the Super Deduction). The tax effect of Super Deduction amounted to RMB2.0 million, RMB2.9 million, RMB3.9 million and RMB1.4 million during the FY2019, FY2020, FY2021 and 4M2022, respectively.

For FY2019, FY2020, FY2021 and 4M2022, our income tax expenses were RMB1.2 million, RMB4.4 million, RMB7.2 million and RMB3.2 million, respectively, and our effective tax rate for the corresponding period was 4.5%, 8.9%, 12.7% and 13.9%, respectively. Our effective tax rate increased during the Track Record Period primarily due to the expiration of certain tax exemptions by Hangzhou Rego and Zhejiang Runye in connection with their accreditation as “Software Enterprise” since FY2019 and FY2021, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and have not had any unresolved income tax issues or disputes with the relevant tax authorities.

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REVIEW OF HISTORICAL RESULTS OF OPERATIONS

4M2022 compared to 4M2021

Revenue

Our revenue increased by RMB6.9 million or 10.9% from RMB63.8 million for 4M2021 to RMB70.7 million for 4M2022. Such increase was mainly attributable to the increase in our revenue from our (i) virtual goods sourcing and delivery services by RMB2.7 million; and (ii) mobile game and software development and maintenance services by RMB2.6 million.

Promotion and Advertising Services

Our revenue from promotion and advertising services increased slightly from RMB42.2 million in 4M2021 to RMB42.4 million in 4M2022. Such increase was mainly attributable to the growth in our revenue from advertisement placement services which commenced in March 2021, which was partially offset by the decrease in our traditional marketing and promotion services.

Virtual Goods Sourcing and Delivery Services

Our revenue from virtual goods sourcing and delivery services increased by RMB2.7 million from RMB13.0 million for 4M2021 to RMB15.7 million for 4M2022, which was mainly attributable to the increase our revenue from the sourcing and delivery of online vouchers and interests by RMB1.4 million attributable to Customer H, which was one of our major customers in FY2020, FY2021 and 4M2022, and revenue of RMB1.8 million from Customer W, a new customer in 4M2022.

IT Solutions Services

Our revenue from IT solutions services increased by RMB4.1 million from RMB8.5 million for 4M2021 to RMB12.6 million for 4M2022, which was mainly attributable to revenue of RMB2.6 million generated from our software development services in connection with the development of a marketing SaaS platform provided to a new customer, which is a subsidiary of one of the major telecommunication operators in the PRC. We also recorded an increase in revenue from our solutions on lottery related software systems and equipment by RMB1.5 million which was mainly attributable to the provision of software development services relating to a supervision platform for a provincial WLIAC during 4M2022.

Cost of Sales

Our cost of sales increased from by RMB2.7 million or 8.5% from RMB31.3 million for 4M2021 to RMB34.0 million for 4M2022 which was primarily due to the increase in our traffic acquisition costs by RMB1.5 million mainly attributable to our advertisement distribution services.

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Gross Profit and Gross Profit Margin

Our gross profit increased by RMB4.2 million or 13.1% from RMB32.5 million in 4M2021 to RMB36.7 million in 4M2022, which was mainly attributable to the increase in our gross profit from virtual goods sourcing and delivery services by RMB2.5 million and solutions on lottery related software systems and equipment by RMB2.2 million. Our overall gross profit margin increased slightly from 50.9% for 4M2021 to 51.9% for 4M2022. Such increase was mainly attributable to the increase in the gross profit margin of solutions on lottery related software systems and equipment.

Promotion and Advertising Services

The gross profit of our promotion and advertising services decreased by RMB2.2 million or 14.2% from RMB15.3 million for 4M2021 to RMB13.1 million for 4M2022, mainly due to the decrease in gross profit from the traditional marketing and promotion services by RMB1.9 million and advertisement distribution services by RMB1.5 million. The gross profit margin of our promotion and advertising services decreased from 36.2% for 4M2021 to 30.9% for 4M2022. Such decrease was mainly due to the decrease in our profit margin from traditional marketing and promotion services as we were engaged in an offline marketing project with a relatively higher gross profit margin conducted during 4M2021 and the decrease in our profit margin from advertisement distribution services from 32.5% in 4M2021 to 28.6% in 4M2022. The fluctuations in our gross profit margin for advertising distribution services was mainly due to a decrease in our profit share with certain suppliers, being mobile apps operators or their agents, during 4M2022 as compared to 4M2021.

Virtual Goods Sourcing and Delivery Services

The gross profit of our virtual goods sourcing and delivery services increased by RMB2.5 million or 20.1% from RMB12.6 million for 4M2021 to RMB15.1 million for 4M2022 which was mainly attributable to the increase in revenue from the sourcing and delivery of online vouchers and interests. Gross profit margin of our virtual goods sourcing and delivery services remained stable at 97.3% and 96.4% in 4M2021 and 4M2022, respectively.

IT Solutions Services

The overall gross profit of our IT solutions services increased by RMB4.0 million or 90.3% from RMB4.4 million for 4M2021 to RMB8.4 million for 4M2022. Gross profit margin of our IT solutions services also increased from 52.0% in 4M2021 to 66.8% in 4M2022. Such increase was attributable to (i) the increase in our gross profit from mobile game and software development and maintenance services by RMB1.8 million mainly attributable to the increase in revenue from the development of a marketing SaaS platform provided to a new customer; and (ii) the increase in our gross profit of RMB2.2 million and gross profit margin of 31.3% from our solutions on lottery related software systems and equipment which was mainly attributable to the provision of software development services relating to a lottery sale points

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security supervision platform for a provincial WLIAC during 4M2022 which had a relatively higher profit margin as the relevant services were predominantly provided by our own employees without incurring significant cost of sale.

Other Income and Other Gains or Losses

Our other income increased by RMB0.3 million or 24.5% from RMB1.2 million for 4M2021 to RMB1.5 million for 4M2022. Such increase was mainly attributable to the reversal of selling and distribution expenses in the amount of RMB0.5 million recognised in FY2021 as a result of the termination of the marketing services to be provided to us by a third party service provider.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB1.4 million or 73.5% from RMB1.9 million in 4M2021 to RMB3.3 million in 4M2022, which was mainly attributable to the increase in employee benefit expenses as a result of the increase in number of sales personnel for our solutions on lottery-related software system and equipment segment.

Administrative Expenses

Our administrative expenses slightly increased from RMB4.3 million in 4M2021 to RMB4.4 million in 4M2022, which was mainly attributable to the increase in employee benefit expenses for our administrative personnel.

Research and Development Expenses

Our research and development expenses decreased by RMB0.3 million or 6.5% from RMB5.1 million in 4M2021 to RMB4.8 million in 4M2022 primarily because employee benefit expenses in respect of our research and development staff of RMB2.2 million incurred during 4M2022 was recorded under cost of sales.

Income Tax Expense

Our income tax expense increased by RMB0.6 million from RMB2.6 million in 4M2021 to RMB3.2 million in 4M2022, which was in line with the increase in our revenue and profit during 4M2022.

Profit for the Period

As a result of the foregoing, our profit for the period increased by RMB7.9 million or 66.0% from RMB11.9 million for 4M2021 to RMB19.8 million for 4M2022. Our net profit margin increased from 18.7% for 4M2021 to 27.9% for 4M2022, primarily due to the increase in our gross profit and decrease in our listing expenses recorded during 4M2022 as compared to 4M2021.

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FY2021 compared to FY2020

Revenue

Our revenue increased by RMB106.5 million or 94.2% from RMB113.0 million for FY2020 to RMB219.5 million for FY2021. Such increase was attributable to (i) the increase in our revenue from marketing and promotion services by RMB83.0 million; and (ii) the increase in our revenue from IT solutions services by RMB23.7 million.

Promotion and Advertising Services

Our revenue from promotion and advertising services increased by RMB83.7 million from RMB35.2 million for FY2020 to RMB118.9 million for FY2021, mainly due to the significant growth in our revenue from advertisement distribution services from RMB18.5 million for FY2020 to RMB107.9 million in FY2021 mainly attributable to the increase in demand from one of our customer of the advertisement distribution services, who was an advertising agents of sizable media publishers. The increase in revenue from advertisement distribution services was partially offset by the decrease in revenue from our traditional marketing and promotion services from RMB16.7 million for FY2020 to RMB4.7 million for FY2021, mainly due to a shift of our business focus to advertisement distribution services and advertisement placement services.

Virtual Goods Sourcing and Delivery Services

Our revenue from virtual goods sourcing and delivery services decreased by RMB0.7 million from RMB45.3 million for FY2020 to RMB44.6 million for FY2021, primarily because one of the customers who purchased online vouchers and interests from us in FY2020 had ceased its business relationship with our Group due to a shift of the business focus of such customer. Such decrease was partially offset by the increase in the sales generated from some of our existing customers.

IT Solutions Services

Our revenue from IT solutions services increased by RMB23.8 million from RMB31.9 million for FY2020 to RMB55.7 million for FY2021, which was mainly attributable to the increase in our revenue from solutions on lottery related software systems and equipment of RMB20.4 million due to the expansion of products and services offered by us after our acquisition of Xi'an Tiantai in July 2020. Our revenue from mobile game and software development and maintenance services also increased by RMB3.4 million from RMB7.9 million for FY2020 to RMB11.3 million for FY2021, mainly due to the increase in the amount of users' spending of the mobile game operated by Customer A1 of which we are entitled to sharing of revenue.

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Cost of Sales

Cost of sales increased by RMB72.2 million or 194.2% from RMB37.2 million for FY2020 to RMB109.3 million for FY2021. Such increase was mainly due to (i) increase in traffic acquisition cost of RMB54.3 million mainly attributable to the increase in the amounts payable to mobile app operators or their distribution agents following the expansion of our advertisement distribution services in FY2021; and (ii) increase in cost of goods sold of RMB9.2 million, primarily resulted from the expansion in our solutions for lottery-related software system and equipment.

Gross Profit and Gross Profit Margin

Our gross profit increased by RMB34.3 million or 45.2% from RMB75.9 million for FY2020 to RMB110.2 million for FY2021, which was mainly attributable to the increase in our gross profit from our advertisement distribution service and solutions for lottery-related software system and equipment by RMB27.8 million and RMB5.8 million, respectively.

Our overall gross profit margin decreased from 67.1% for FY2020 to 50.2% for FY2021. Such decrease was mainly attributable to the increase in the revenue contribution of our advertisement distribution services which has a lower gross profit margin than our other business segments.

Promotion and Advertising Services

The gross profit of our promotion and advertising services increased by RMB26.5 million or 211.6% from RMB12.5 million for FY2020 to RMB39.1 million for FY2021, mainly attributable to the growth in our advertisement distribution services in FY2021. The gross profit margin of our promotion and advertising services decreased from 35.6% for FY2020 to 32.9% for FY2021. Such decrease was mainly due to the increase in the revenue contribution of our advertisement distribution services which has a lower gross profit margin.

Virtual Goods Sourcing and Delivery Services

The gross profit of our virtual goods sourcing and delivery services decreased slightly for RMB0.6 million or 1.4% from RMB43.7 million for FY2020 to RMB43.1 million for FY2021, which was mainly due to the decrease in revenue from our virtual goods sourcing and delivery services in FY2021. Gross profit margin of our virtual goods sourcing and delivery services remained stable at 96.6% for FY2021, as compared to the gross profit margin of 96.5% in FY2020.

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IT Solutions Services

The gross profit of our IT solutions services increased by RMB8.6 million or 45.2% from RMB19.0 million for FY2020 to RMB27.7 million for FY2021 which was due to the increase in gross profit from our mobile game and software development and maintenance services and solutions of lottery-related soft systems and equipment by RMB2.8 million and RMB5.8 million, respectively. Gross profit margin of our IT solutions services decreased from 59.6% for FY2020 to 49.7% for FY2021, mainly due to the decrease in gross profit margin of our solutions for lottery-related software system and equipment, which was mainly resulted from (i) the increase in labour costs; and (ii) the new products offered by us which had a relatively lower gross profit margin.

Other Income and Other Gains or Losses

Our other income decreased slightly by RMB0.8 million or 9.8% from RMB8.2 million for FY2020 to RMB7.4 million for FY2021. The decrease was mainly attributable to (i) decrease in the reversal of provision for expected credit loss on trade receivables and contract assets recorded at acquisition of Xi'an Tiantai of RMB1.9 million; and (ii) the fact that we had not purchased wealth management products in FY2021. Such decrease was partially offset by the increase in other income arising from the refund of RMB1.9 million (net of VAT) from a supplier of unutilised advances payment which was recognised as impairment expenses in FY2020.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB4.6 million or 93.9% from RMB4.9 million for FY2020 to RMB9.6 million for FY2021 primarily due to the increase in the travel and entertainment expenses of our sales and marketing personnel of RMB2.5 million.

Administrative Expenses

Our administrative expenses increased by RMB1.4 million or 11.1% from RMB12.5 million for FY2020 to RMB13.9 million for FY2021, primarily attributable to the increase in employee benefit expenses for our administrative personnel of RMB2.5 million being partially offset by the decrease in our impairment expenses from RMB2.0 million for FY2020 to nil for FY2021 as we have not incurred any impairment expenses in FY2021.

Research and Development Expenses

Our research and development expenses increased by RMB9.2 million or 98.7% from RMB9.4 million for FY2020 to RMB18.6 million for FY2021, primarily due to the increase in (i) employee benefit expenses of RMB8.0 million arising from the increase in the number of our research and development personnel; and (ii) technical service and copyright fees by RMB1.5 million in connection with R&D projects outsourced to external institutions.

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Income Tax Expenses

Our income tax expenses increased by RMB2.8 million or 64.1% from RMB4.4 million for FY2020 to RMB7.2 million for FY2021 and our effective tax rate increase from 8.9% for FY2020 to 12.7% for FY2021, primarily due to (i) the increase in our profit before income tax from RMB49.9 million for FY2020 to RMB57.2 million for FY2021; and (ii) the increase in expenses which were not deductible for tax purpose.

Profit for the Year

As a result of the foregoing, our profit for the year increased by RMB4.5 million or 9.9% from RMB45.5 million for FY2020 to RMB50.0 million for FY2021. Our net profit margin decreased from 40.2% for FY2020 to 22.8% for FY2021, primarily due to the increases in our Listing expenses and other expenses related to our business operation.

FY2020 compared to FY2019

Revenue

Our revenue increased by RMB23.7 million or 26.5% from RMB89.4 million for FY2019 to RMB113.0 million for FY2020 primarily attributable to the increase in revenue from virtual goods sourcing and delivery services and IT solution services.

Promotion and Advertising Services

Our revenue from promotion and advertising services decreased by RMB21.4 million or 37.8% from RMB56.7 million for FY2019 to RMB35.2 million for FY2020, which was mainly because (i) the demand for our traditional marketing and promotion services in 2020 was affected by the outbreak of the COVID-19 pandemic; and (ii) we have allocated part of our resources to the expansion of our service offerings by providing advertisement placement services and advertisement distribution services, which commenced in 2021 and September 2020, respectively. For details, please refer to the paragraphs headed “Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — 1. Revenue from our Marketing and Promotion Services — (i) Promotion and Advertising Services” in this section.

Virtual Goods Sourcing and Delivery Services

Our revenue from virtual goods sourcing and delivery services increased by RMB32.9 million or 265.0% from RMB12.4 million for FY2019 to RMB45.3 million for FY2020, which was mainly attributable to (i) the increase in revenue from the provision of online vouchers and interests of RMB22.8 million as a result of the increase in product offerings on our Rego Virtual Goods Platform; and (ii) the increase in the revenue from our provision of top-up for telecommunication services and gift cards for gas stations in the amount of RMB10.1 million.

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IT Solutions Services

Our revenue from IT solutions services increased by RMB12.9 million or 68.2% from RMB19.0 million for FY2019 to RMB31.9 million for FY2020. Such increase was mainly attributable to the increase in revenue from our solutions on lottery related software systems and equipment by RMB22.9 million due to additional services provided after our strategic acquisition of Xi'an Tiantai in July 2020. The increase in revenue from our IT solutions services was partially offset by the decrease in revenue from mobile game and software development and maintenance services by RMB9.9 million primarily because (i) we have not engaged in any software development projects in FY2020; and (ii) decrease in revenue generated from Customer A1. For details, please refer to the paragraphs headed “Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income – Revenue – 2. Revenue from our IT Solutions Services – (i) Mobile Game and Software Development and Maintenance Services” in this section.

Cost of sales

Cost of sales decreased by RMB7.5 million or 16.8% from RMB44.7 million for FY2019 to RMB37.2 million for FY2020. Such decrease was mainly attributable to the decrease in traffic acquisition costs of RMB13.9 million mainly because the demand for traditional marketing and promotion was affected by the outbreak of the COVID-19 pandemic resulting a decrease in the associated traffic acquisition costs which was partially offset by the increase in cost of goods sold of RMB7.6 million attributable to the equipment procured for our solutions on lottery-related software and equipment.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by RMB31.2 million or 69.8% from RMB44.7 million for FY2019 to RMB75.9 million for FY2020. Our gross profit margin increased from 50.0% for FY2019 to 67.1% for FY2020, which was mainly due to the increase in the revenue contribution of the virtual goods sourcing and delivery services which has a higher gross profit margin.

Promotion and Advertising Services

Our gross profit from promotion and advertising services decreased by RMB7.2 million or 36.6% from RMB19.8 million for FY2019 to RMB12.5 million for FY2020 whilst its gross profit margin increased slightly from 34.9% for FY2019 to 35.6% for FY2020.

Virtual Goods Sourcing and Delivery Services

Our gross profit from virtual goods sourcing and delivery services increased by RMB31.6 million or 259.2% from RMB12.2 million for FY2019 to RMB43.7 million for FY2020 whilst its gross profit margin decreased slightly from 98.1% for FY2019 to 96.5% for FY2020.

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IT Solutions Services

Our gross profit from IT solutions services increased by RMB7.6 million or 66.6% from RMB11.4 million for FY2019 to RMB19.0 million for FY2020 mainly due to the expansion of our business following our acquisition of Xi'an Tiantai in July 2020. The gross profit margin from IT solution services remained stable at 60.2% for FY2019 and 59.6% for FY2020.

Other Income and Other Gains or Losses

Other income increased by RMB4.1 million or 102.8% from RMB4.0 million for FY2019 to RMB8.2 million for FY2020. The increase was primarily due to (i) increase in government grants received by us of RMB1.2 million; and (ii) our gain from the reversal of provision for expected credit loss on trade receivables and contract assets received at the acquisition of Xi'an Tiantai in 2020.

Selling and Distribution Expenses

Selling and distribution expenses increased by RMB1.1 million or 28.3% from RMB3.8 million for FY2019 to RMB4.9 million for FY2020 primarily due to (i) the increase in travel and entertainment expenses by RMB0.6 million; and (ii) the increase in service fees of RMB0.9 million, mainly attributed to the expansion of our solutions on lottery related software systems and equipment after our acquisition of Xi'an Tiantai in 2020. The increase in selling and distribution expenses was partially offset by the decrease in rentals, depreciation and impairment of right-of-use assets of RMB0.8 million because certain lease agreements of the lottery shops has already been terminated in 2019, leading to lower amount of depreciation and impairment of right-of-use assets being recorded in 2020.

Administrative Expenses

Administrative expenses increased by RMB2.7 million or 27.2% from RMB9.8 million for FY2019 to RMB12.5 million for FY2020. The increase was primarily due to (i) the increase in general office expense of RMB0.7 million; and (ii) increase in travel and entertainment expenses of RMB0.7 million and lease related expenses of RMB0.6 million, primarily attributable to the operation of Xi'an Tiantai which was acquired by us in July 2020.

Research and Development Expenses

Our research and development expenses increased by RMB1.5 million or 19.5% from RMB7.8 million in FY2019 to RMB9.4 million in FY2020. The increase was primarily due to increase in employee benefit expenses of RMB4.1 million resulted from our business expansion after our acquisition of Xi'an Tiantai in July 2020.

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Income Tax Expense

Income tax expense increased by RMB3.2 million from RMB1.2 million for FY2019 to RMB4.4 million for FY2020 whilst the effective tax rate increased from 4.5% for FY2019 to 8.9% for FY2020. Such increase was mainly due to increase in expenses not deductible for tax purpose in FY2020, including impairment expenses and part of our listing expenses.

Profit for the Year

As a result of the foregoing, profit for the year increased by RMB19.5 million or 75.3% from RMB25.9 million for FY2019 to RMB45.5 million for FY2020. Our net profit margin increased from 29.0% for FY2019 to 40.2% for FY2020 which was mainly due to increase in our gross profit margin as discussed above.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our liquidity and capital requirements primarily through a combination of capital contributions from internally generated funds from our operating activities and borrowings. As at 31 December 2019, 2020, 2021 and 30 April 2022, we had cash and cash equivalents of RMB42.3 million, RMB32.1 million, RMB61.5 million and RMB25.4 million, respectively.

Our principal uses of cash have been, and are expected to continue to be, working capital and capital expenditures for the expansion of our business. We expect to fund our working capital requirements with a combination of various sources, including but not limited to cash generated from our operations, the net proceeds from the Global Offering, bank balances, cash and other possible equity and debt financing as and when appropriate.

Cash Flows of our Group

The following table sets forth the selected cash flow data from the consolidated statements of cash flows for the periods indicated:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Operating cash flow before working capital changes	31,013	52,484	66,088	21,025	25,936
– Net change in working capital	242	(35,955)	(35,210)	(50,120)	(80,115)
– Interest received	75	156	249	102	65
– Income tax paid	(142)	(725)	(4,542)	(1,338)	(2,326)

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	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash generated from/(used in) operating activities	31,188	15,960	26,585	(30,331)	(56,440)
Net cash used in investing activities	(4,804)	(21,519)	(7,221)	(113)	(151)
Net cash generated from/(used in) financing activities	695	(4,725)	10,049	10,196	20,524
Net increase/(decrease) in cash and cash equivalents	27,079	(10,284)	29,413	(20,248)	(36,067)
Cash and cash equivalents at beginning of the year/period	15,267	42,346	32,062	32,062	61,475
Cash and cash equivalents at end of the year/period	42,346	32,062	61,475	11,814	25,408

Net Cash Generated from/(used in) Operating Activities

Our cash inflow from operating activities is principally derived from the receipt of proceeds for our operation. Our cash outflow from operating activities comprised mainly payment for various costs such as traffic acquisition costs, employee benefit expense and other operating expenses.

During 4M2022, we recorded net cash used in operating activities of RMB56.4 million. This amount represents our profit before income tax of RMB22.9 million and adjusted for (i) certain non-cash gains, loss and expenses mainly included the amortisation of intangible assets of RMB1.3 million; (ii) changes in certain working capital items that negatively affected operating cash flow, mainly included increase in trade receivables of RMB51.8 million and decrease in amounts due to related parties of RMB23.0 million; and (iii) income tax paid of RMB2.3 million. Our operating cash outflow during 4M2022 was mainly resulted from the increase in our trade receivables due to the delays in settlement of trade receivables by some of our customers based in and/or operated in provinces severely affected by the Resurgence of the COVID-19 pandemic in early 2022. Our Directors are of the view that our operating cash flow will improve going forward because (i) the delays in settlement of trade receivables by our customers were temporary. As at 21 September 2022, 85.3% of our trade receivable balance (before provisions for ECL) as at 30 April 2022 had been settled by our customers; (ii) we have

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adopted internal policy to, among other things, monitor the capital needs in our operations and the collection progress of our trade receivables; and (iii) we expect to generate more cash flow from our operating activities as our business further develops and expands.

During 4M2021, we recorded net cash used in operating activities of RMB30.3 million. This amount represents our profit before income tax of RMB14.5 million and adjusted for (i) certain non-cash gains, loss and expenses, mainly included provision for impairment loss on trade receivables of RMB3.8 million; (ii) changes in certain working capital items that negatively affected the operating cash flow, including the increase in trade receivables of RMB24.6 million and prepayments, deposits and other receivables of RMB30.6; and (iii) income tax paid of RMB1.3 million.

During FY2021, we had net cash generated from operating activities of RMB26.6 million. This amount represents our profit before income tax of RMB57.2 million and adjusted for (i) certain non-cash gains, loss and expenses mainly included provision for impairment loss on trade receivables of RMB3.9 million and amortisation of intangible assets of RMB3.8 million; (ii) changes in certain working capital items that negatively affected operating cash flow, mainly included increase in trade receivables of RMB48.0 million, increase in prepayments, deposits and other receivables of RMB11.4 million and decrease in amounts due to related parties of RMB16.4 million, being partially offset by certain working capital items that positively affected operating cash flow, mainly included increase in trade payables and other payables and accruals of RMB31.0 million and RMB10.9 million, respectively; and (iii) income tax paid of RMB4.5 million.

For FY2020, we had net cash generated from operating activities of RMB16.0 million. This amount represents profit before income tax of RMB49.9 million, adjusted for (i) certain non-cash gains and expense, mainly included amortisation of intangible assets of RMB1.4 million and depreciation of property, plant and equipment of RMB1.4 million; (ii) changes in certain working capital items that negatively affected operating cash flow, mainly included increase in prepayments, deposits and other receivables of RMB23.7 million and decrease in other payables and accruals of RMB8.0 million, being partially offset by changes in certain working capital items that positively affected operating cash flow, mainly included decrease in contract assets of RMB1.6 million and inventories of RMB1.7 million and increase in contract liabilities of RMB1.7 million; and (iii) income tax paid of RMB0.7 million.

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For FY2019, we had net cash generated from operating activities of RMB31.2 million. This amount represents profit before income tax of RMB27.2 million, adjusted for (i) certain non-cash gains and expense, mainly included impairment loss on goodwill of RMB2.4 million and depreciation of property, plant and equipment of RMB0.9 million; (ii) changes in certain working capital items that positively affected operating cash flow, mainly included decrease in contract assets of RMB0.9 million and increase in trade payables of RMB2.8 million, partially offset by changes in certain working capital items that negatively affected operating cash flow, mainly included increase in prepayments, deposits and other receivables of RMB2.1 million and decrease in other payables and accruals of RMB1.3 million; and (iii) income tax paid of RMB0.1 million.

Net Cash Used in Investing Activities

Our cash inflow from investing activities primarily consists of proceeds from disposal of financial assets at FVTPL. Our cash outflow from investing activities primarily consists of purchase of property, plant and equipment and intangible assets, acquisition of subsidiaries and financial assets at FVTPL.

During 4M2022, we had net cash used in investing activities of RMB151,000, mainly attributable to cash used in the purchase of intangible assets of RMB131,000.

During FY2021, we had net cash used in investing activities of RMB7.2 million, mainly due to (i) cash outflow of RMB6.3 million resulted from the termination of the Contractual Arrangements with Zhejiang Runye; and (ii) cash used in purchase of intangible assets of RMB2.1 million, being partially offset by cash generated from withdrawal of pledged bank deposits of RMB1.4 million.

For FY2020, we had net cash used in investing activities of RMB21.5 million, which primarily resulted from (i) acquisition of Xi'an Tiantai of RMB14.1 million, and (ii) purchase of intangible assets of RMB8.1 million, being partially offset by proceeds from disposal of subsidiaries of RMB0.5 million and net proceeds from disposal of financial assets at FVTPL of RMB0.7 million.

For FY2019, we had net cash used in investing activities of RMB4.8 million, which primarily resulted from (i) purchases of intangible assets of RMB3.2 million; and (ii) purchases of property, plant and equipment of RMB1.6 million.

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Net Cash Generated From/(Used In) Financing Activities

Our cash inflow from financing activities primarily consists of proceeds from bank borrowings, and proceeds from non-controlling interests' capital injection. Our cash outflow from financing activities mainly consists of repayment of bank borrowings and its interest and repayment of principal portion of lease liabilities and its interest.

During 4M2022, we had net cash generated from financing activities of RMB20.5 million, which was mainly attributable to our net proceeds from bank borrowing of RMB20.9 million, being partially offset by the interests paid on bank borrowings of RMB376,000.

During FY2021, we had net cash generated from financing activities of RMB10.0 million, which was mainly attributable to our net proceeds from bank borrowings of RMB10.7 million, being partially offset by the interests paid on bank borrowings of RMB0.7 million.

For FY2020, we had net cash used in financing activities of RMB4.7 million, which primarily consists of repayment of borrowings of RMB5.6 million and interest paid on borrowings of RMB0.3 million.

For FY2019, we had net cash generated from financing activities of RMB0.7 million, which primarily consists of proceeds from non-controlling interests' capital injection of RMB1.5 million, partially offset by repayment of principal portion of lease liabilities and its interest in aggregate of RMB0.8 million.

Financial Assets at FVTPL

During FY2019 and FY2020, to improve returns on our excess liquidity, we have invested in certain wealth management products, which was being classified as financial assets at FVTPL. These investments mainly include non-principal guaranteed commercial bank wealth management products issued by major and reputable financial institutions in the PRC, with interest rates ranging from 3.1% to 4.9% and 2.8% to 6.6% per annum for FY2019 and FY2020, respectively. Our wealth management products were not backed by any collateral or guarantee.

During FY2019 and FY2020, we have acquired financial assets at FVTPL in the aggregate amount of RMB75.1 million and RMB99.5 million, respectively; majority of which were redeemable on demand or with maturity less than 3 months; as our wealth management products were matured/being disposed by us during each of the financial year during the Track Record Period, we did not record any financial assets at FVTPL as at reporting date. During FY2019 and FY2020, we recorded gain on financial assets at FVTPL of RMB0.6 million and RMB0.7 million, respectively.

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As part of our treasury management, we have purchased wealth management products as an supplemental mean to improve the utilisation of our cash on hand on a short-term basis. We have established a set of investment policies and internal control measures to achieve reasonable returns on our investments of wealth management products while mitigating our exposure to investment risks. These policies and measures include:

- investments shall be made when we have surplus cash that is not required for our short-term working capital purposes;
- the types of investments shall be generally very low risk or low risk wealth management products issued by qualified commercial banks;
- investments shall generally be short-term and of a non-speculative nature in order to maintain our liquidity and financial flexibility;
- we only purchase wealth management products issued by creditworthy commercial banks and/or other qualified financial institutions, and in any given period, we make investments in products provided by multiple issuers to mitigate concentration risks;
- our finance department, subject to the review and approval of our management, is responsible for the overall execution of our investments, including risk assessment. In particular, for wealth management products based on fixed-income assets, we carry out risk assessment based on the amounts of principal, maturity dates, the qualification of product managers, the reputation of sales agency, the underlying assets, the expected rates of return and the review of terms and conditions of the products; we mainly consider the underlying assets and the historical performance of the product managers when assessing the risks of wealth management products based on equity assets; and the risk assessment of products based on mixed assets involves all aforementioned factors;
- our internal accounting manager monitors the performance of the invested wealth management products and ensures that the relevant contract is not breached. Our internal accounting manager from time to time checks and reviews information related to the invested wealth management products, such as operational and financial conditions of the issuers, any punishments or penalties imposed by regulatory authorities, changes in the market value, rate of return and credit ratings (if available) of the issuers and/or the products. Any significant or adverse fluctuation in the invested wealth management products shall be reported to our finance department in a timely manner;
- our finance department consolidates the cash demands of all subsidiaries and each department of our Group on a weekly and monthly basis, determines whether our cash at hand can satisfy our cash demands within the next 30 days, and prepares cash budgets, which includes the investment of idle funds. On occurrence of unplanned large-sum cash outflows, or due to any significant adverse fluctuation in the invested products, our internal accounting manager may propose to dispose or redeem some of our wealth management products. Such proposal is subject to the review and approval by senior management; and

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- upon the maturity dates of each investment, our internal accounting manager shall be responsible for the redemption and disposal of the investments according to the relevant contracts.

The purchases or subscriptions of wealth management products by the Group will, upon Listing, constitute notifiable transactions of the Company and will be subject to the applicable requirements under Chapter 14 of the Listing Rules.

NET CURRENT ASSETS

The table below sets out selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 December			As at 30 April	As at 31 July
	2019	2020	2021	2022	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Current assets					
Inventories	270	2,917	3,363	6,150	5,787
Contract assets	–	2,174	3,021	1,791	1,100
Trade receivables	14,077	38,954	82,189	132,981	92,106
Prepayments, deposits and other receivables	11,245	38,649	50,009	56,691	62,818
Amount due from related parties	90	84	96	203	–
Pledged bank deposit	–	1,392	–	–	–
Cash and cash equivalents	42,346	32,062	61,475	25,408	52,007
Total current assets	68,028	116,232	200,153	223,224	213,818
Current liabilities					
Contract liabilities	–	2,928	3,377	5,419	5,390
Trade payables	5,412	9,545	40,525	32,648	28,975
Other payables and accruals	8,264	17,436	27,895	35,766	17,717
Amounts due to related parties	4,851	4,813	27,677	5,486	–
Borrowings	–	10,370	21,100	42,000	42,000
Lease liabilities	398	7	–	–	–
Income tax payable	1,554	5,990	8,123	9,013	9,632
Total current liabilities	20,479	51,089	128,697	130,332	103,714
Net current assets	47,549	65,143	71,456	92,892	110,104

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Our Group's net current assets increased by RMB17.6 million from RMB47.5 million as at 31 December 2019 to RMB65.1 million as at 31 December 2020, primarily due to the growth in our business scale with the combined effect of (i) the increase in trade receivables of RMB24.9 million, mainly because of the growth in our virtual goods sourcing and delivery services and solution on lottery related systems and equipment segments in FY2020; and (ii) increase in prepayments, deposits and other receivables of RMB27.4 million primarily attributable to our advance payment to (a) a supplier of top-up for telecommunication services in the amounts of RMB17.2 million; and (b) a supplier of online vouchers and interests of RMB5.0 million. Such increase was partially offset by the increase in other payables and accruals of RMB9.2 million and increase in borrowings of RMB10.4 million attributable to the operations of Xi'an Tiantai which was acquired by us in July 2020.

Our net current assets increased by RMB6.3 million from RMB65.1 million as at 31 December 2020 to RMB71.5 million as at 31 December 2021, primarily due to (i) the increase in our trade receivables by RMB43.2 million; (ii) the increase in our cash and cash equivalents by RMB29.4 million; being partially offset by (iii) the increase in our trade payables by RMB31.0 million; (iv) the increase in our other payables and accruals by RMB10.5 million; and (v) the increase in our bank borrowings by RMB10.7 million. The changes in our current assets and current liabilities were mainly attributable to our business growth during FY2021.

Our net current assets increased by RMB21.4 million from RMB71.5 million as at 31 December 2021 to RMB92.9 million as at 30 April 2022, primarily due to (i) the increase in our trade receivables by RMB50.8 million; (ii) the decrease in our amounts due to related parties by RMB22.2 million, being partially offset by (iii) the decrease in cash and cash equivalents by RMB36.1 million; and (iv) the increase in bank borrowings by RMB20.9 million.

Our net current assets increased by RMB17.2 million from RMB92.9 million as at 30 April 2022 to RMB110.1 million as at 31 July 2022, primarily due to (i) the increase in our cash and cash equivalents by RMB26.6 million; (ii) the decrease in our other payables and accruals by RMB17.7 million; and (iii) decrease in amount due to related parties by RMB5.4 million, which was partially offset by the decrease in our trade receivables by RMB40.9.

Working capital sufficiency

During the Track Record Period, we met our working capital requirements mainly from cash generated from operations and bank borrowings.

Our Directors confirm that, taking into consideration the financial resources presently available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, available banking facilities and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

Save as disclosed in the paragraphs headed “— Recent Developments and No Material Adverse Change — Recent Resurgence of the COVID-19 Pandemic” in this section, our Directors are not aware of any other factors that would have a material impact on our Group's liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed “Future Plans and Use of Proceeds” in this prospectus.

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DISCUSSION OF SELECTED ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

Property, Plant and Equipment

Our property, plant and equipment comprise motor vehicles, furniture and fixtures, leasehold improvements and computer and office equipment. As at 31 December 2019, 2020 and 2021 and 30 April 2022, the carrying amounts of our property, plant and equipment amounted to RMB2.4 million, RMB2.6 million, RMB1.2 million and RMB0.9 million, respectively.

The following table sets forth the carrying amounts of our property, plant and equipment as at the dates indicated:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Motor vehicles	218	399	339	319
Furniture and fixtures	50	94	46	30
Leasehold improvements	186	293	143	100
Computer and office equipment	1,987	1,862	660	474
Total	<u>2,441</u>	<u>2,648</u>	<u>1,188</u>	<u>923</u>

Our property, plant and equipment increased by RMB0.2 million from RMB2.4 million as at 31 December 2019 to RMB2.6 million as at 31 December 2020, respectively, primarily attributable to (i) additions of computer and office equipment of RMB0.6 million in 2020; and (ii) acquisition through business combination of RMB1.0 million in FY2020 resulted from the acquisition of Xi'an Tiantai, being partially offset by depreciation charge of RMB1.4 million in FY2020.

Our property, plant and equipment decreased by RMB1.5 million from RMB2.6 million as at 31 December 2020 to RMB1.2 million as at 31 December 2021, primarily attributable to the decrease in our computer and office equipment resulted from the termination of the Contractual Arrangements with Zhejiang Runye. Our property, plant and equipment further decrease by RMB265,000 from RMB1.2 million as at 31 December 2021 to RMB0.9 million as at 30 April 2022 which was attributable to the relevant depreciation charge.

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Intangible Assets

Our intangible assets mainly include computer software and copyright, which are stated at cost less accumulated amortisation and accumulated impairment losses. For details of the relevant accounting policies, please refer to Note 4.9 of the Accountants' Report in Appendix I to this prospectus.

Our intangible assets increased further to RMB21.1 million as at 31 December 2020, mainly attributable to the acquisitions of copyright through our acquisition of Xi'an Tiantai in July 2020 being partially offset by amortisation charge of RMB1.4 million.

Our intangible assets decreased to RMB19.4 million as at 31 December 2021, primarily attributable to amortisation charge of copyright of RMB3.6 million, being partially offset by addition of copyright of RMB2.1 million.

Our intangible assets further decreased to RMB18.2 million as at 30 April 2022 primarily attributable to amortisation charge on our copyrights.

For details of copyright and patent that owned by our Group, please refer to the section headed "Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights" and "— 3. Copyright" in Appendix IV to this prospectus.

Goodwill

As at 31 December 2019, 2020 and 2021 and 30 April 2022, we have recorded goodwill in the amount of RMB4.2 million, RMB14.3 million, RMB14.3 million and RMB14.3 million, respectively. The following table sets forth the movement of our goodwill during the Track Record Period:

	For the year ended 31 December			As at 30 April
	2019	2020	2021	2022
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
As of the beginning of the year	6,297	4,210	14,342	14,342
Acquisition through business combination	264	10,132	—	—
Impairment loss	(2,351)	—	—	—
As of the end of the year	<u>4,210</u>	<u>14,342</u>	<u>14,342</u>	<u>14,342</u>

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We recorded goodwill of RMB6.3 million as of the beginning of FY2019, which was arising from our acquisition of Jiangxi Yunjia and Yuncaitong in 2018. In 2019, we have acquired 65% of the equity interest of Wuhan Cairun at nil consideration. Accordingly, we recorded the identifiable net assets in that was attributable to us in the amount of RMB0.3 million as goodwill. In 2020, we acquired the entire equity interests in Xi'an Tiantai at a consideration of RMB15.0 million and recorded the excess of the consideration paid by us over the fair value of the identifiable net assets in Xi'an Tiantai attributable to us in the amount of RMB10.1 million as goodwill.

During the Track Record Period, we have engaged an independent valuer to assess the recoverable amounts of our goodwill as at each financial year end. Our Directors determined that goodwill arising from the acquisitions of Jiangxi Yunjia and Wuhan Cairun to be fully impaired as of 31 December 2019 since our management did not have any future business plans in connection with Jiangxi Yunjia and Wuhan Cairun. Impairment loss for goodwill from Jiangxi Yunjia and Wuhan Cairun in aggregate of RMB2.4 million were provided during FY2019. For further details of the impairment testing regarding our goodwill during the Track Record Period, please refer to Note 17 of the Accountants' Report in Appendix I to this prospectus.

Inventories

As at 31 December 2019, 2020, 2021 and 30 April 2022, our inventories amounted to RMB0.3 million, RMB2.9 million, RMB3.4 million and RMB6.2 million, respectively. During the Track Record Period, our inventories were mainly related to our solutions on lottery related software systems and equipment which commenced in FY2019. Our marketing and promotion services does not involve the holding of inventories by our Group. As our sales from solutions on lottery related software systems and equipment were growing during the Track Record Period, we recorded an increasing trend in our inventories.

Trade Receivables

The following table sets forth details of our trade receivables as at the dates indicated:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (gross)	14,652	40,950	88,033	139,803
Less: allowance for loss credit	(575)	(1,996)	(5,844)	(6,822)
Total	14,077	38,954	82,189	132,981

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We generally grant credit periods of 5 to 60 days to our customers. Our trade receivables increased by RMB24.9 million to RMB39.0 million as at 31 December 2020, which was mainly due to increase in sales from our (i) virtual goods sourcing and delivery services; and (ii) solution on lottery related systems and equipment after our acquisition of Xi'an Tiantai in July 2020. Our trade receivables further increased by RMB43.2 million to RMB82.2 million as at 31 December 2021, primarily attributable to amounts due from our customers of our advertisement placement services, which commenced in FY2021, in the amount of RMB43.3 million. Our trade receivables balance further increased by RMB50.8 million to RMB133.0 million as at 30 April 2022. Such increase was mainly due to (i) the growth in our virtual goods sourcing and delivery services and advertisement placement services during 4M2022; and (ii) the delay in settlement of trade receivables by some of our customers, in particular, certain customers of our advertisement placement services and advertisement distribution services, which based in and/or operated in provinces severely affected by the Resurgence of the COVID-19 pandemic in the PRC in early 2022. Please also see the paragraphs headed “— Recent developments and no material adverse change — Recent Resurgence of the COVID-19 pandemic” in this section.

The following table sets out an ageing analysis of our trade receivables presented based on invoice dates and net of impairment (if any), as at the dates indicated:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 month	10,670	32,832	74,332	111,879
1 to 3 months	3,185	2,964	7,679	18,374
3 to 6 months	—	1,281	4	2,580
6 months to 1 year	10	—	—	3
Over 1 year	212	1,877	174	145
Total (net)	14,077	38,954	82,189	132,981

We make provisions for impairment of trade receivables based on the chance of recovering the relevant amounts. As at 31 December 2019, 2020 and 2021 and 30 April 2022, we made provisions for the impairment of trade receivables of RMB0.6 million, RMB2.0 million, RMB5.8 million and RMB6.8 million, respectively.

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The following table sets out an ageing analysis of our gross trade receivables presented based on due date as at the dates indicated:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Not yet past due	9,093	31,377	77,821	110,167
Past due				
Less than 1 month	1,988	3,415	9,454	14,429
1 to 3 months	2,998	1,285	399	10,317
3 to 6 months	–	1,599	–	4,603
6 months to 1 year	16	2,626	–	4
Over 1 year	557	648	359	283
Sub-total	5,559	9,573	10,212	29,636
Total gross trade receivables balance	<u>14,652</u>	<u>40,950</u>	<u>88,033</u>	<u>139,803</u>
Subsequent settlement up to 21 September 2022	14,652	40,844	83,118	119,286
Percentage of subsequent settlement	100%	99.7%	94.4%	85.3%
Amounts that were not subsequently settled up to 21 September 2022	–	106	4,915	20,517

During the Track Record Period, instead of conducting an individual review on each of the debtors to determine the impairment of our trade receivables, we assessed the expected credit losses of our trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns after considering internal credit ratings of trade debtors and past due status of respective receivables. For further details of the ageing and ECLs for our trade receivables, please refer to note 37(a) to the accountants' report in Appendix I to this prospectus.

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The table below sets forth a summary of average turnover days our trade receivables (assuming all of the revenue are recognised on a gross basis) for the periods indicated:

	Year ended 31 December			Four months ended 30 April
	2019	2020	2021	2022
Average trade receivables turnover days^(Note)	<u>15</u>	<u>15</u>	<u>15</u>	<u>26</u>

Note: Average trade receivables turnover days is derived by dividing the average of the opening and closing balances of trade receivables for the relevant year/period by revenue (assuming all of the revenue are recognised on a gross basis) and multiplying 365 days (as to FY2019, FY2020 and FY2021) or 120 days (as to 4M2022).

Our average turnover days of trade receivables remained stable at 15 days for FY2019, FY2020 and FY2021. Our average turnover days of trade receivables increased to 26 days for 4M2022 mainly due to the delay in settlement of the trade receivables by some of our customers which were affected by the Resurgence of the COVID-19 pandemic in the PRC in early 2022. For further details, please see the paragraph headed “— Recent developments and no material adverse change — Recent Resurgence of the COVID-19 pandemic” in this section.

Up to 21 September 2022, RMB119.3 million or 85.3% of our trade receivables outstanding (before provision for ECLs) as at 30 April 2022 were settled by our customers.

Contract Assets

Contract assets of our Group represent our right to consideration for work completed and not billed because such rights are conditional on our future performance as at each financial year end during the Track Record Period. The contract assets would be transferred to trade receivables when the rights become unconditional. The amounts of contract assets vary from period to period depending on the contract sum and payment arrangement of the projects conducted. As at 31 December 2019, 2020 and 2021 and 30 April 2022, our contract assets (net of provisions for ECLs) amounted to nil, RMB2.2 million, RMB3.0 million and RMB1.8 million, respectively, all of which are expected to be recovered within one year. As at 31 December 2020 and 2021 and 30 April 2022, our contract assets were entirely arising from our solutions on lottery related software system and equipment in connection with the operation of Xi'an Tiantai as some of our customers of the relevant segments are entitled to withhold certain amounts payable to our Group as retention money to secure the due performance of the contracts during the defects liability period after completion of the relevant works. For details of credit risk exposure and ECLs for trade receivables and contract assets using a provision matrix, please refer to Note 37 of the Accountants' Report in Appendix I to this prospectus.

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The table below sets forth a summary of the average turnover days of our contract assets for the periods indicated:

	Year ended 31 December			Four months ended 30 April
	2019	2020	2021	2022
Average turnover days of contract assets ^(Note 1)	N/A ^(Note 2)	20	23	58

Notes:

1. Average turnover days of our contract assets is derived by dividing the average of the opening and closing balances of our contract assets (before provisions for ECL) for the relevant year/period by revenue of Xi'an Tiantai and multiplying 153 days (as to FY2020) or 365 days (as to FY2020 and FY2021) or 120 days (as to 4M2022).
2. As our contract assets were arising from our solutions on lottery related software system and equipment business after our acquisition of Xi'an Tiantai, we did not record any contract assets as at 31 December 2019.

Our average turnover days of contract assets remained relatively stable at 20 days and 23 days for FY2020 and FY2021, respectively. Our average turnover days of contract assets increased to 58 days for 4M2022 mainly due to the fact that Xi'an Tiantai recorded a relatively lower level of revenue for 4M2022 (on an annualised basis) as compared to that of FY2021. The fluctuation in our average turnover days of contract assets was in line with the seasonality of the business of Xi'an Tiantai. As the provincial WLIACs, being the major customers of Xi'an Tiantai, generally start their tendering process in the second half of a year, revenue from our solutions on lottery related software system and equipment business during the period from August to December of each year is generally higher than that of other months. For FY2020 and FY2021, our revenue from provision of solutions on lottery-related software systems and equipment recorded during August to December represented approximately 55.2 % and 75.3 % of our annual total revenue from this business segment, respectively.

As at 30 April 2022, our contract assets (before provision of ECLs) amounted to RMB2.1 million, among which, RMB1.5 million or 70.7% had been transferred to our trade receivables up to 21 September 2022.

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The table below sets forth a summary of the average turnover days of our trade receivables and contract assets in aggregate for the periods indicated:

	Year ended 31 December			Four months ended 30 April
	2019	2020	2021	2022
Average turnover days of trade receivables and contract assets ^(Note 1)	15	15	16	27

Note: Average turnover days of our trade receivables and contract assets is derived by dividing the average of the opening and closing balances of our trade receivables and contract assets for the relevant year/period by our total revenue (assuming all revenue are recognised on a gross basis) and multiplying 365 days (as to FY2019, FY2020 and FY2021) or 120 days (as to 4M2022).

Our average turnover days of trade receivables and contract assets remained stable at 15 days, 15 days and 16 days for FY2019, FY2020 and FY2021, respectively. For 4M2022, the average turnover days increased to 27 days mainly due to the increase in our trade receivables balance as at 30 April 2022 due to delay in settlement of the trade receivables by some of our customers which were affected by the Resurgence of the COVID-19 pandemic in the PRC in early 2022. For further details, please see the paragraph headed “— Recent developments and no material adverse change — Recent Resurgence of the COVID-19 pandemic” in this section.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables during the Track Record Period mainly comprise (i) advance to the suppliers of our marketing and promotion services; (ii) prepayment of expenses such as listing expenses and other services fees; and (iii) deposits for leases and security deposits paid to customers. As at 31 December 2019, 2020 and 2021 and 30 April 2022, we recorded prepayments, deposits and other receivables of RMB11.2 million, RMB38.6 million, RMB50.0 million and RMB56.7 million, respectively.

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The following table sets forth the breakdown of our prepayments, deposits and other receivable (including current and non-current portion) as of the dates indicated:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Advance to suppliers				
– Promotion and advertising services	1,962	–	16,239	27,864
– Virtual goods sourcing and delivery services	5,291	28,930	18,654	15,473
Sub-total	7,253	28,930	34,893	43,337
Prepayments	1,170	3,256	7,147	7,575
Deposits and other receivables	2,898	6,538	8,004	5,866
Less: allowance for credit loss	(59)	(75)	(35)	(87)
Total	<u>11,262</u>	<u>38,649</u>	<u>50,009</u>	<u>56,691</u>

Our prepayments, deposits and other deposits recorded a significant increase of RMB27.4 million from RMB11.3 million as at 31 December 2019 to RMB38.6 million as at 31 December 2020, which was mainly due to (i) the increase in advance payment to a supplier of top-up for telecommunication services in the amount of RMB17.2 million and a supplier of online vouchers and interests in the amount of RMB5.0 million; and (ii) an increase in other receivables and deposits of RMB3.6 million, mainly attributable to the other receivables and deposits of Xi'an Tiantai which was acquired by us in July 2020.

Our prepayments, deposits and other receivable further increased by RMB11.4 million to RMB50.0 million as at 31 December 2021, which was mainly attributable to (i) increase in our advances to suppliers by RMB6.0 million and (ii) increase in prepayments by RMB3.9 million. Our prepayments, deposits and other receivable increased by RMB6.7 million to RMB56.7 million as at 30 April 2022, which was mainly attributable to the increase in our advances to suppliers by RMB8.4 million, being partially offset by the decrease in deposits and other receivables RMB2.1 million.

Up to 21 September 2022, RMB27.3 million or 48.2% of the balances of our prepayments, deposits and other receivables as at 30 April 2022 (before provision for ECL) had been utilised by or refunded to us.

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Advance to suppliers

During the Track Record Period, we were required to make prepayments to certain suppliers for our sourcing and delivery of virtual goods services and advertisement placement services. As at 31 December 2019, 2020 and 2021 and 30 April 2022, balances of our advances to suppliers amounted to RMB7.3 million, RMB28.9 million, RMB34.9 million and RMB43.3 million, respectively.

The significant increase in our advances to suppliers from RMB7.3 million as at 31 December 2019 to RMB28.9 million as at 31 December 2020 was primarily attributable to (i) the expansion of our virtual goods sourcing and delivery services in FY2020; and (ii) advance payment to a supplier of top-up for telecommunication services in the amount of RMB17.2 million as we expected that there would be high demand from Customer B in early 2021. Our advances to suppliers further increased by RMB6.0 million to RMB34.9 million as at 31 December 2021, which was attributable to our advances to marketing channel providers and/or their channel agents of our advertisement placement services (as part of our promotion and advertising services which commenced in 2021) of RMB16.2 million, being partially offset by the decrease in our advances to suppliers of virtual goods by RMB10.3 million. Our advances to suppliers further increase by RMB8.4 million to RMB43.3 million as at 30 April 2022, which was attributable to the increase in our advances to marketing channel providers and/or their channel agents of our advertisement placement services.

The following table sets out an ageing analysis of our advances to suppliers as at the dates indicated:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 month	5,291	28,778	32,197	24,541
1 to 3 months	–	–	1,896	8,392
3 to 6 months	1,962	120	69	9,693
Over 6 months	–	32	731	711
Total	7,253	28,930	34,893	43,337

As at 21 September 2022, RMB25.8 million or 59.6% of our advance to suppliers as at 30 April 2022 had been utilised by or refunded to us.

According to the iResearch Report, it is common for third-party virtual goods platform operator in PRC to make prepayments to suppliers of virtual goods. We normally make prepayments to our suppliers of virtual goods which would be used in setting-off against the procurement costs of virtual goods when our customers placed an order with us. In addition, it is also the common market practice for advertisement placement services providers to make prepayment to marketing channel providers (who are media publishers) and/or their channel agents for traffic acquisition.

FINANCIAL INFORMATION

Trade Payables

Our trade payables are derived primarily from payables to our suppliers. Our trade payables increased by RMB4.1 million or 76.4% from RMB5.4 million as at 31 December 2019 to RMB9.5 million as at 31 December 2020, which was mainly attributable to (i) purchase from suppliers for our solutions on lottery related software systems and equipment following the acquisition of Xi'an Tiantai in July 2020; and (ii) traffic acquisition cost payable to our suppliers in connection with our advertisement distribution services which commenced in FY2020. Our trade payables further increased by RMB31.0 million to RMB40.5 million as at 31 December 2021, primarily attributable to (i) the amounts payable to one of our suppliers for our advertisement distribution services of RMB19.5 million due to the growth of such business segment in FY2021 as compared to FY2020; and (ii) the trade payables to suppliers of our advertisement placement services which commenced in 2021. Our trade payables decreased by RMB7.9 million to RMB32.6 million as at 30 April 2022, primarily due to the decrease of trade payables to suppliers of our advertisement placement services.

The credit period on purchase from suppliers is generally ranging from 10 to 60 days as at each financial year end during the Track Record Period. The table below sets forth, as at the end of reporting periods indicated, the ageing analysis of our trade payables, based on invoice date:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 month	3,954	7,427	38,603	32,057
1 to 3 months	293	–	287	–
More than 3 months but less than 6 months	1,140	710	1,481	495
More than 6 months but less than one year	25	96	58	–
More than one year	–	1,312	96	96
	<u>5,412</u>	<u>9,545</u>	<u>40,525</u>	<u>32,648</u>

The following table sets out the average turnover days of our trade payables (assuming all of the cost of sale are recognised based on the gross purchase cost) for the Track Record Period:

	Year ended 31 December			Four months ended 30 April
	2019	2020	2021	2022
Average turnover days of trade payables ^(Note)	<u>5</u>	<u>5</u>	<u>7</u>	<u>8</u>

Note: Average turnover days of trade payables is derived by dividing the average of the opening and closing balances of trade payables for the relevant year/period by cost of sales (assuming all of the cost of sale are recognised based on the gross purchase cost) and multiplying 365 days (as to FY2019, FY2020 and FY2021) or 120 days (as to 4M2022).

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Our average trade payables turnover days remained relatively stable at five days, five days, seven days and eight days for FY2019, FY2020, FY2021 and 4M2022, respectively.

Up to 21 September 2022, RMB31.3 million or 95.9% of our trade payables outstanding as at 30 April 2022 had been settled. Our Directors confirmed that during the Track Record Period up to the Latest Practicable Date, there was no material default in payment of trade payables. Up to the Latest Practicable Date, there has not been any dispute between the Group and its creditors for the outstanding balances of the trade payables as at 30 April 2022.

Contract Liabilities

Contract liabilities primarily represent the amounts we received in advance from customers prior to our performance of the relevant contracts as at the end of each of financial year and during the Track Record Period. As at 31 December 2019, 2020 and 2021 and 30 April 2022, we recorded contract liabilities (including current and non-current portion) of nil, RMB3.0 million, RMB3.4 million and RMB5.7 million, respectively. Our contract liabilities as at 31 December 2020 and 2021 and 30 April 2022 were attributable to advanced consideration received from customers of our solutions on lottery related software systems and equipment arising from the business of Xi'an Tiantai as some of our customers of the solutions on lottery related software systems and equipment is required to pay to us part of the contract sum at the time of signing the relevant contract. Such contract liabilities would be recognised as revenue when our Group performs under the contract. For movement in the contract liabilities during the Track Record Period, please see Note 26(b) of the Accountants' Report included in Appendix I to this prospectus.

Up to 21 September 2022, RMB1.0 million or 18.2% of our contract liabilities balance as at 30 April 2022 had been subsequently recognised as our revenue.

Other Payables and Accruals

Our other payables and accruals mainly represent other payables, accrued expenses for staff costs, other operating expenses and others, other tax payable and deposits received from our customers of virtual goods sourcing and delivery services. The following table sets forth our other payables and accruals as of the dates indicated:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued expenses	3,898	6,756	7,022	4,501
Deposits received from customers	3,091	6,015	16,750	28,867
Other tax payable	898	3,198	3,120	1,494
Other payables	377	1,467	1,003	904
Total	8,264	17,436	27,895	35,766

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Our other payables and accruals increased by RMB9.2 million from RMB8.3 million as at 31 December 2019 to RMB17.4 million as at 31 December 2020, which was mainly attributable to (i) increase in deposits in relation to our virtual goods sourcing and delivery services of RMB5.9 million from Customer B for virtual goods to be delivered during new years of 2021; (ii) increase in other tax payables attributable to Xi'an Tiantai of RMB1.3 million; (iii) increase in accrued expenses in connection with the accrual of listing expenses of RMB2.2 million.

Our other payables and accruals further increased by RMB10.5 million to RMB27.9 million as at 31 December 2021, which was mainly attributable to the deposits received from our customers of our advertisement placement services and virtual goods sourcing and delivery services. We recorded a further increase of RMB7.9 million in our other payables and accruals from RMB27.9 million as at 31 December 2021 to RMB35.8 million as at 30 April 2022, which was mainly attributable to the increase in deposits received from our customers of advertisement placement services.

Balance with Related Parties

As at 31 December 2019, 2020 and 2021 and 30 April 2022, our amounts due from related parties amounted to RMB90,000, RMB84,000, RMB96,000 and RMB203,000; whilst our amounts due to related parties as at respective dates amounted to RMB4.9 million, RMB4.8 million, RMB27.7 million and RMB5.5 million, respectively. The amounts due to related parties as at 31 December 2021 was mainly attributable to the amounts owed by our Group to Zhejiang Runye of RMB22.8 million after the termination of our Contractual Arrangements with Zhejiang Runye, which was an intra-group balance prior to the termination. For further details of the termination of the contractual arrangements, please refer to the section headed “History, Development and Reorganisation — Reorganisation for Listing — 5. Subsequent Termination of Zhejiang Runye’s Contractual Arrangements” in this prospectus. Such balances were non-trade related, unsecured, interest-free and repayable on demand and will be settled before Listing. For details of the balances and related party transactions, please see Notes 24 and 33 of the Accountants’ Reports in Appendix I to this prospectus. As at the Latest Practicable Date, all the amounts due from or due to related parties had been settled.

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INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as at the dates indicated:

	As at 31 December			As at 30 April	As at 31 July
	2019	2020	2021	2022	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current					
Amounts due to related parties	4,851	4,813	27,677	5,486	–
Bank borrowings	–	10,370	21,100	42,000	42,000
Lease liabilities	398	7	–	–	–
	<u>5,249</u>	<u>15,190</u>	<u>48,777</u>	<u>47,486</u>	<u>42,000</u>
Non-current					
Lease liabilities	<u>70</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total	<u><u>5,319</u></u>	<u><u>15,190</u></u>	<u><u>48,777</u></u>	<u><u>47,486</u></u>	<u><u>42,000</u></u>

Bank Borrowings

The following table sets forth the repayment schedule of our bank borrowings as at the dates indicated:

	As at 31 December			As at 30 April	As at 31 July
	2019	2020	2021	2022	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within one year or on demand	<u><u>–</u></u>	<u><u>10,370</u></u>	<u><u>21,100</u></u>	<u><u>42,000</u></u>	<u><u>42,000</u></u>

As at 31 December 2019, our Group did not have any bank borrowings. As at 31 December 2020 and 2021, 30 April 2022 and 31 July 2022, our Group had bank borrowings of RMB10.4 million, RMB21.1 million, RMB42.0 million and RMB42.0 million, respectively, which are denominated in RMB.

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As at 31 December 2020, our bank borrowings carried at fixed interest rates ranged from 4.2% to 5.2% per annum. As at 31 December 2021, our bank borrowings carried at fixed interest rates ranged from 4.0% to 6.6% per annum.

As at 31 December 2020, our bank borrowings of RMB8.9 million were guaranteed by (i) personal guarantees of ex-shareholders of Xi'an Tiantai as the relevant bank loans were obtained by Xi'an Tiantai prior to its acquisition by our Group; and (ii) the guarantees from two independent third party financial guarantee companies in consideration of service fees and counter-guarantee from the ex-shareholders and management of Xi'an Tiantai. The outstanding amounts of such bank loans were subsequently settled.

As at 31 December 2021 and 30 April 2022, our bank borrowings with carrying amount of approximately RMB13.0 million and RMB21.0 million, respectively, were guaranteed by financial guarantee provided by independent third party financial institutions in consideration of service fees payable by us.

As at 31 July 2022, being the latest practicable date for the purpose of indebtedness statement, we had aggregate banking facilities of RMB42.0 million, and we did not have any unutilised banking facilities.

During the Track Record Period, the bank borrowing agreements that we entered into with banks were subject to general and customary covenants commonly found in lending arrangements with financial institutions, including but not limited to, certain financial covenants on our level of indebtedness and the requirement of giving notices to the banks for any material corporate actions or legal proceedings or disputes relating to our Group. If our Group were to breach the covenants, the loans would become payable on demand. Our Group regularly monitors its compliance with these covenants. The agreements under our bank borrowings do not contain any material covenants that may have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors confirm that we have not defaulted in the repayment of the principal bank borrowings and relevant interest expenses during the Track Record Period. As at 31 December 2020 and 2021, none of the covenants relating to the bank and other loans had been breached.

Our Directors confirm that there has been no material change in our indebtedness position since 31 July 2022, being the latest practicable date for the indebtedness statement.

Lease Liabilities

Our Group has adopted and applied HKFRS 16, by using the full retrospective approach, consistently throughout the Track Record Period. Leases have been recognised in the form of assets (for the right of use) and a financial liability (for the payment obligation) in our consolidated statement of financial position. As at 31 December 2019, 2020 and 2021, 30 April 2022 and 31 July 2022, our Group had lease liabilities of RMB0.5 million, RMB7,000, nil, nil and nil, respectively.

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Contingent Liabilities

As at the Latest Practicable Date, we were not involved in any legal proceedings pending or, to our knowledge, threatened against our Group which could have a material adverse effect on our business or operations. Our Directors confirm that as at the Latest Practicable Date, we did not have any significant contingent liabilities.

Save as disclosed under the section headed “ — Indebtedness”, our Group did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities as of 31 July 2022.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital expenditures

Our Group’s capital expenditures primarily related to additions to intangible assets and property, plant and equipment. We had capital expenditures of RMB4.9 million, RMB9.7 million, RMB2.3 million and RMB151,000 as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively.

Capital commitments

There are no significant capital commitments outstanding not provided for as at 31 December 2019, 2020 and 2021 and 30 April 2022.

PROPERTY INTERESTS

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 5.01 to 5.10 of the Listing Rules. As at the Latest Practicable Date, no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our transactions with related parties primarily include (i) provision of marketing and promotion services and solutions on lottery-related software systems and equipment by our Group to our related parties; and (ii) compensation paid to our key management personnel. For details, please refer to Note 33 of the Accountants’ Report in Appendix I to this prospectus. Our Directors confirm that these transactions were conducted on arm’s length basis and entered into in the ordinary course of business of our Group and would not distort our track record results or make our historical results not reflective of our future performance.

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OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we had no other material off-balance sheet commitments and arrangements.

KEY FINANCIAL RATIOS

	Year ended 31 December			Four months ended 30 April
	2019	2020	2021	2022
	%	%	%	%
Profitability ratios				
Gross profit margin ⁽¹⁾	50.0	67.1	50.2	51.9
Net profit margin ⁽²⁾	29.0	40.2	22.8	27.9
Adjusted net profit margin under HKFRS measures ⁽³⁾	29.0	45.6	29.0	29.9
Return on equity ⁽⁴⁾	45.0	44.3	47.2	N/A
Return on total assets ⁽⁵⁾	33.1	29.5	21.3	N/A
	As at 31 December			As at 30 April
	2019	2020	2021	2022
Liquidity ratios				
Current ratio ⁽⁶⁾	3.3 times	2.3 times	1.6 times	1.7 times
Quick ratio ⁽⁷⁾	3.3 times	2.2 times	1.5 times	1.7 times
Capital adequacy ratios				
Gearing ratio ⁽⁸⁾	9.2%	14.8%	46.1%	37.8%
Debt-to-equity ratio ⁽⁹⁾	N/A	N/A	N/A	17.6%

Notes:

- (1) The calculation of gross profit margin is based on gross profit for the year/period divided by revenue and multiplied by 100%. Please refer to the paragraphs headed “Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin” in this section for more details on our gross profit margins.
- (2) The calculation of net profit margin is based on profit for the year/period divided by revenue and multiplied by 100%.
- (3) Calculated based on the adjusted net profit under non-HKFRS measures and calculated by excluding the effect of listing expenses.
- (4) The calculation of return on equity is based on profit for the year divided by ending balance of total equity and multiplied by 100%. Return on equity is not applicable to 4M2022 as it is not comparable to the ratio calculated based on full year profit.

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- (5) The calculation of return on total assets is based on profit for the year divided by ending balance of total assets and multiplied by 100%. Return on total assets is not applicable to 4M2022 as it is not comparable to the ratio calculated based on full year profit.
- (6) Current ratio is calculated as current assets divided by current liabilities as at the relevant financial year/period end.
- (7) Quick ratio is calculated as current assets less inventories divided by current liabilities as at the relevant financial year/period end.
- (8) Gearing ratio is calculated as total debt divided by total equity and multiplied by 100% as at the relevant financial year/period end. Total debts refer to all interest-bearing bank loans, amounts due to related parties and lease liabilities of our Group as at the end of the respective year/period.
- (9) Debt to equity ratio is calculated as net debt (representing total debt minus cash and cash equivalent as at the relevant year end) divided by the total equity as at the end of the respective year and multiplied by 100%. As our cash and cash equivalent is higher than our total debts as at 31 December 2019, 2020 and 2021, the debt to equity ratio is not applicable to such periods.

Return on equity

Our return on equity decreased from 45.0% for FY2019 to 44.3% for FY2020, primarily attributable to the increase in total equity as at 31 December 2020 as compared to that of 2019, being partially offset by the significant growth in profit for FY2020 as compared to that of FY2019. Our return on equity increased to 47.2% for FY2021 primarily due to the increase in our profit for FY2021 as compared to that of FY2020.

Return on total assets

Our return on total assets decreased from 33.1% for FY2019 to 29.5% FY2020, primarily attributable to the increase in average balance of total assets as at 31 December 2020 as compared to that of 2019, being partially offset by the significant growth in profit for FY2020 as compared to that of FY2019. Our return on total assets further decreased to 21.3% for FY2021 primarily due to the increase of our total assets from RMB154.3 million as of 31 December 2020 to RMB235.1 million as of 31 December 2021.

Current ratio

Our current ratio decreased from 3.3 times as at 31 December 2019 to 2.3 times as at 31 December 2020, mainly due to (i) increase in trade receivables of RMB24.9 million, mainly because of increase in sales from (i) virtual goods and services delivery services and (ii) solution on lottery related systems and equipment after our strategic acquisition of Xi'an Tiantai; and (ii) increase in our advance payment to suppliers of our virtual goods sourcing and delivery services of RMB23.6 million, being partially offset by (iii) the increase in bank borrowings of RMB10.4 million and increase in other payables and accruals, mainly in relation to deposits from our customers of virtual goods of RMB2.9 million.

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Our current ratio decreased to 1.6 times as at 31 December 2021, due to the increase in our current liabilities by 151.9%, mainly attributable to the increase in trade payables and amounts due to related parties as at 31 December 2021 as compared to that in FY2020, being partially offset by the increase in current assets by 72.2%. Our current ratio as at 30 April 2022 increase to 1.7 times mainly due to the increase in our total assets from RMB200.2 million as at 31 December 2021 to RMB223.2 million as at 30 April 2022 which was primarily resulted from the increase in our trade receivables as at 30 April 2022.

Quick ratio

As the amount of our inventory was immaterial, our quick ratio was 3.3 times, 2.2 times, 1.5 times and 1.7 times as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively, which was generally in line with the fluctuation of our current ratio for the same period.

Gearing ratio

Our gearing ratio increased from 9.2% as at 31 December 2019 to 14.8% as at 31 December 2020, primarily attributable to the increase in total debts as at respective dates because of the increase in our bank borrowings of RMB10.4 million during the year, being partially offset by the increase in total equity of the same year.

Our gearing ratio increased to 46.1% as at 31 December 2021, primarily due to the increase in our total debts as a result of the increase in our amounts due to related parties and bank borrowings as at 31 December 2021 as compared to that as of 31 December 2020. Our gearing ratio decreased from 46.1% as at 31 December 2021 to 37.8% as at 30 April 2022 mainly due to the increase in our total equity from RMB105.9 million as at 31 December 2021 to RMB125.7 million as at 30 April 2022.

Debt-to-equity ratio

As at 31 December 2019, 2020 and 2021, the amount of our cash and cash equivalent is higher than our total debts and therefore the debt-to-equity ratio is no applicable to such financial years. As at 30 April 2022, our debt-to-equity ratio was 17.6% which was mainly attributable to the decrease in our cash and cash equivalent from RMB61.5 million as at 31 December 2021 to RMB25.4 million as at 30 April 2022.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market rates and prices, such as interest rates, credit and liquidity.

Details of the risk to which we are exposed to are set out in Note 37 of the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

FINANCIAL INFORMATION

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, no dividend has been proposed, paid or declared by our Company or any of its subsidiaries.

In future, declaration and payment of any dividends would require the recommendation of the Board and at their discretion. In addition, any final dividend for a financial year will be subject to Shareholder's approval, but no dividend shall be declared in excess of the amount recommended by the Board. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, the payment by our subsidiaries of cash dividends to us, and other factors the Board may deem relevant. We do not have a fixed dividend payout ratio. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

LISTING EXPENSES

Assuming an Offer Price of HK\$0.72 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the total amount of expenses in relation to the Listing including the underwriting commission and other Listing expenses and fees are estimated to be approximately RMB50.4 million among which (i) underwriting-related expenses, including underwriting commission and related expenses are estimated to be approximately RMB10.3 million; and (ii) non-underwriting-related expenses are estimated to be approximately RMB40.1 million, comprising (a) fees and expenses of legal advisors and the reporting accountants of approximately RMB16.9 million; and (b) other fees and expenses of approximately RMB23.2 million. For FY2020, FY2021 and 4M2022, we incurred listing expenses of approximately RMB6.1 million, RMB13.6 million and RMB1.3 million, respectively. Subsequent to the Track Record Period, it is estimated that in aggregate approximately RMB9.7 million will be charged to our Group's profit and loss for the eight months ending 31 December 2022, and approximately RMB19.7 million is estimated to be directly attributable to the issue of the new Shares and is to be accounted for as a deduction from the equity in accordance with the relevant accounting standard after Listing.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 8 August 2017 and is an investment holding company. As at 30 April 2022, our Company did not have any reserves available for distribution to our Shareholders.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please refer to Appendix II of this prospectus for the unaudited pro forma adjusted consolidated net tangible assets.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Development of PRC Laws and Regulations Relating to Internet Information Security

On 14 November 2021, the Cyberspace Administration of China (國家互聯網信息辦公室) published the draft Administration Regulations on Internet Data Security (《網絡數據安全管理條例(徵求意見稿)》) (i.e. the Draft Internet Data Security Regulations) which provides that, among others, an application for cyber security review shall be made by any entity which is regarded as a “data processing operator” if such entity (i) is an internet platform operator which is in possession of a large amount of information related to national safety, economic development and public interests which is undergoing merge, restructuring or separation or otherwise affect or might affect national security; (ii) processes personal information of more than 1 million users and is contemplating an overseas listing; (iii) is contemplating a listing in Hong Kong and will or might affect national security; or (iv) undertaking any data processing activities which will or might affect national security. Further, pursuant to the Cybersecurity Review Measures (《網絡安全審查辦法》) (i.e. the Review Measures) which became effective from 15 February 2022, internet platform operators possessing personal information of more than one million users who are applying for overseas listing are subject to cybersecurity review by the Office of Cybersecurity Review.

In conducting our virtual goods sourcing and delivery business, we would obtain personal information, such as phone numbers and/or stored value card numbers, from our customers for the purpose of topping-up of the relevant accounts of the end users. According to our PRC Legal Advisors, as we are involved in storage and deletion of data of the end users of our virtual goods sourcing and delivery business, it is likely that we would be treated as a data processing operator under the Draft Internet Data Security Regulations. Our PRC Legal Advisors further advised that, despite that we may be treated as a data processing operator, it is unlikely that we would be required to undergo a cybersecurity review for the proposed Listing, on the basis that, we did not fall under any one of the situations which necessitates a cybersecurity review under the Cybersecurity Regulations, given that (a) the platforms used by us in our business operations were not opened for access by the end users or the public, accordingly, we do not fall within the scope of “internet platform operator” under the Cybersecurity Regulations; (b) the Listing is not an “overseas listing” under the Cybersecurity Regulations as “overseas listing” therein refers to listing outside China; (c) it is unlikely that the data processing activities carried by us would be regarded as affecting; and (d) pursuant to an interview with the Director of the Office of Cyberspace Affairs Commission of the Fuyang District Committee of the Chinese Communist Party (中共富陽區委網絡安全和信息化委員會辦公室), being a competent authority to confirm on matters related to cybersecurity, on 31 March 2022, as (i) listing in Hong Kong is not an overseas listing under the Cybersecurity Regulations; (ii) the Group is not an “internet platform operator”; and (iii) the Listing is unlikely to affect national security, the Listing would not be subject to cybersecurity review.

FINANCIAL INFORMATION

We have put in place appropriate internal procedures to safeguard the information and data obtained by us including prevention of unauthorised access and regular review of system security and data cleaning. For details, please refer to the section headed “Business — Data Privacy and Security” in this prospectus. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material incident of data or personal information leakage, infringement of data protection or privacy laws and regulations or any investigation, claims or legal proceedings in relation to data privacy. During the CAC Interview, it was also confirmed that our Group was not involved in any government investigation, penalty or order for rectification in connection with non-compliance with data privacy and security. Based on the above, our PRC Legal Advisors are of the view that our Group complies with or will be able to comply with the Cybersecurity Regulations (assuming that the Draft Internet Data Security Regulations are implemented in the current form) in all material aspects.

Considering the nature of our business and based on the advice of the PRC Legal Adviser, our Directors are of the view that, assuming the Draft Internet Security Regulations is implemented in its current form, it is unlikely that the Listing will be subject to cybersecurity review; and the Cybersecurity Regulations will not have any material adverse effect on our business operations or the Listing. For details, please see “Regulatory Overview – Part II. Summary of Regulatory Legislation – II. Regulations on Internet security and privacy protection” in this prospectus. Nevertheless, as at the Latest Practicable Date, the Draft Internet Data Security Regulations were released for public comment only and their operative provisions and the effective date remain uncertain. For risks related to the above-mentioned regulatory changes, please see “Risk Factors – Risks Relating to Our Business and Industry – If we or our suppliers fail to protect data privacy of individual users, we might be subject to fines or other regulatory sanctions” in this prospectus.

Recent Resurgence of the COVID-19 Pandemic

During the first half of 2022, there had been large-scale outbreaks of COVID-19, including the highly transmissible Omicron variant, in various provinces across the PRC (the “**Resurgence**”). In response to the Resurgence, local governments in PRC have imposed various restrictions on business and social activities, including lockdowns, stringent travel restrictions, heightened quarantine measures and mandated temporary suspension of business operations across certain regions. As advised by iResearch, the Resurgence had adversely affected the macro economy of the PRC which in turn resulted in a decrease in the demand for promotion and advertising services in the PRC. During the first quarter in 2022, both the number of enterprises which engaged in online advertising and their spending thereon had recorded a decline as compared to the fourth quarter in 2021.

Our business and operations were also, to a certain extent, affected by the Resurgence. In particular, in the first half of 2022, we encountered delays in the settlement of trade receivables by some of our customers, in particular the customers of advertisement placement services and advertisement distribution services, which based in and/or operated in provinces severely affected by the Resurgence. In particular, our trade receivables balance (before provisions for ECL) increased from RMB88.0 million as at 31 December 2021 to RMB139.8 million as at 30

FINANCIAL INFORMATION

April 2022 and the proportion of our trade receivables which was past due as compared to the total trade receivables increased from 11.6% as at 31 December 2021 to 21.2% as at 30 April 2022. Nevertheless, we have been actively liaising with our customers for the settlement of the trade receivables. We consider that the delays in settlement of trade receivables would not have a material adverse impact on our business and operation in the long term because, to the best knowledge of our Directors, (a) the Resurgence has been subsiding since June 2022; (b) there has been no default or bad debts in respect of the outstanding payments from our customers; and (c) following the easing of restrictive measures imposed by local government, some of our customers started to settle the outstanding payments in June 2022. Out of our trade receivables of RMB139.8 million (before provisions for ECL) as at 30 April 2022, RMB119.3 million or 85.3% had been settled by our customers as at 21 September 2022. In addition, there were delays in the progress of our lottery-related software systems and equipment projects as we were unable to install, implement and/or provide trainings in connection with the systems and equipment supplied by us due to travel restrictions imposed by the local governments. For example, the Shanghai provincial WLIAC had suspended the sale of lottery tickets in view of the Resurgence, which in turn affected our services in the market. On the other hand, there has been no significant impact or disruption on the supply of advertising space, virtual goods and IT solution services available to us caused by the Resurgence.

Despite the abovementioned effect of the Resurgence, our revenue has not been negatively affected by the Resurgence. Based on the unaudited management account of our Group for the seven months ended 31 July 2022, we recorded an increase of approximately 12.3% in our overall revenue compared to the same period in 2021. Such increase was mainly attributable to the increase in the revenue generated from our advertisement placement and advertisement distribution services as well as our virtual goods sourcing and delivery services. Nevertheless, our business may be adversely affected if there is any further outbreak of COVID-19 in the PRC. Please refer to the section headed “Risk Factors — Risks Relating to Our Business and Industry — We face risks related to natural disasters, health epidemics, and other public safety concerns.” in this prospectus for details.

In view of the potential impacts of the COVID-19 pandemic and the Resurgence, we have implemented certain corresponding measures to enhance our business operations and sustainability. In order to better manage our cash flow and ensure sufficient liquidity, we have been liaising with banks for additional banking facilities. During 4M2022, we have obtained additional banking facilities in the aggregate amounts of RMB21.0 million. Further, we have been striving to improve the profitability of our advertisement placement services by focusing on customers with higher gross profit margin and providing operation services to our customers. We have also been enhancing the efficiency in communicating with our customers through the user of video conference calls and other online communication channels.

FINANCIAL INFORMATION

Our Directors are of the view that the COVID-19 pandemic and the Resurgence are not expected to have a material or sustained adverse impact on our Group on the basis that (i) no large-scale lockdown had been imposed in Hangzhou, where our headquarter is situated in, since the Resurgence and up to the Latest Practicable Date; (ii) we have implemented procedures for remote work arrangements to allow our staff to remotely access our email and internal office automation system in the events of lockdowns and quarantines; (iii) the operations of our business were mainly conducted through online platforms and online communication channels, which would not be materially affected by lockdowns and/or closure of workplace; (iv) we have achieved sustainable growth in our business during the Track Record Period, despite the outbreak and recurrence of the COVID-19 pandemic; and (v) we have implemented the abovementioned measures to further enhance the sustainability of our operations in the course of the pandemic. We will continue to monitor the development of the COVID-19 pandemic and continuously evaluate any potential impact on our business, results of operations and financial condition.

No Material Adverse Change

Our Directors confirm that, since 30 April 2022, being the date to which our latest audited accounts were made up and the end of the period reported on in the Accountants' Report, and up to the date of this prospectus, there has been no material adverse change in our operations or financial or trading position, and no event has occurred that would materially and adversely affect the information shown in the consolidated financial statements of our Group set out in the Accountants' Report.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules upon Listing.

CORNERSTONE INVESTOR

CORNERSTONE INVESTMENT

We have entered into a cornerstone investment agreement (the “**Cornerstone Investment Agreement**”) with Fighton Asia Master Fund Limited (“**Fighton Asia**” or the “**Cornerstone Investor**”) on 29 September 2022, pursuant to which the Cornerstone Investor has agreed to, subject to certain conditions, subscribe at the Offer Price for such number of the Offer Shares (rounded down to the nearest whole board lot of 4,000 Shares) that may be placed for an aggregate amount of HK\$15,000,000 (the “**Cornerstone Placing**”) (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy).

Assuming the Offer Price is set at HK\$0.64 per Share, being the low-end of the indicative Offer Price range set out in this prospectus, (i) the total number of Offer Shares to be allocated to the Cornerstone Investor will be 23,436,000 Offer Shares, representing approximately 9.4% of the Offer Shares and approximately 2.3% of our total issued share capital immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised; or (ii) representing approximately 8.2% of the Offer Shares and approximately 2.3% of our total issued share capital immediately upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

Assuming the Offer Price is set at HK\$0.72 per Share, being the mid-point of the indicative Offer Price range set out in this prospectus, (i) the total number of Offer Shares to be allocated to the Cornerstone Investor will be 20,832,000 Offer Shares, representing approximately 8.3% of the Offer Shares and approximately 2.1% of our total issued share capital immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised; or (ii) representing approximately 7.2% of the Offer Shares and approximately 2.0% of our total issued share capital immediately upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

Assuming the Offer Price is set at HK\$0.8 per Share, being the high-end of the indicative Offer Price range set out in this prospectus, (i) the total number of Offer Shares to be allocated to the Cornerstone Investor will be 18,748,000 Offer Shares, representing approximately 7.5% of the Offer Shares and approximately 1.9% of our total issued share capital immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised; or (ii) representing approximately 6.5% of the Offer Shares and approximately 1.8% of our total issued share capital immediately upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

Our Company is of the view that the Cornerstone Placing provides an impression of commitment, confidence and interests of the Cornerstone Investor in the business and prospect of the Group and help to raise the profile of our Company.

CORNERSTONE INVESTOR

The Cornerstone Placing will form part of the International Placing and the Cornerstone Investor will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). The Offer Shares to be subscribed by the Cornerstone Investor will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of our Company for the purposes of Rules 8.08 and 8.24 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investor will not become a substantial shareholder of our Company, and the Cornerstone Investor or its close associates will not, by virtue of its investment, has any Board representation in our Company. Other than a guaranteed allocation of relevant Offer Shares at the final Offer Price, the Cornerstone Investor does not have any preferential rights in the Cornerstone Investment Agreement compared with other public Shareholders.

To the best knowledge of our Company, (i) the Cornerstone Investor is an Independent Third Party; (ii) the Cornerstone Investor is not accustomed to take instructions from our Company, our Directors, our chief executive, our Controlling Shareholders, our substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares registered in its name or otherwise held by it; and (iii) the subscription of the relevant Offer Shares by the Cornerstone Investor is not financed by our Company, our Directors, our chief executive, our Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates. The Cornerstone Investor has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing.

There is no side arrangement or agreement between our Company and the Cornerstone Investor or any benefit, direct or indirect, conferred on the Cornerstone Investor by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price. There will not be deferred settlement in payment or deferred delivery of the Offer Shares to be subscribed by the Cornerstone Investor, and it will pay in full for the relevant Offer Shares to be subscribed for on or before the Price Determination Date.

The Offer Shares to be subscribed by the Cornerstone Investor may be affected by reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in “Structure and conditions of the Global Offering — The Hong Kong Public Offering — Reallocation and Clawback” in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investor will be disclosed in the allocation results announcement of our Company to be published on or around Friday, 14 October 2022.

CORNERSTONE INVESTOR

CORNERSTONE INVESTOR

The information about our Cornerstone Investor set forth below was provided by our Cornerstone Investor in connection with the Cornerstone Placing.

Fighton Asia has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of HK\$15,000,000 at the Offer Price. Our Company became acquainted with its fund manager through introduction by a business friend of Mr. Zhang, an executive director of our Company.

Fighton Asia is an exempted company incorporated under the laws of the Cayman Islands as an open-ended investment company and operates as a fund and one of its investment strategies focuses on equity investments in initial public offerings of companies with a business focus in the PRC. As confirmed by Fighton Asia, (i) Fighton Capital Limited (“**Fighton Capital**”), a company incorporated in Hong Kong in 2014 and a licensed corporation to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under SFO, owns all the founder shares in Fighton Asia; (ii) Fighton Capital is the fund manager of Fighton Asia; (iii) none of Fighton Asia or its shareholder is a company listed on any stock exchanges; and (iv) Fighton Asia will finance the Cornerstone Placing by its own internal resources generated from funds contributed by investors.

The entire issued share capital of Fighton Capital is owned by Ms. Wu Na (“**Ms. Wu**”). Ms. Wu has over 20 years of investment experience in Asian markets (excluding Japan) and is primarily responsible for the management of Fighton Asia’s investment portfolios with the assistance of additional professionals.

The table below sets forth details of the Cornerstone Placing:

Cornerstone Investor	Fighton Asia					
Based on the Offer Price of:	Subscription amount	Number of Offer Shares	Assuming Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised		
		<i>(rounded down to nearest whole board lot of 4,000 shares)</i>	<i>Approximate % of the Offer Shares</i>	<i>Approximate % of the issued share capital</i>	<i>Approximate % of the Offer Shares</i>	<i>Approximate % of the issued share capital</i>
HK\$0.64 (being the low-end of indicative Offer Price range)	15	23,436,000	9.4	2.3	8.2	2.3
HK\$0.72 (being the mid-point of indicative Offer Price range)	15	20,832,000	8.3	2.1	7.2	2.0
HK\$0.80 (being the high-end of the indicative Offer Price range)	15	18,748,000	7.5	1.9	6.5	1.8

Closing Conditions

The obligation of the Cornerstone Investor to subscribe for the Offer Shares under the Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional by no later than the time and date as specified in the Underwriting Agreements (in accordance with their respective original terms, or as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived, by the relevant parties);
- (b) neither the Underwriting Agreements having been terminated;
- (c) the Offer Price having been agreed upon between our Company and the Sole Representative (for itself and on behalf of the Underwriters);
- (d) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including the Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (e) the representations, warranties, acknowledgements, undertakings, agreements, and confirmations of the Cornerstone Investor and our Company under the Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the Listing Date) accurate and true in all material respects and not misleading and that there being no breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor; and
- (f) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Placing or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

Restrictions on the Cornerstone Investor

The Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares it has subscribed for pursuant to the Cornerstone Investment Agreement, unless it has obtained prior written consent from each of our Company, the Sole Sponsor and the Sole Representative, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

For a detailed description of our future plans, please refer to the section headed “Business — Our Business Strategies” in this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK\$0.72 per Offer Share, being the mid-point of the Offer Price range between HK\$0.64 and HK\$0.80 and assuming that the Over-allotment Option is not exercised at all, we estimate that net proceeds of approximately HK\$119.3 million will be received from the Global Offering, after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

We intend to use the net proceeds from the Global Offering as follows in connection with the implementation of our future plans and the execution of our business strategies (further details of which are set forth in “Business — Business Strategies” in this prospectus):

Developing and expanding our online marketing channels and resources for our marketing and promotion services

- we will apply approximately HK\$50.3 million (or 42.2% of the net proceeds) to support the development of our SDKs and the expansion of our advertisement placement services business, among which
 - HK\$17.2 million (or 14.4% of the net proceeds) will be used to expand our research and development team and operations team;
 - HK\$1.4 million (or 1.2% of the net proceeds) will be used to meet relevant property rental expenses; and
 - HK\$31.7 million (or 26.6% of the net proceeds) will be used for the prepayments required to be made to media publishers in connection with our advertisement placement services;

Further developing and expanding our supplier base and types of virtual goods on offer

- we will allocate approximately HK\$31.9 million (or 26.7% of the net proceeds) for the sourcing and delivery of an enlarged portfolio of virtual goods through our Rego Virtual Goods Platform, among which
 - HK\$7.8 million (or 6.5% of the net proceeds) will be used to expand our research and development team, operations team and commerce team;
 - HK\$0.7 million (or 0.6% of the net proceeds) will be used to meet relevant property rental expenses; and

FUTURE PLANS AND USE OF PROCEEDS

- HK\$23.4 million (or 19.6% of the net proceeds) will be used for the prepayments required to be made to the relevant suppliers of virtual goods;

Acquiring companies in marketing and related industries

- we will set aside approximately HK\$17.8 million (or 14.9% of the net proceeds) for the acquisition(s) of company(ies) engaged in marketing and/or related operations and to support its(their) subsequent operations; and

Developing and operating our SaaS enterprise marketing service platform as a means to expand our marketing channels

- we will designate approximately HK\$7.5 million (or 6.3% of the net proceeds) for the advancement and expansion of our SaaS enterprise marketing service platform, among which
 - HK\$6.8 million (or 5.7% of the net proceeds) will be used to expand our research and development team and operations team; and
 - HK\$0.7 million (or 0.6% of the net proceeds) will be used to meet relevant property rental expenses;

General working capital

- we will allot approximately HK\$11.8 million (or approximately 9.9% of the net proceeds) to our general working capital.

Set forth below is the expected time frame for the use of the net proceeds from the Global Offering in accordance with the above allocation:

	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>Total</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
Developing and expanding our online marketing channels and resources for our marketing and promotion services				
• Expanding our research and development team and operations team	1.7	6.7	8.8	17.2
• Meeting relevant property rental expenses	0.1	0.6	0.7	1.4
• Prepayments to be made to media publishers	6.0	18.1	7.6	31.7
	<u>7.8</u>	<u>25.4</u>	<u>17.1</u>	<u>50.3</u>

FUTURE PLANS AND USE OF PROCEEDS

	FY2022	FY2023	FY2024	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
Further developing and expanding our supplier base and types of virtual goods on offer				
• Expanding our research and development team, operations team and commerce team	1.0	3.1	3.7	7.8
• Meeting relevant property rental expenses	0.1	0.3	0.3	0.7
• Prepayments to be made to virtual goods suppliers	4.5	13.4	5.5	23.4
	<u>5.6</u>	<u>16.8</u>	<u>9.5</u>	<u>31.9</u>
Acquiring companies in marketing and related industries	–	17.8	–	17.8
Developing and operating our SaaS enterprise marketing service platform as a means to expand our marketing channels				
• Expanding our research and development team and operations team	1.4	3.5	1.9	6.8
• Meeting relevant property rental expenses	0.1	0.4	0.2	0.7
	<u>1.5</u>	<u>3.9</u>	<u>2.1</u>	<u>7.5</u>
General working capital	<u>2.2</u>	<u>6.7</u>	<u>2.9</u>	<u>11.8</u>
Total net proceeds from the Global Offering	<u>17.1</u>	<u>70.6</u>	<u>31.6</u>	<u>119.3</u>

FUTURE PLANS AND USE OF PROCEEDS

BASES AND ASSUMPTIONS

The business objectives and strategies set out by our Directors are based on the following general assumptions:

- there will be no significant economic change in respect of inflation, interest rate, tax rate and currency exchange rate in the geographic locations which we operate in which will adversely affect our business;
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material adverse changes in the existing laws and regulations, policies or industry or regulatory treatment relating to our Group, or in the political, social, economical, fiscal or market conditions in which our Group operates;
- the Global Offering will be completed in accordance with the terms as described in “Structure and Conditions of the Global Offering” in this prospectus;
- there will be no disasters, natural, political, social or otherwise, which would materially disrupt the business or operations of our Group;
- we will not be adversely affected by the risk factors as set out in “Risk Factors” in this prospectus; and
- we will continue our existing operations in substantially the same manner as they were carried out during the Track Record Period and we will also be able to carry out our development plans without material disruptions.

Assuming that the Over-allotment Option is not exercised at all, the net proceeds from the Global Offering (after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering) will (1) increase to approximately HK\$137.9 million if the Offer Price is fixed at HK\$0.80 per Offer Share (being the high end of the Offer Price range); or (2) decrease to HK\$100.7 million if the Offer Price is fixed at HK\$0.64 per Offer Share (being the low end of the Offer Price range).

Assuming that the Over-allotment Option is exercised in full, the net proceeds from the Global Offering (after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering) will amount to (1) approximately HK\$167.9 million if the Offer Price is fixed at HK\$0.80 per Offer Share (being the high end of the Offer Price range); (2) HK\$146.3 million if the Offer Price is fixed at HK\$0.72 per Offer Share (being the mid-point of the Offer Price range); and (3) HK\$124.7 million if the Offer Price is fixed at HK\$0.64 per Offer Share (being the low end of the Offer Price range).

FUTURE PLANS AND USE OF PROCEEDS

In each of the above circumstances, we will apply the net proceeds for the various intended uses set forth above in the stated proportions and the amount of net proceeds to be applied for each intended use will be adjusted accordingly.

To the extent that the designated amount(s) of net proceeds from the Global Offering is(are) not immediately used for any of the above purposes and to the extent permitted by applicable laws and regulations, we will only deposit such net proceeds as short-term interest-bearing deposits with licensed banks and/or authorised financial institutions in Hong Kong and the PRC (as defined under the SFO, the Law of the People's Republic of China on Commercial Banks (中華人民共和國商業銀行法) and other relevant laws in the PRC).

We will make an appropriate announcement if there is any change to the intended uses of net proceeds set forth above.

UNDERWRITING

HONG KONG UNDERWRITERS

CMBC Securities Company Limited
China Galaxy International Securities (Hong Kong) Co., Limited
Alpha International Securities (HONG KONG) Limited
Zheshang International Financial Holdings Co., Limited
Blackwell Global Securities Limited
ABCI Capital Limited
ABCI Securities Company Limited
BOCOM International Securities Limited
CCB International Capital Limited
China Everbright Securities (HK) Limited
Guotai Junan Securities (Hong Kong) Limited
Zhongtai International Securities Limited
SBI China Capital Financial Services Limited
Shenwan Hongyuan Securities (H.K.) Limited
China Industrial Securities International Capital Limited
Livermore Holdings Limited
West Bull Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 29 September 2022. As described in the Hong Kong Underwriting Agreement, we are offering 25,000,000 Hong Kong Public Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Green Application Form.

Subject to:

- (a) the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and such listing approval and permission not subsequently being revoked prior to the commencement of trading of our shares on the Main Board of the Stock Exchange; and
- (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price having been determined by us and the Sole Representative (for itself and on behalf of the Underwriters)),

the Hong Kong Underwriters have agreed to subscribe and/or procure subscriber(s) to subscribe for the Hong Kong Public Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering severally, on the terms and conditions set forth in this

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prospectus and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Sole Representative (for itself and on behalf of the Underwriters) on or before Thursday, 13 October 2022, the Global Offering will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among others, the due execution of the International Underwriting Agreement on or before the Price Determination Date, the obligations of the International Underwriters thereunder having become and remaining unconditional, and the International Underwriting Agreement not having been subsequently terminated in accordance with its terms prior to 8:00 a.m. on the Listing Date.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscriber(s) to subscribe for the Hong Kong Public Offer Shares under the Hong Kong Underwriting Agreement will be subject to termination by notice in writing to us from the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) with immediate effect if any of the following events occurs prior to 8:00 a.m. on the Listing Date:

- (a) there comes to the notice of the Sole Sponsor, the Sole Representative or the Hong Kong Underwriters:
 - (i) that any statement contained in any of this prospectus, the **GREEN** Application Form and the formal notice required to be published in connection with the Hong Kong Public Offering in accordance with the Listing Rules to be issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendments thereto) (collectively, the “**Hong Kong Public Offering Documents**”) was, when it was issued, or has become or been discovered to be untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation expressed in any of the Hong Kong Public Offering Documents is not fair, honest or based on reasonable assumptions;
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute, in the sole and absolute opinion of the Sole Representative (for itself and on behalf of the other Hong Kong Underwriters), a material omission in any of the Hong Kong Public Offering Documents in the context of the Global Offering;

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- (iii) any material breach of any of the obligations imposed on any party to the Hong Kong Underwriting Agreement (other than those undertaken by the Sole Sponsor and/or any of the Hong Kong Underwriters) which, in any such case, is considered, in the opinion of the Sole Representative (for itself and on behalf of the Hong Kong Underwriters), to be material and adverse in the context of the Global Offering;
- (iv) any event, act or omission which gives or could be expected to give rise to any material liability of our Company or any of our Controlling Shareholders arising out of or in connection with any representation, warranty or undertaking contained in the Hong Kong Underwriting Agreement;
- (v) any contravention by any member of our Group (each a “**Group Company**”) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the Companies Act or the Listing Rules which has resulted or would result in a Material Adverse Change (as defined below);
- (vi) any material contravention by any Group Company of, or non-compliance of any of the Hong Kong Public Offering Documents or any aspect of the Global Offering with, the Listing Rules or applicable laws;
- (vii) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, management, prospects, shareholders’ equity, results of operation, or financial or trading position or condition of our Group taken as a whole (the “**Material Adverse Change**”);
- (viii) any material breach of, or any event or circumstance rendering untrue or incorrect in any material respect, any of the representations, warranties, agreements and undertakings of our Company or any of our Controlling Shareholders set out in the Hong Kong Underwriting Agreement;
- (ix) that a significant portion of the orders in the bookbuilding process at the time the International Underwriting Agreement is entered into has been withdrawn, terminated or cancelled, as a result of which it is therefore inadvisable, inexpedient or impracticable to proceed with the Global Offering;
- (x) that approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

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- (xi) that our Company withdraws this prospectus (and/or any other document issued or used in connection with the Global Offering) or the Global Offering; and/or
 - (xii) that any expert (other than the Sole Sponsor) has withdrawn or is subject to withdrawal of its consent to the issue of this prospectus with the inclusion therein of its report(s), letter(s) and/or opinion(s) and all references to its name and address included therein in the form and context in which they respectively appear; and/or
- (b) there shall develop, occur, exist or come into effect:
- (i) any local, national, regional, international event or circumstance in the nature of force majeure (including any act of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanction, strike, lock-out, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riot, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), act of God or act of terrorism) in or affecting the Cayman Islands, Hong Kong, the PRC or any other jurisdiction relevant to the incorporation, establishment, business or operation of any Group Company (collectively, the “**Relevant Jurisdictions**” and each a “**Relevant Jurisdiction**”);
 - (ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions (including conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions;
 - (iii) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities of our Company or generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;
 - (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the PRC, the Cayman Islands, New York (imposed at Federal or New York State level or by any other competent authority), London, or the European Union (or any member thereof), or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions;

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- (v) any new law, or any change or development involving a prospective change or any event or circumstance likely to result in a change or development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions;
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for the United States, the United Nations or the European Union on Hong Kong or the PRC;
- (vii) any change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currency), or the implementation of any exchange control in any of the Relevant Jurisdictions;
- (viii) any litigation or claim of any third party being threatened or instigated against any Group Company;
- (ix) any executive Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company;
- (x) the chairman of the Board and/or chief executive officer of our Company vacating their offices;
- (xi) any authority in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any executive Director;
- (xii) any material contravention by any Group Company of the Listing Rules or any of the applicable laws;
- (xiii) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional shares that may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering;
- (xiv) any non-compliance of this prospectus (or any other document used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any of the applicable laws;
- (xv) any materialisation of any of the risks set out in “Risk Factors” in this prospectus or the occurrence of any events set out therein; and/or

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- (xvi) any order or petition for the winding-up of any Group Company, or any composition or arrangement made by any Group Company with our creditors, or any scheme of arrangement entered into by any Group Company, or any resolution for the winding-up of any Group Company or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking, of any Group Company, or anything analogous thereto, occurring in respect of any Group Company,

which, individually or in aggregate, in the sole and absolute opinion of the Sole Representative (for itself and on behalf of Hong Kong Underwriters):

- (a) has or will have or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, performance, prospects, shareholders' equity, results of operations, financial, trading or other position or condition, or otherwise of our Company, any Group Company or our Group as a whole;
- (b) has or will have or could be expected to have a material adverse effect on the success of the Global Offering as a whole, or the level of applications under the Hong Kong Public Offering, or the level of interest under the International Placing; or
- (c) makes or will make or could reasonably be expected to make it inadvisable, inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering or shall otherwise result in an interruption to or delay thereof; or
- (d) has or will have or could be expected to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings Given to the Stock Exchange Pursuant to the Listing Rules

Undertakings Given by Our Company

In accordance with Rule 10.08 of the Listing Rules, except pursuant to the Global Offering (including exercise of the Over-allotment Option) or any issue of shares or securities in the circumstances permitted under Rule 10.08 of the Listing Rules, we will not issue any further Share or security convertible into our equity security (whether or not of a class already listed) or enter into any agreement to issue any such Share or security within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date).

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Undertakings Given by Our Controlling Shareholders

In accordance with Rule 10.07 of the Listing Rules, except pursuant to the Global Offering (including exercise of the Over-allotment Option), each of our Controlling Shareholders shall not, and shall procure that the relevant registered holder(s) shall not:

- (a) in the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any option, right, interest or encumbrance in respect of, any of our securities in respect of which he/it is shown in this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules); or
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any option, right, interest or encumbrance in respect of, any of the securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company, or our Controlling Shareholders will cease to be a group of controlling shareholders (as defined in the Listing Rules) of our Company.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders shall undertake to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of his/its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will:

- (1) when he/it pledges or charges any securities in our Company beneficially owned by him/it in favour of an authorised institution (as defined in the Banking Ordinance) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of our securities so pledged or charged; and
- (2) when he/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform us of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (1) and (2) above by any of our Controlling Shareholders and, subject to the then applicable requirements of the Listing Rules, disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

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Undertakings Given to the Hong Kong Underwriters

Undertakings Given by Our Company

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to and covenanted with the Sole Sponsor, the Sole Representative and the Hong Kong Underwriters that except for the offer and sale of the Offer Shares, the Capitalisation Issue, the grant of the Over-allotment Option, the issue of the Over-allotment Shares upon the exercise of the Over-allotment Option, the issue of Shares upon the exercise of any option granted or to be granted under the Share Option Scheme, the issue of any Share which may fall to be issued by way of scrip dividend schemes or similar arrangements in accordance with the memorandum and articles of association of our Company or any consolidation, sub-division or capital reduction of our Shares, we shall not, and shall procure each other Group Company not to, without the prior written consent of the Sole Sponsor and the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) and subject always to the requirements of the Stock Exchange:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create any encumbrance over, either directly or indirectly, conditionally or unconditionally, any Share or other security of our Company or any share or other security of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any security convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrant or other right to purchase, any Share or any share of such other Group Company, as applicable), or deposit any Share or other security of our Company or any share or other security of such other Group Company, as applicable, with a depositary in connection with the issue of depositary receipts, or repurchase any Share or other security of our Company or any share or other security of such other Group Company, as applicable;
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Share or other security of our Company or any share or other security of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any security convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrant or other right to purchase, any Share or other security of our Company or any share or other security of such other Group Company, as applicable);

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- (c) enter into any arrangement or transaction with the same economic effect as any arrangement or transaction specified in sub-paragraph (a) or (b) above; or
- (d) offer to or agree to or announce any intention to enter into or effect any arrangement or transaction specified in sub-paragraph (a), (b) or (c) above,

in each case, whether any arrangement or transaction specified in (a), (b), (c) or (d) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other Group Company, as applicable, or in cash or otherwise, (i) at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date which is six months from the Listing Date (the “**First Six-month Period**”); or (ii) at any time during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-month Period**”) so as to result in any of our Controlling Shareholders ceasing to be a controlling shareholder (as defined in the Listing Rules) of our Company (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period or the Second Six-month Period, as applicable).

We have further undertaken to and covenanted with the Sole Sponsor, the Sole Representative and the Hong Kong Underwriters that, in the event that during the Second Six-month Period, we enter into any arrangement or transaction specified in sub-paragraph (a), (b) or (c) above or offer to or agree to or announce any intention to enter into or effect any such arrangement or transaction, we shall ensure that it will not create any disorderly or false market in our Shares or any other security of our Company.

Each Controlling Shareholder has jointly and severally undertaken and covenanted with the Sole Sponsor, the Sole Representative and the Hong Kong Underwriters to procure (so far as he/it is able to do so) our Company to comply with the above undertakings and covenants.

Undertakings Given by Our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has jointly and severally undertaken to our Company, the Sole Sponsor, the Sole Representative, and the Hong Kong Underwriters that, save as (i) pursuant to the Global Offering (including exercise of the Over-allotment Option) or the Stock Borrowing Agreement; (ii) pursuant to the exercise of any option granted or to be granted under the Share Option Scheme; or (iii) permitted under the Listing Rules:

- (i) he/it shall not, at any time during the First Six-month Period,
 - (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create any encumbrance over, or agree to transfer or dispose of or create any encumbrance over (other than by way of a security for a bona fide commercial loan in favour of an authorised institution

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(as defined in the Banking Ordinance)), either directly or indirectly, conditionally or unconditionally, any Share or other security of our Company or any interest therein (including, without limitation, any security convertible or exchangeable into or exercisable for, or that represent the right to receive, or any warrant or other right to purchase, any such Share or other security of our Company or any interest therein) beneficially owned by him/it directly or indirectly through his/its controlled entities (the “**Relevant Securities**”), or deposit any Relevant Security with a depositary in connection with the issue of depositary receipts;

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities;
- (c) enter into or effect any arrangement or transaction with the same economic effect as any arrangement or transaction referred to in sub-paragraph (a) or (b) above; or
- (d) offer to or agree to or announce any intention to enter into or effect any arrangement or transaction referred to in sub-paragraph (a), (b) or (c) above,

whether any arrangement or transaction referred to in sub-paragraph (a), (b), (c) or (d) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not any such arrangement or transaction will be completed within the First Six-Month Period), provided that the foregoing restrictions shall not apply to any Share which any of our Controlling Shareholders may acquire or become interested in following the Listing Date (other than any Share to be returned under the Stock Borrowing Agreement) and provided further that any such acquisition or disposal would not result in any breach of Rule 8.08 of the Listing Rules;

- (ii) he/it shall not, at any time during the Second Six-month Period, enter into any arrangement or transaction referred to in sub-paragraph (i)(a), (b) or (c) above, or offer to or agree to or announce any intention to enter into or effect any such arrangement or transaction, if, immediately following any such arrangement or transaction or upon the exercise or enforcement of any such option, warrant, contract, right or encumbrance, he/it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company or would, together with the other Controlling Shareholders, cease to be a group of controlling shareholders (as defined in the Listing Rules) of our Company;

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- (iii) in the event that he/it enters into any arrangement or transaction specified in sub-paragraph (i)(a), (b) or (c) above or offers to or agrees to or announces any intention to enter into or effect any such arrangement or transaction within the Second Six-Month Period, he/it shall use his/its best endeavour to ensure that such an arrangement or transaction will not create a disorderly or false market for our Shares or other securities of our Company; and
- (iv) he/it shall, and shall procure that the relevant registered holder(s) shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by he/it or by the relevant registered holder(s) of our Shares or other securities of our Company.

Each of our Controlling Shareholders has further jointly and severally undertaken to our Company, the Sole Sponsor, the Sole Representative and the Hong Kong Underwriters that, within the period from the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will:

- (i) when he/it pledges or charges or otherwise create any right or encumbrance over any Relevant Security in favour of any authorised institution (as defined in the Banking Ordinance) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company, the Sole Sponsor and the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) in writing of any such pledge, charge, right or encumbrance together with the number of securities and the nature of interests so pledged or charged and all other information as requested by our Company, the Sole Sponsor and/or the Sole Representative (for itself and on behalf of the Hong Kong Underwriters); and
- (ii) subsequent to creation of the pledges, charges, rights or encumbrances over Relevant Securities as mentioned in sub-paragraph (i) above, when he/it receives any indication, either verbal or written, from any pledgee or chargee that any of the pledged, charged or encumbered securities as referred to in sub-paragraph (i) above will be sold, transferred or disposed of, immediately inform our Company, the Sole Sponsor and the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) in writing of such indications.

Indemnity

Our Company and our Controlling Shareholders have jointly and severally agreed and undertaken to indemnify the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters against claims which may be made or established against them arising out of, among other things, performance of their respective obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement, subject to the terms of the Hong Kong Underwriting Agreement.

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The International Placing

In connection with the International Placing, we expect to enter into the International Underwriting Agreement with, among others, the Sole Sponsor, the Sole Representative and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to subscribe the International Placing Shares or procure subscriber(s) to subscribe for the International Placing Shares pursuant to the International Placing. Please see “Structure and Conditions of the Global Offering — International Placing” in this prospectus for details.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Representative at its sole and absolute discretion for itself and on behalf of the International Underwriters at any time within the period commencing on the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 37,500,000 additional new Shares, representing 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Placing and to satisfy the obligations to return the borrowed securities under the Stock Borrowing Agreement, if any.

Under the International Underwriting Agreement, our Company and our Controlling Shareholders will jointly and severally agree and undertake to indemnify the Sole Sponsor, the Sole Representative and the International Underwriters against claims which may be made or established against them arising out of, among other things, performance of their respective obligations under the International Underwriting Agreement and any breach by us of the International Underwriting Agreement.

Underwriting Commission and Expenses

Under the terms and conditions of the Underwriting Agreements, the Sole Representative (for itself and on behalf of the Underwriters) will receive an underwriting commission, in Hong Kong dollars, at the rate of 5% of the aggregate final Offer Price in respect of all of the Offer Shares (including both the Hong Kong Public Offer Shares and the International Placing Shares (taking into account the maximum number of Shares that can be issued under the Over-allotment Option, regardless of whether such option is exercised in full, in part or at all)). In addition, our Company may, at our sole and absolute discretion, pay to the Sole Representative (for itself and on behalf of the Underwriters) an incentive fee, in Hong Kong dollars, of up to 1% of the aggregate final Offer Price in respect of all of the Offer Shares (including both the Hong Kong Offer Shares and the International Offer Shares (taking into account the maximum number of Shares that can be issued under the Over-allotment Option, regardless of whether such option is exercised in full, in part or at all)).

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Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK\$0.72 (being the mid-point of the indicative Offer Price range) per Share, the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, Stock Exchange trading fee, Financial Reporting Council transaction levy, legal and other professional fees, and printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to RMB50.4 million in total and are payable by our Company.

Underwriters' interests in our Group

Save for their respective obligations under the Underwriting Agreements or as otherwise disclosed in this prospectus, none of the Underwriters is interested directly or indirectly in any shares or securities of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any share or security of any member of our Group.

Following completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Underwriting Agreements.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities on their own account and on the account of others. In relation to the Shares, those activities could include acting as agents for buyers and sellers of the Shares,

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entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over-the-counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activities could occur in Hong Kong or elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in “Structure and Conditions of the Global Offering” in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume of the Shares and the volatility of the price of the Shares, and the extent to which this may occur from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilising Manager or its affiliates or any person acting for them) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the provisions of the SFO on market misconduct, such as the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering of initially 25,000,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described in “The Hong Kong Public Offering” in this section; and
- the International Placing of initially 225,000,000 Offer Shares (subject to reallocation and the Over-allotment Option as described below) outside the United States (including to professional, institutional and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may either:

- apply for the Hong Kong Public Offer Shares under the Hong Kong Public Offering; or
- apply for or indicate an interest for the International Placing Shares under the International Placing,

but may not do both.

The 250,000,000 Offer Shares in the Global Offering will represent 25.0% of our enlarged share capital immediately after completion of the Global Offering and the Capitalisation Issue, without taking into account any exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.71% of our enlarged share capital immediately following completion of the Global Offering and the Capitalisation Issue.

References to applications, application monies or procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering for subscription by the public in Hong Kong 25,000,000 Offer Shares, representing 10% of the number of Offer Shares available under the Global Offering (before any exercise of the Over-allotment Option). Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of Offer

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Shares offered under the Hong Kong Public Offering will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised at all.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in “Conditions of the Global Offering” in this section.

Allocation

Allocation of Hong Kong Public Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Public Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Public Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools:

- **Pool A:** The Hong Kong Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Public Offer Shares in the value of HK\$5 million or less (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy payable); and
- **Pool B:** The Hong Kong Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Public Offer Shares in the value of more than HK\$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy payable).

For the purpose of this subsection only, the “value” of the Hong Kong Public Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

No applications will be accepted from investors applying for more than the total number of Hong Kong Public Offer Shares originally allocated to each pool, and hence application for more than 12,500,000 Hong Kong Public Offer Shares will be rejected. Applicants can only receive an allocation of Hong Kong Public Offer Shares from either pool A or pool B, but not from both pools. Multiple or suspected multiple applications within either pool or between pools under the Hong Kong Public Offering will be rejected.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Public Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly.

Reallocation and Clawback

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to reallocation at the discretion of the Sole Representative, as follows:

- (a) where the International Placing Shares are fully subscribed or oversubscribed:
 - (i) if the Hong Kong Public Offer Shares are undersubscribed, the Sole Representative has the authority to reallocate all or any unsubscribed Hong Kong Public Offer Shares from the Hong Kong Public Offering to the International Placing, in such a proportion as the Sole Representative deems appropriate;
 - (ii) if the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for under the Hong Kong Public Offering representing less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, the Sole Representative has the authority to reallocate Offer Shares to the Hong Kong Public Offering from the International Placing and make available such reallocated Offer Shares as additional Hong Kong Public Offer Shares, provided that such reallocation shall comply with guidance letter HKEX-GL91-18 issued by the Stock Exchange (further details of which are set out below); and
 - (iii) if the Hong Kong Public Offering is oversubscribed with the number of Offer Shares validly applied for under the Hong Kong Public Offering representing (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing in accordance with the clawback requirements set out in paragraph 4.2 of Practice Note 18 of the Listing Rules, so that the total number of Hong Kong Public

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Offer Shares (before any exercise of the Over-allotment Option) will be increased to 75,000,000 Offer Shares (in the case of (1)), 100,000,000 Offer Shares (in the case of (2)) and 125,000,000 Offer Shares (in the case of (3)), representing 30%, 40% and 50% of the number of Offer Shares available under the Global Offering (before any exercise of the Over-allotment Option), respectively; and

- (b) where the International Placing Shares are undersubscribed:
 - (i) if the Hong Kong Public Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions set forth in this prospectus and the Underwriting Agreements; and
 - (ii) if the Hong Kong Public Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), the Sole Representative has the authority to reallocate Offer Shares to the Hong Kong Public Offering from the International Placing and make available such reallocated Offer Shares as additional Hong Kong Public Offer Shares, provided that such reallocation shall comply with guidance letter HKEX-GL91-18 issued by the Stock Exchange (further details of which are set out below).

In the event of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, in accordance with guidance letter HKEX-GL91-18 issued by the Stock Exchange, (1) the number of International Placing Shares re-allocated to the Hong Kong Public Offering should not exceed 25,000,000 Shares, representing 10% of the number of Offer Shares initially available under the Global Offering, increasing the total number of Offer Shares available under the Hong Kong Public Offering to 50,000,000 Shares, representing 20% of the number of Offer Shares available under the Global Offering; and (2) the final Offer Price must be fixed at the bottom end of the indicative Offer Price range stated in this prospectus (i.e. HK\$0.64 per Offer Share).

In all cases of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Placing will be correspondingly reduced.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Placing Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he/she/it has been or will be placed or allocated International Placing Shares under the International Placing.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$0.80 per Offer Share, in addition to brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%. If the Offer Price, as finally determined on the Price Determination Date in the manner as described in "Pricing and Allocation" in this section, is less than the maximum price of HK\$0.80 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy attributable to the surplus application monies) will be made to successful applicants, without interest. For further details, please see "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

THE INTERNATIONAL PLACING

Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Placing 225,000,000 Offer Shares, representing 90% of the number of Offer Shares available under the Global Offering (before any exercise of the Over-allotment Option). Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of Offer Shares offered under the International Placing will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised at all.

Allocation

The International Placing Shares will conditionally be offered to selected professional, institutional and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Allocation of the International Placing Shares pursuant to the International Placing will be effected in accordance with the “book-building” process described in “Pricing and Allocation” in this section and is based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Placing Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of us and our Shareholders as a whole.

The Sole Representative (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Representative so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that such applications for Hong Kong Public Offer Shares are excluded.

Reallocation and Clawback

The total number of Offer Shares to be issued pursuant to the International Placing may change as a result of the clawback arrangements as described in “The Hong Kong Public Offering — Reallocation and Clawback” in this section and/or exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOCATION

In connection with the Global Offering, the Stabilising Manager may over-allocate up to 37,500,000 additional Shares. Such over-allocations may be settled using the Shares to be borrowed pursuant to the Stock Borrowing Agreement, and covered by exercising the Over-allotment Option (exercisable by the Sole Representative at its sole and absolute discretion for itself and on behalf of the International Underwriters), by making purchases in the secondary market at prices that do not exceed the Offer Price or by a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may borrow from Tanshin Investments, a Controlling Shareholder, up to 37,500,000 Shares, equivalent to the maximum number of Shares to be over-allocated under the International Placing and the maximum number of Shares to be allotted and issue by our Company upon full exercise of the Over-allotment Option, pursuant to the Stock Borrowing Agreement.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Such a stock borrowing arrangement complies with the requirements under Rule 10.07(3) of the Listing Rules and shall therefore not be subject to the restrictions of Rule 10.07(1) of the Listing Rules:

- (a) the stock borrowing arrangement, as fully described in this prospectus, is adopted for the sole purpose of covering any short position prior to any exercise of the Over-allotment Option in the International Placing;
- (b) the maximum number of Shares to be borrowed from Tanshin Investments by the Stabilising Manager is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;
- (c) the same number of Shares to be borrowed from Tanshin Investments will be returned to Tanshin Investments or its nominee (as the case may be) by the third business day following the earliest of (i) the last day on which the Over-allotment Option may be exercised; and (ii) the day on which the Over-allotment Option is exercised in full;
- (d) the borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with applicable Listing Rules, laws and other regulatory requirements; and
- (e) no payments will be made to Tanshin Investments by the Stabilising Manager in relation to the stock borrowing arrangement under the Stock Borrowing Agreement or otherwise.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Sole Representative at its sole and absolute discretion (for itself and on behalf of the International Underwriters) at any time within the period commencing on the Listing Date and ending on the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require us to allot and issue up to 37,500,000 Shares, representing 15% of the number of Offer Shares available under the Global Offering (before any exercise of the Over-allotment Option), at the Offer Price to cover over-allocations in the International Placing and to satisfy the obligations to return the borrowed Shares under the Stock Borrowing Agreement, if any.

If the Over-allotment Option is exercised in full, the additional Shares to be issued pursuant thereto will represent approximately 3.61% of our enlarged issued share capital immediately following completion of the Global Offering and the Capitalisation Issue. In the event that the Over-allotment Option is exercised, an announcement will be made.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to minimise and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which the initial stabilising action is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, may, on behalf of the Underwriters, over-allocate or effect transactions with a view to supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period of time after the Listing Date. However, there is no obligation on the Stabilising Manager, or any person acting for it, to conduct any such stabilising action. Each such stabilising action, if taken, will be conducted at the sole and absolute discretion of the Stabilising Manager, or any person acting for it, and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilising actions permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules include:

- (a) purchasing, or agreeing to purchase, any of our Shares, or offering or attempting to do the same, during the stabilising period for the sole purpose of preventing or minimising any reduction in the market price of our Shares; and
- (b) in connection with any action as described in sub-paragraph (a) above in respect of any of our Shares,
 - (i) allocating a greater number of our Shares than the number of Offer Shares initially offered for the purpose of preventing or minimising any reduction in the market price of our Shares;
 - (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares;
 - (iii) pursuant to the Over-allotment Option, purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares in order to close out any position established under any action as described in sub-paragraph (b)(i) or (ii) above;

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

- (iv) selling or agreeing to sell any of our Shares acquired by the Stabilising Manager in the course of any action as described in sub-paragraph (a) above in order to liquidate any position that has been established by such an action; and
- (v) offering or attempting to do anything as described in sub-paragraph (b)(ii), (iii) or (iv) above.

The Stabilising Manager, or any person acting for it, may take all or any of the above stabilising actions in Hong Kong. Specifically, prospective applicants for and investors in our Shares should note that:

- the Stabilising Manager, or any person acting for it, may, in connection with the stabilising actions, maintain a long position in our Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilising Manager, or any person acting for it, may have an adverse impact on the market price of our Shares;
- no stabilising action can be taken to support the price of our Shares for longer than the stabilising period which will begin on the Listing Date and end on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. The stabilising period is expected to expire on Sunday, 6 November 2022. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising actions at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price the investors have paid for the Offer Shares.

The Shares purchased in the course of the stabilising actions may be used to cover over-allocations in the International Placing and to satisfy the obligations to return the borrowed Shares under the Stock Borrowing Agreement, if any.

Our Company will ensure or procure that a public announcement in compliance with the requirements under the Securities and Futures (Price Stabilizing) Rules will be issued within seven days after the end of the stabilising period.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

PRICING AND ALLOCATION

Our Company and the Sole Representative (for itself and on behalf of the Underwriters) will determine the Offer Price and sign an agreement on the Price Determination Date, when market demand for the Offer Shares will have been determined. The Price Determination Date is expected to be on or around Friday, 7 October 2022 and, in any event, not later than Thursday, 13 October 2022.

The Offer Price will not be more than HK\$0.80 per Offer Share and is expected to be not less than HK\$0.64 per Offer Share, unless otherwise announced, as further explained below. If the Offer Price, as finally determined in the manner described below, is lower than HK\$0.80, we will refund the respective difference, including brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amount. For more details, please see “How to Apply for Hong Kong Public Offer Shares” in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the Price Determination Date.

The Sole Representative (for itself and on behalf of the Underwriters) may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of us, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or before the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on our Company’s website at www.regopimc.com and the website of the Stock Exchange at www.hkexnews.hk (the contents of the website do not form a part of this prospectus) an announcement of such a reduction. Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, as agreed upon by the Sole Representative (for itself and on behalf of the Underwriters) and us, will be fixed within such a revised Offer Price range. Such a notice shall also include confirmation or revision, as appropriate, of the Global Offering statistics as set forth in “Summary” in this prospectus and any other financial information in this prospectus which may change as a result of any such reduction. In addition, we will cause such supplemental offering documents as may be required by the applicable laws, rules and/or regulations to be published in such a manner as the relevant laws, rules and/or regulations may require as soon as practicable following the decision to make the reduction.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Before submitting applications for the Hong Kong Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so published, the Offer Price, as agreed upon by the Sole Representative (for itself and on behalf of the Underwriters) and us, will under no circumstances be set outside the indicative Offer Price range as stated in this prospectus.

If you have already submitted an application for the Hong Kong Public Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price Range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the notified procedure, all unconfirmed applications will be rejected.

In the event of a reduction in the number of Offer Shares, the Sole Representative may, at its sole and absolute discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (before any exercise of the Over-allotment Option).

The final Offer Price, level of indications of interest in the International Placing, level of applications in the Hong Kong Public Offering and basis of allocation of the Hong Kong Public Offer Shares are expected to be on Friday, 14 October 2022 on our Company's website at www.regopimc.com and the website of the Stock Exchange at www.hkexnews.hk. The results of allocations will be made available in a variety of channels in the manners described in the section headed "How to Apply for Hong Kong Public Offer Shares — 11. Publication of Results" in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on, among others:

- the Listing Committee granting approval for the listing of, and permission to deal in, our Shares in issue and to be issued as described in this prospectus (including but not limited to the Shares which may be issued pursuant to the exercise of the Over-allotment Option);
- the Offer Price having been agreed between us and the Sole Representative (for itself and on behalf the Underwriters);
- the due execution of the International Underwriting Agreement on or before the Price Determination Date; and
- the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between us and the Sole Representative (for itself and on behalf of the Underwriters) on or before Thursday, 13 October 2022, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published on our website at www.regopimc.com and the website of the Stock Exchange at www.hkexnews.hk on the next day following such lapse. In such an event, all application monies will be refunded, without interest, on the terms set out in “How to Apply for Hong Kong Public Offer Shares — 13. Refund of Application Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

UNDERWRITING AGREEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other conditions, us and the Sole Representative (for itself and on behalf of the Underwriters) agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Placing on or before the Price Determination Date.

Certain terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in the section headed “Underwriting” in this prospectus.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 17 October 2022, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 17 October 2022.

The Shares will be traded in board lots of 4,000 Shares each. The stock code of our Shares will be 2422.

IMPORTANT NOTICE TO INVESTORS

Fully Electronic Application Process

We have adopted a paperless listing and subscription regime for the Hong Kong Public Offering, whereby (a) this prospectus is published solely in an electronic format; and (b) all subscriptions, where applicable, must be made through online electronic channels only. We will not provide printed copies of this prospectus or any application form to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.regopimc.com. If you require a printed copy of this prospectus, you may print out the electronic copy of this prospectus downloadable from any of the above websites.

The electronic version of this prospectus and the printed version of this prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance are identical in terms of contents.

Set forth below are the procedures through which applications for the Hong Kong Public Offer Shares can be made electronically. We will not provide any physical channel for any application for the Hong Kong Public Offer Shares by the public.

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Public Offer Shares, you may:

- (1) apply online via the **White Form eIPO** service at www.eipo.com.hk; or
- (2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf; or

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- (ii) (if you are an existing CCASS Investor Participant) giving electronic application instructions through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Public Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above and have electronically instructed HKSCC via CCASS to cause HKSCC Nominees to apply for you, the Hong Kong Public Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Representative, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Public Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address; and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names.

The number of joint applicants may not exceed four.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any of our subsidiaries;
- are a Director or chief executive officer of our Company and/or any of our subsidiaries;
- are a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering;
- are a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for or indicated any interest in any International Placing Shares or otherwise participate in the International Placing.

3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Representative (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with Companies (Winding Up and Miscellaneous Provisions) Ordinance the Companies Ordinance, the Cayman Companies Act and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- (vi) agree that none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving banks, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and our Company and/or our agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES — Personal Collection" below to collect the Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Sole Representative will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

4. MINIMUM PURCHASE AMOUNT AND PERMITTED NUMBERS

Your application must be for a minimum of 4,000 Hong Kong Public Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Public Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Public Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Public Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Public Offer Shares applied for	Amount payable on application HK\$
4,000	3,232.25	80,000	64,645.03	700,000	565,643.96	5,000,000	4,040,314.00
8,000	6,464.50	100,000	80,806.28	800,000	646,450.24	6,000,000	4,848,376.80
12,000	9,696.75	120,000	96,967.53	900,000	727,256.52	7,000,000	5,656,439.60
16,000	12,929.01	140,000	113,128.79	1,000,000	808,062.80	8,000,000	6,464,502.40
20,000	16,161.25	160,000	129,290.05	1,500,000	1,212,094.20	9,000,000	7,272,565.20
24,000	19,393.51	180,000	145,451.31	2,000,000	1,616,125.60	10,000,000	8,080,628.00
28,000	22,625.75	200,000	161,612.56	2,500,000	2,020,157.00	11,000,000	8,888,690.80
32,000	25,858.01	300,000	242,418.84	3,000,000	2,424,188.40	12,500,000 ⁽¹⁾	10,100,785.00
36,000	29,090.26	400,000	323,225.12	3,500,000	2,828,219.80		
40,000	32,322.51	500,000	404,031.40	4,000,000	3,232,251.20		
60,000	48,483.77	600,000	484,837.68	4,500,000	3,636,282.60		

(1) Maximum number of Hong Kong Public Offer Shares you may apply for.

No application for any other number of the Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Time for Submitting Applications under the White Form eIPO service

You may submit your application to the **White Form eIPO** Service Provider at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 30 September 2022 until 11:30 a.m. on Friday, 7 October 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 7 October 2022 or such later time under the “Effect of Bad Weather and/or Extreme Conditions on the Opening of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2.0 for each “Rego Interactive Co., Ltd” **White Form eIPO** application submitted via www.eipo.com.hk to support sustainability.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

6. APPLYING THROUGH THE CCASS EIPO SERVICE

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979-7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Centre

1/F, One & Two Exchange Square

8 Connaught Place, Central

Hong Kong

and complete an input request form.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Representative and our Hong Kong Branch Share Registrar.

Applying Through the CCASS EIPO Service

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares (either indirectly through a broker or custodian or directly) and application is made by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that our Company, the Directors and the Sole Representative will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- agree that none of our Company, the Sole Representative, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving banks, the Sole Representative, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- agree with our Company, for ourselves and for the benefit of each Shareholder (and so that our Company will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles of Association;
- agree with our Company, for itself and for the benefit of each shareholder of our Company and each director, manager and other senior officer of our Company (and so that our Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of our Company and each director, manager and other senior officer of our Company, with each CCASS Participant giving electronic application instructions):
 - (a) to refer all differences and claims arising from the Articles of Association of our Company or any rights or obligations conferred or imposed by the Companies Ordinance or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association of our Company;
 - (b) that any award made in such arbitration shall be final and conclusive; and
 - (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;
- agree with our Company (for our Company itself and for the benefit of each shareholder of our Company) that Shares in our Company are freely transferable by their holders;
- authorise our Company to enter into a contract on its behalf with each director and officer of our Company whereby each such director and officer undertakers to observe and comply with his obligations to shareholders stipulated in the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Effect of Applying Through the CCASS EIPO Service

By applying through the CCASS EIPO service or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and Financial Reporting Council transaction levy by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy, the Stock Exchange trading fee and Financial Reporting Council transaction levy) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates⁽¹⁾:

Friday, 30 September 2022 – 9:00 a.m. to 8:30 p.m.
Monday, 3 October 2022 – 8:00 a.m. to 8:30 p.m.
Wednesday, 5 October 2022 – 8:00 a.m. to 8:30 p.m.
Thursday, 6 October 2022 – 8:00 a.m. to 8:30 p.m.
Friday, 7 October 2022 – 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 30 September 2022 until 12:00 noon on Friday, 7 October 2022 (24 hours daily, except on Friday, 7 October 2022, the last application day).

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 7 October 2022, the last application day or such later time as described in “10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists” in this section.

Note: The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The following Personal Information Collection Statement applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bankers, the Sole Representative, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Public Offer Shares, of the policies and practices of the Company and its Hong Kong Branch Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the “**Ordinance**”).

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

1. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of securities to supply correct personal data to the Company or its agents and the Hong Kong Branch Share Registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the Hong Kong Branch Share Registrar. Failure to supply the requested data may result in your application for securities being rejected, or in delay or the inability of the Company or its Hong Kong Branch Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Public Offer Shares which you have successfully applied for and/or the dispatch of Share certificate(s) and/or refund cheque(s) to which you are entitled. It is important that securities holders inform the Company and the Hong Kong Branch Share Registrar immediately of any inaccuracies in the personal data supplied.

2. Purposes

The personal data of the securities holders may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Public Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of securities' holders including, where applicable, HKSCC Nominees;
- maintaining or updating the register of securities' holders of the Company;
- verifying securities holders' identities;
- establishing benefit entitlements of securities' holders of the Company, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and securities' holder profiles;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Branch Share Registrar to discharge their obligations to securities' holders and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

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3. *Transfer of personal data*

Personal data held by the Company and its Hong Kong Branch Share Registrar relating to the securities holders will be kept confidential but the Company and its Hong Kong Branch Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bankers and overseas principal share registrar;
- where applicants for securities request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Branch Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the securities' holders have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

4. *Retention of personal data*

The Company and its Hong Kong Branch Share Registrar will keep the personal data of the applicants and holders of securities for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Ordinance.

5. *Access to and correction of personal data*

Securities holders have the right to ascertain whether the Company or the Hong Kong Branch Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Branch Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to us, at our registered address disclosed in "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary, or our Hong Kong Branch Share Registrar for the attention of the privacy compliance officer.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 7 October 2022.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

You must pay the maximum Offer Price of HK\$0.80 per Offer Share, plus brokerage of 1.00%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015% in full upon application for the Hong Kong Public Offer Shares. For every board lot of 4,000 Hong Kong Public Offer Shares, the amount payable upon application is HK\$3,232.25.

You may submit an application through the **White Form eIPO** service in respect of a minimum of 4,000 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in “4. Minimum Purchase Amount and Permitted Numbers” in this section, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy, the Stock Exchange trading fee and the Financial Reporting Council transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC, and Financial Reporting Council transaction levy will be paid to Hong Kong Exchanges and Clearing Limited who shall collect such levy on behalf of the Financial Reporting Council).

For further details on the Offer Price, please see “Structure and Conditions of the Global Offering — Pricing and Allocation” in this prospectus.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if:

- a tropical cyclone warning signal number 8 or above; or
- Extreme Conditions; or
- a “black” rainstorm warning,

is/are in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 7 October 2022. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 7 October 2022 or if a tropical cyclone warning signal number 8 or above or Extreme Conditions or a “black” rainstorm warning signal is/are in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, level of indications of interest in the International Placing, level of applications in the Hong Kong Public Offering and basis of allocation of the Hong Kong Public Offer Shares on Friday, 14 October 2022 on our Company’s website at www.regopimc.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manners specified below:

- in the announcement to be posted on our Company’s website at www.regopimc.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Friday, 14 October 2022;
- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Friday, 14 October 2022 to 12:00 midnight on Thursday, 20 October 2022;
- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Friday, 14 October 2022, Monday, 17 October 2022, Tuesday, 18 October 2022 and Wednesday, 19 October 2022.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in “Structure and Conditions of the Global Offering” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By applying through the **CCASS EIPO** service or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Sole Representative, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Placing Shares;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company, the Sole Sponsor or the Sole Representative believe that by accepting your application, we or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than the maximum number of Hong Kong Public Offer Shares you may apply for.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$0.80 per Offer Share (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy thereon), or if the conditions of the Global Offering as set forth in “Structure and Conditions of the Global Offering — Conditions of the Global Offering” in this prospectus are not fulfilled or waived or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on or before Friday, 14 October 2022.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service, where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Friday, 14 October 2022. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, 17 October 2022 provided that the Global Offering has become unconditional and the right of termination described in “Underwriting” in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

Personal Collection

(i) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund cheque(s) (where applicable) from the Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 14 October 2022, or such other date as notified by our Company on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.regopimc.com as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) and/or refund cheque(s) (where applicable) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your Share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions on Friday, 14 October 2022 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(ii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 14 October 2022, or, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR HONG KONG PUBLIC OFFER SHARES

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in “Publication of Results” above on Friday, 14 October 2022. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 14 October 2022 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Friday, 14 October 2022. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy, the Stock Exchange trading fee and Financial Reporting Council transaction levy but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 14 October 2022.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after the trade.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-79, received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF REGO INTERACTIVE CO., LTD (FORMERLY KNOWN AS "REGO INVESTMENT HOLDINGS LIMITED") AND CMBC INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Rego Interactive Co., Ltd (formerly known as "Rego Investment Holdings Limited") (the "Company") and its subsidiaries (together the "Group") set out on pages I-4 to I-79, which comprises the consolidated statements of financial position of the Group as at 31 December 2019, 2020, 2021 and 30 April 2022 and the statements of financial position of the Company as at 31 December 2019, 2020, 2021 and 30 April 2022 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-79 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 September 2022 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company (the "Directors") are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at 31 December 2019, 2020, 2021 and 30 April 2022 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended 30 April 2021 and other explanatory information (together the "Stub Period Comparative Historical Financial Information"). The Directors are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our

review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 14 of Section II to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate Number P05443

Hong Kong, 30 September 2022

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the consolidated financial statements of the Group for the Track Record Period. The consolidated financial statements of the Group have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA and were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Four months ended 30 April	
		2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	7	89,372	113,040	219,549	63,794	70,719
Cost of sales		(44,677)	(37,166)	(109,343)	(31,342)	(34,021)
Gross profit		44,695	75,874	110,206	32,452	36,698
Other income and other gains or losses	8	4,031	8,175	7,373	1,221	1,520
Provision for impairment losses on financial assets	9	(100)	(1,442)	(3,973)	(4,725)	(1,081)
Gain on disposal of subsidiaries		139	525	–	–	–
Selling and distribution expenses		(3,844)	(4,931)	(9,561)	(1,895)	(3,287)
Administrative expenses		(9,830)	(12,507)	(13,900)	(4,300)	(4,377)
Research and development expenses		(7,834)	(9,365)	(18,611)	(5,116)	(4,781)
Listing expenses		–	(6,085)	(13,630)	(2,986)	(1,371)
Finance costs	10	(82)	(353)	(674)	(177)	(376)
Profit before income tax	11	27,175	49,891	57,230	14,474	22,945
Income tax expense	13	(1,231)	(4,416)	(7,245)	(2,573)	(3,188)
Profit for the year/period		<u>25,944</u>	<u>45,475</u>	<u>49,985</u>	<u>11,901</u>	<u>19,757</u>
Other comprehensive income						
<i>Item that will not be reclassified to profit or loss:</i>						
– Exchange differences arising from translation		(33)	104	41	34	51
Total comprehensive income for the year/period		<u>25,911</u>	<u>45,579</u>	<u>50,026</u>	<u>11,935</u>	<u>19,808</u>
Profit for the year/period attributable to:						
– Owners of the Company		26,416	45,779	49,985	11,901	19,757
– Non-controlling interests		(472)	(304)	–	–	–
		<u>25,944</u>	<u>45,475</u>	<u>49,985</u>	<u>11,901</u>	<u>19,757</u>
Total comprehensive income attributable to:						
– Owners of the Company		26,383	45,883	50,026	11,935	19,808
– Non-controlling interests		(472)	(304)	–	–	–
		<u>25,911</u>	<u>45,579</u>	<u>50,026</u>	<u>11,935</u>	<u>19,808</u>
Earnings per share for the profit attributable to owners of the Company during the year/period (expressed in RMB per share)						
– Basic	15	<u>0.04</u>	<u>0.06</u>	<u>0.07</u>	<u>0.02</u>	<u>0.03</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 April
	Notes	2019	2020	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Intangible assets	18	3,326	21,089	19,376	18,193
Property, plant and equipment	19	2,441	2,648	1,188	923
Right-of-use assets	20	243	–	–	–
Goodwill	16	4,210	14,342	14,342	14,342
Deposits	23	17	–	–	–
		10,237	38,079	34,906	33,458
Current assets					
Inventories	21	270	2,917	3,363	6,150
Contract assets	26	–	2,174	3,021	1,791
Trade receivables	22	14,077	38,954	82,189	132,981
Prepayments, deposits and other receivables	23	11,245	38,649	50,009	56,691
Amounts due from related parties	24	90	84	96	203
Pledged bank deposit	25	–	1,392	–	–
Cash and cash equivalents	25	42,346	32,062	61,475	25,408
		68,028	116,232	200,153	223,224
Total assets		78,265	154,311	235,059	256,682
Current liabilities					
Contract liabilities	26	–	2,928	3,377	5,419
Trade payables	27	5,412	9,545	40,525	32,648
Other payables and accruals	28	8,264	17,436	27,895	35,766
Amounts due to related parties	24	4,851	4,813	27,677	5,486
Bank borrowings	29	–	10,370	21,100	42,000
Lease liabilities	20	398	7	–	–
Income tax payable		1,554	5,990	8,123	9,013
		20,479	51,089	128,697	130,332
Net current assets		47,549	65,143	71,456	92,892
Total assets less current liabilities		57,786	103,222	106,362	126,350

		As at 31 December			As at 30 April
	Notes	2019	2020	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Contract liabilities	26	–	75	47	255
Lease liabilities	20	70	–	–	–
Deferred tax liabilities	30	–	496	412	384
		70	571	459	639
Total liabilities		20,549	51,660	129,156	130,971
NET ASSETS		57,716	102,651	105,903	125,711
EQUITY					
Share capital	31	1	1	1	1
Reserves	32	56,717	102,650	105,902	125,710
Equity attributable to owners of the Company		56,718	102,651	105,903	125,711
Non-controlling interests	34	998	–	–	–
TOTAL EQUITY		57,716	102,651	105,903	125,711

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Other reserves	Statutory reserves	Translation reserves	Retained earnings		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 31)	(Note 32(i))	(Note 32(ii))	(Note 32(iii))	(Note 32(iv))	(Note 34)	
At 1 January 2019	1	41	2,613	(5)	28,434	31,084	31,058
Profit for the year	–	–	–	–	26,416	26,416	25,944
Other comprehensive income for the year:							
Exchange differences arising on translation differences	–	–	–	(33)	–	(33)	(33)
Total comprehensive income for the year	–	–	–	(33)	26,416	26,383	25,911
Acquisition of a subsidiary	–	–	–	–	–	–	(142)
Acquisition of additional interest in a subsidiary (Note 39)	–	(749)	–	–	–	(749)	49
Net investments from non-controlling shareholders	–	–	–	–	–	–	1,505
Disposal of a subsidiary	–	–	–	–	–	–	84
Appropriation to statutory reserve	–	–	3,010	–	(3,010)	–	–
At 31 December 2019	1	(708)	5,623	(38)	51,840	56,718	998
							57,716

	Attributable to owners of the Company						Non-	Total
	Share capital	Other reserves	Statutory reserves	Translation reserves	Retained earnings	Sub-total	controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 31)	(Note 32(i))	(Note 32(ii))	(Note 32(iii))	(Note 32(iv))		(Note 34)	
At 1 January 2020	1	(708)	5,623	(38)	51,840	56,718	998	57,716
Profit for the year	–	–	–	–	45,779	45,779	(304)	45,475
Other comprehensive income for the year:								
Exchange differences arising on translation differences	–	–	–	104	–	104	–	104
Total comprehensive income for the year	–	–	–	104	45,779	45,883	(304)	45,579
Disposal of subsidiaries	–	–	–	–	–	–	(644)	(644)
Acquisition of additional interest in a subsidiary	–	5	–	–	–	5	(61)	(56)
Disposal of interest in a subsidiary without loss of control	–	45	–	–	–	45	11	56
Appropriation to statutory reserve	–	–	3,478	–	(3,478)	–	–	–
At 31 December 2020	<u>1</u>	<u>(658)</u>	<u>9,101</u>	<u>66</u>	<u>94,141</u>	<u>102,651</u>	<u>–</u>	<u>102,651</u>

	Attributable to owners of the Company						Non-	Total
	Share capital RMB'000 (Note 31)	Other reserves RMB'000 (Note 32(i))	Statutory reserves RMB'000 (Note 32(ii))	Translation reserves RMB'000 (Note 32(iii))	Retained earnings RMB'000 (Note 32(iv))	Sub-total RMB'000	controlling interests RMB'000 (Note 34)	
At 1 January 2021	1	(658)	9,101	66	94,141	102,651	–	102,651
Profit for the year	–	–	–	–	49,985	49,985	–	49,985
Other comprehensive income for the year:								
Exchange differences arising on translation differences	–	–	–	41	–	41	–	41
Total comprehensive income for the year	–	–	–	41	49,985	50,026	–	50,026
Deemed distribution (Note 40(b))	–	(46,774)	(3,721)	–	3,721	(46,774)	–	(46,774)
Appropriation to statutory reserve	–	–	2,120	–	(2,120)	–	–	–
At 31 December 2021	<u>1</u>	<u>(47,432)</u>	<u>7,500</u>	<u>107</u>	<u>145,727</u>	<u>105,903</u>	<u>–</u>	<u>105,903</u>

	Attributable to owners of the Company						Non-	Total
	Share	Other	Statutory	Translation	Retained	Sub-total	controlling	
	capital	reserves	reserves	reserves	earnings		interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 31)	(Note 32(i))	(Note 32(ii))	(Note 32(iii))	(Note 32(iv))		(Note 34)	
At 1 January 2022	1	(47,432)	7,500	107	145,727	105,903	–	105,903
Profit for the period	–	–	–	–	19,757	19,757	–	19,757
Other comprehensive income for the period:								
Exchange differences arising on translation differences	–	–	–	51	–	51	–	51
Total comprehensive income for the period	–	–	–	51	19,757	19,808	–	19,808
At 30 April 2022	<u>1</u>	<u>(47,432)</u>	<u>7,500</u>	<u>158</u>	<u>165,484</u>	<u>125,711</u>	<u>–</u>	<u>125,711</u>

	Attributable to owners of the Company						Non-	Total
	Share	Other	Statutory	Translation	Retained	Sub-total	controlling	
	capital	reserves	reserves	reserves	earnings		interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 31)	(Note 32(i))	(Note 32(ii))	(Note 32(iii))	(Note 32(iv))		(Note 34)	
At 1 January 2021	1	(658)	9,101	66	94,141	102,651	–	102,651
Profit for the period	–	–	–	–	11,901	11,901	–	11,901
Other comprehensive income for the period:								
Exchange differences arising on translation differences	–	–	–	34	–	34	–	34
Total comprehensive income for the period	–	–	–	34	11,901	11,935	–	11,935
At 30 April 2021 (unaudited)	<u>1</u>	<u>(658)</u>	<u>9,101</u>	<u>100</u>	<u>106,042</u>	<u>114,586</u>	<u>–</u>	<u>114,586</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Four months ended 30 April	
		2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from operating activities						
Profit before income tax		27,175	49,891	57,230	14,474	22,945
Adjustments for:						
Amortisation of intangible assets	11	40	1,422	3,788	1,238	1,314
Bank interest income	8	(75)	(156)	(249)	(102)	(65)
Depreciation of property, plant and equipment	11	891	1,381	1,274	554	285
Depreciation of right-of-use assets	11	785	209	—	—	—
Finance costs	10	82	353	674	177	376
Gain on disposal of financial assets at fair value through profit or loss	8	(555)	(749)	—	—	—
Gain on disposal of financial assets acquired through business combination	8	—	(2,779)	(910)	(41)	—
Gain on disposal of a subsidiary		(139)	(525)	—	—	—
Impairment loss on goodwill	11	2,351	—	—	—	—
Impairment loss on right-of-use assets	11	350	—	—	—	—
Inventories written off	11	—	192	295	—	—
Loss on disposal of property, plant and equipment	11	—	—	13	—	—
Loss/(gain) on lease contract modification	8	8	(159)	—	—	—
Prepayment written off	11	—	1,962	—	—	—
(Reversal of)/provision for impairment loss on contract assets	9	(12)	98	136	983	51
Provision for impairment loss on trade receivables	9	90	1,421	3,875	3,772	978
Provision for/(reversal of) impairment loss on other receivables	9	22	(77)	(38)	(30)	52
Operating profit before working capital changes		31,013	52,484	66,088	21,025	25,936
(Increase)/decrease in inventories		(270)	1,715	(741)	(1,537)	(2,787)
Decrease/(increase) in contract assets		870	1,604	(941)	(248)	1,179
Decrease/(increase) in trade receivables		357	(5,537)	(47,984)	(24,618)	(51,770)
Increase in prepayments, deposits and other receivables		(2,067)	(23,651)	(11,382)	(30,629)	(6,734)
Decrease/(increase) in amounts due from related parties		576	6	(12)	2	—
Increase/(decrease) in contract liabilities		—	1,692	421	(405)	2,250
Increase/(decrease) in trade payables		2,760	(3,732)	30,980	4,851	(7,877)
(Decrease)/increase in other payables and accruals		(1,316)	(8,014)	10,881	2,466	8,574
Decrease in amounts due to related parties		(668)	(38)	(16,432)	(2)	(22,950)
Cash generated from/(used in) operations		31,255	16,529	30,878	(29,095)	(54,179)
Interest received		75	156	249	102	65
Income tax paid		(142)	(725)	(4,542)	(1,338)	(2,326)
Net cash generated from/(used in) operating activities		31,188	15,960	26,585	(30,331)	(56,440)

Notes	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from investing activities					
Acquisition of subsidiaries	6	(14,051)	–	–	–
Payments for acquisition of additional interest in a subsidiary	(700)	(56)	–	–	–
Disposal of subsidiaries	213	539	(6,309)	–	–
Disposal of interest in a subsidiary without loss of control	–	56	–	–	–
Purchases of intangible assets	(3,245)	(8,136)	(2,075)	–	(131)
Purchases of property, plant and equipment	19 (1,633)	(620)	(231)	(113)	(20)
Acquisition of financial assets at fair value through profit or loss	(75,100)	(99,500)	–	–	–
Withdrawal of pledged bank deposits	–	–	1,392	–	–
Proceeds from disposal of property, plant and equipment	–	–	2	–	–
Proceeds from disposal of financial assets at fair value through profit or loss	75,655	100,249	–	–	–
Net cash used in investing activities	<u>(4,804)</u>	<u>(21,519)</u>	<u>(7,221)</u>	<u>(113)</u>	<u>(151)</u>
Cash flows from financing activities					
Proceeds from bank borrowings	–	1,480	26,100	13,000	23,500
Repayment of bank borrowings	–	(5,550)	(15,370)	(2,620)	(2,600)
Interests paid on bank borrowings	–	(335)	(673)	(176)	(376)
Repayment of principal portion of lease liabilities	(728)	(302)	(7)	(7)	–
Interest paid on lease liabilities	(82)	(18)	(1)	(1)	–
Proceed from non-controlling interests' capital injection	1,505	–	–	–	–
Net cash generated from/(used in) financing activities	<u>695</u>	<u>(4,725)</u>	<u>10,049</u>	<u>10,196</u>	<u>20,524</u>
Net increase/(decrease) in cash and cash equivalents	27,079	(10,284)	29,413	(20,248)	(36,067)
Cash and cash equivalents at beginning of year/period	<u>15,267</u>	<u>42,346</u>	<u>32,062</u>	<u>32,062</u>	<u>61,475</u>
Cash and cash equivalents at end of year/period	<u>42,346</u>	<u>32,062</u>	<u>61,475</u>	<u>11,814</u>	<u>25,408</u>

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 April
	Notes	2019	2020	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Non-current asset					
Investment in subsidiaries		—*	—*	—*	—*
Current assets					
Prepayments	23	988	1,209	5,355	5,761
Amount due from an immediate holding company	24	1	1	15	15
Amounts due from subsidiaries		—	—	13	13
Cash and cash equivalents		—	10	44	44
		989	1,220	5,427	5,833
Total assets		989	1,220	5,427	5,833
Current liabilities					
Other payables	28	—	2,183	2,528	1,997
Amounts due to subsidiaries		496	4,618	21,490	23,095
Amounts due to related parties	24	559	575	1,201	1,853
		1,055	7,376	25,219	26,945
Net current liabilities		(66)	(6,156)	(19,792)	(21,112)
Total assets less current liabilities		(66)	(6,156)	(19,792)	(21,112)
NET LIABILITIES					
EQUITY					
Share capital	31	1	1	1	1
Reserves	32	(67)	(6,157)	(19,793)	(21,113)
CAPITAL DEFICIENCY					

* Represents the amount less than RMB1,000

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Rego Interactive Co., Ltd (formerly known as “Rego Investment Holdings Limited”) (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act on 8 August 2017. The registered office of the Company is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The Company is an investment holding company. During the Track Record Period, the Company and its subsidiaries now comprising the Group (collectively referred to as the “Group”) were engaged in the following businesses (the “Listing Business”) in the People’s Republic of China (“PRC”).

- Marketing and promotion services
- IT solutions services
- Others

The principal activities of its subsidiaries are set out below. In the opinion of the directors of the Company, the immediate holding companies of the Company are Tanshin Investments Limited (“Tanshin Investments”), Vicen Investments Limited (“Vicen Investments”) and Sprus Investments Limited (“Sprus Investments”) which are incorporated in the British Virgin Islands. The ultimate shareholders of the Company are Mr. Tian Huan (“Mr. Tian”), Mr. Chen Ping (“Mr. Chen”) and Mr. Zhang Yongli (“Mr. Zhang”) who have entered into acting-in-concert agreement on 22 October 2021 and confirmed they have been acting in concert since 14 July 2017. Accordingly, Mr. Tian, Mr. Chen, Mr. Zhang, Tanshin Investments, Vicen Investments and Sprus Investments collectively referred to as the “Controlling Shareholders”.

No audited statutory financial statements have been prepared for the Company since its date of incorporation as the Company is not required to issue audited financial statements under statutory requirements of its place of incorporation.

Pursuant to a special resolution passed at the general meeting on 18 September 2021, the English name of the Company was changed from “Rego Investment Holdings Limited” to “Rego Interactive Co., Ltd” and the Chinese name of the Company was changed from “潤歌投資控股有限公司” to “潤歌互動有限公司”. The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 18 September 2021.

As at the date of this report, the Company has direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name of company	Place and date of incorporation/ establishment and form of business structure	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities	Notes
			Direct	Indirect		
Rego International Holdings Limited (“Rego BVI”)	British Virgin Islands 15 August 2017 Limited liability company	United States Dollars (“US\$”) 1	100%	–	Investment holding	(a)
Vicen International Holdings (Hong Kong) Limited (“Vicen HK”)	Hong Kong 4 August 2017 Limited liability company	Hong Kong Dollars (“HK\$”) 1	100%	–	Investment holding	(b)

Name of company	Place and date of incorporation/ establishment and form of business structure	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities	Notes
			Direct	Indirect		
Rego Investments Limited ("Rego HK")	Hong Kong 4 September 2017 Limited liability company	HK\$1	–	100%	Investment holding	(b)
Hangzhou Rego Network Company Limited* ("Hangzhou Rego") # (杭州潤歌網絡有限公司)	PRC 25 June 2009 Limited liability company	RMB15,000,000	–	100%	Marketing and promotion services and IT solutions services	(c), (n)
Zhejiang Runye Information Technology Company Limited* ("Zhejiang Runye") (浙江潤也信息科技有限 公司)	PRC 14 September 2016 Limited liability company	RMB10,000,000	–	N/A	Marketing and promotion services and IT solutions services	(d), (e)
Hangzhou Runsheng Network Technology Company Limited* ("Hangzhou Runsheng") (杭州潤升網絡科技有限 公司)	PRC 16 November 2017 Limited liability company	RMB10,000,000	–	100%	Marketing and promotion services	(c)
Hainan Rego Network Technology Company Limited* ("Hainan Rego") (海南潤歌網絡科 技有限公司)	PRC 22 July 2019 Limited liability company	RMB1,000,000	–	100%	Marketing and promotion services	(g)
Xi'an Tiantai Innovation Technology Company Limited* ("Xi'an Tiantai") (西安天泰創新 科技有限公司)	PRC 13 June 2007 Limited liability company	RMB10,000,000	–	100%	Solutions on lottery related software systems and equipment	(h)
Shenzhen Rego Network Technology Company Limited* ("Shenzhen Rego") (深圳潤歌網絡科 技有限公司)	PRC 13 April 2021 Limited liability company	RMB1,000,000	–	100%	Marketing and promotion services	(i)
Yuncaitong Technology (Beijing) Company Limited* ("Yuncaitong") (雲彩通科技(北京)有限 公司)	PRC 7 March 2016 Limited liability company	RMB50,000,000	–	100%	Marketing and promotion services and others	(f)
Jiangxi Yunjia Technology Company Limited* ("Jiangxi Yunjia") (江西 雲家科技有限公司)	PRC 30 March 2016 Limited liability company	RMB10,000,000	–	–	Dormant	(j), (o)

Name of company	Place and date of incorporation/ establishment and form of business structure	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities	Notes
			Direct	Indirect		
Hainan Rego Huicai Network Technology Company Limited* ("Rego Huicai") (海南潤 歌慧彩網絡科技有限公 司)	PRC 27 August 2019 Limited liability company	RMB5,000,000	–	–	Dormant	(a), (k)
Wuhan Cairun Technology Company Limited* ("Wuhan Cairun") (武漢 彩潤科技有限公司)	PRC 14 September 2018 Limited liability company	RMB2,000,000	–	–	Dormant	(a), (l)
Hangzhou Xinyou Network Technology Company Limited* ("Hangzhou Xinyou") (杭州信游網絡 科技有限公司)	PRC 10 November 2017 Limited liability company	RMB10,000,000	–	–	Dormant	(a), (m)

* English translated names are for identification purpose only

Registered as wholly-foreign-owned enterprises under the PRC law

- (a) No audited financial statements have been prepared as these companies are incorporated in jurisdictions which do not have any statutory audit requirements.
- (b) The statutory financial statements of these entities for the years ended 31 December 2019, 2020 and 2021 were prepared under HKFRSs, were audited by BDO Limited.
- (c) The audited financial statements of these entities for the years ended 31 December 2019, 2020 and 2021 were prepared in accordance with PRC Generally Accepted Accounting Principles ("PRC GAAP") and were audited by 浙江敬業會計師事務所有限公司 for the years ended 31 December 2019, 2020 and 2021.
- (d) The audited financial statements of this entity for the years ended 31 December 2019 and 2020 were prepared in accordance with PRC GAAP and were audited by 浙江敬業會計師事務所有限公司 for the years ended 31 December 2019 and 2020.
- (e) PRC laws and regulations restrict foreign investors from owning more than 50% equity interest in any enterprise engaged in value-added telecommunication business (the "Restricted Business").

On 1 January 2018, the Group intended to step into internet business which is categorised under the Restricted Business. In view of this, certain contractual agreements ("Contractual Agreements") have been effectuated between Hangzhou Rego, Zhejiang Runye (the "Structured Entity") and registered shareholders, to the effect that the Company is exposed, or has rights, to variable returns from its involvement with this company and has the ability to affect those returns through its power over this company. As a result of the Contractual Agreements, the Structured Entity is accounted for as subsidiary of the Company for accounting purposes.

The principal business of the Structured Entity is operation of marketing and promotion services and technical support services in the PRC and did contribute the revenue, expenses, assets and liabilities to the Group during the Track Record Period. Zhejiang Runye had not carried out the intended business in the internet industry which requires an ICP License.

In addition, the Structured Entity has not fall under any restricted or prohibited businesses under the PRC laws and no contractual arrangement is required for such business operation. The parties to the Contractual Agreements have entered into a termination agreement to unwind the contractual arrangement structure on 17 August 2021 and the contractual arrangements have been terminated and unwound on 17 August 2021. Since then, the Group lost its control over Zhejiang Runye, which ceased to be a consolidated structured entity of the Group.

- (f) The audited financial statement of this entity for the years ended 31 December 2020 and 2021 were prepared in accordance with PRC GAAP and were audited by 北京永坤會計師事務所(普通合夥) for the year ended 31 December 2020 and 北京信拓孜信會計師事務所有限公司 for the year ended 31 December 2021. No audited financial statement has been prepared for the entity for the year ended 31 December 2019 as statutory account is not required under the relevant rules and regulations in its jurisdiction of incorporation.
- (g) The audited financial statement of this entity for the year ended 31 December 2021 was prepared in accordance with PRC GAAP and was audited by 深圳瑞博會計師事務所. No audited financial statements have been prepared for the entity for the years ended 31 December 2019 and 2020 as statutory accounts are not required under the relevant rules and regulations in its jurisdiction of incorporation.
- (h) The audited financial statements of this entity for the years ended 31 December 2020 and 2021 were prepared in accordance with PRC GAAP and was audited by 陝西宜正會計師事務所有限公司.
- (i) The audited financial statements of this entity for the year ended 31 December 2021 was prepared in accordance with PRC GAAP and was audited by 深圳瑞博會計師事務所.
- (j) The audited financial statements of this entity for the years ended 31 December 2019 and 2020 were prepared in accordance with PRC GAAP and was audited by 南昌誠一聯合會計師事務所.
- (k) On 31 July 2020, Hainan Rego signed an equity transfer agreement with an independent third party, to transfer its 51% equity interest in Rego Huicai at a consideration of RMB1,020,000. On 27 August 2020, the consideration was fully settled and the transfer was completed. Rego Huicai had no substantive operation or revenue contribution to the Group during the Track Record Period.
- (l) Wuhan Cairun was voluntarily dissolved by deregistration on 24 September 2020.
- (m) On 15 January 2019, Zhejiang Runye entered into an equity transfer agreement to transfer 21% and 30% of its equity interest in Hangzhou Xinyou to independent third parties at the considerations of RMB123,500 and RMB176,500, respectively. On 11 December 2019, considerations were fully settled. Hangzhou Xinyou had no substantive operation or revenue contribution to the Group during the Track Record Period.
- (n) On 11 August 2020, the registered capital of Hangzhou Rego was increased from RMB1,000,000 to RMB15,000,000. Rego HK and Vicen HK contributed RMB10,500,000 and RMB3,500,000 for the purpose of increasing the registered capital of Hangzhou Rego. Immediately after the increase of the registered capital and up to the Latest Practicable Date, Hangzhou Rego was owned by Rego HK and Vicen HK as to 75% and 25%, respectively.
- (o) Jiangxi Yunjia was voluntarily dissolved by deregistration on 5 November 2021.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Basis of presentation

The Group has underwent reorganisation (“Reorganisation”) as detailed in the section headed “History, Development and Reorganisation” in the Prospectus, involves entering into Contractual Agreements detailed in Appendix IV – Statutory and general information in the Prospectus and below, companies comprising the Group which carries out the Listing Business detailed below, and acquisition and disposal of equity interests of companies comprising the Group as detailed in Notes 38, 39 and 40.

Pursuant to the Reorganisation, the companies now comprising the Company, Rego BVI, Rego HK, Vicen HK, Hangzhou Rego, Hangzhou Runsheng, Hainan Rego, Xi'an Tiantai, Shenzhen Rego, Yuncaitong and Zhejiang Runye as detailed in Note 1 are under the effective control of the Company and the Controlling Shareholders throughout the Track Record Period or since their respective dates of acquisition/incorporation/establishment/when the combining entity first came under the control of the Controlling Shareholders or up to 17 August 2021 (date of loss of control over Zhejiang Runye) where this is a shorter period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation and the Listing Business conducted by Zhejiang Runye is regarded as a continuing entity. Accordingly, the Historical Financial Information of the Group has been prepared on the basis as if the Company has always been the holding company of the companies and businesses comprising the Group throughout the Track Record Period by applying the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA as set out in note 4.1 below.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the each of the years ended 31 December 2019, 2020 and 2021 include the results and cash flows of all companies now comprising the Group as if the current structure had been in existence throughout the Track Record Period, or since their respective dates of acquisition/incorporation/establishment/when the combining entity first came under the control of the Controlling Shareholders or up to 17 August 2021 (date of loss of control over Zhejiang Runye), whichever is the shorter period. The consolidated statements of financial position of the Group as at 31 December 2019, 2020 and 2021 have been prepared to present the assets and liabilities of the companies and/or businesses comprising the Group, as if the current structure had been in existence at those dates. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

Although the Listing Business conducted by Zhejiang Runye was not formerly transferred to the Company and its subsidiaries, as part of the Reorganisation, it has been included in the Historical Financial Information for the Track Record Period as the directors consider that the Historical Financial Information of the Group should include all relevant activities that have been a part of the Group’s history of the marketing and promotion services, IT solutions services and related services. Accordingly, the Historical Financial Information reflected all of the Group’s activities in the marketing and promotion services, IT solutions services and related services, including those services carried out by Zhejiang Runye.

Contractual Arrangements

The prevailing PRC laws and regulations restrict foreign ownership of companies that provide internet cultural business and value-added telecommunication services business, which include activities and businesses intended to operate by the Group. Zhejiang Runye engaged in provision of marketing and promotion services and IT solutions services in the PRC. On 1 January 2018, Hangzhou Rego entered into a series of Contractual Agreements with Zhejiang Runye and its registered owners. The Contractual Agreements enable Hangzhou Rego to exercise effective control over Zhejiang Runye and its subsidiaries (collectively as “PRC Operating Entities”) and, accordingly, Hangzhou Rego has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities. Accordingly, the PRC Operating Entities are accounted as subsidiaries of the Company for the purpose of the Historical Financial Information and the historical financial information of the PRC Operating Entities are combined in the Historical Financial Information for the Track Record Period. For the purpose of the compliance with the Listing Rules requirements governing contractual arrangements and due to the updates of the relevant PRC laws, termination agreement to unwind the

contractual arrangement structure on 17 August 2021 and the contractual arrangements have been terminated and unwound. Details of the termination of Contractual Agreements are disclosed in the step 5 of section headed “History, development and reorganisation” in the Prospectus.

2.2 Basis of preparation

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 below, which conform to HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations, issued by the HKICPA and applicable disclosure provisions of the Rules Governing the Listing of Securities on Main Board of the Stock Exchange of Hong Kong Limited throughout the Track Record Period.

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied HKASs, HKFRSs, amendments and interpretations issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2022 on full retrospective basis throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in accounting policies set out below.

It should be noted that accounting estimates and assumptions are used in the preparation of the Historical Financial Information. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5.

The functional currency of the Company is RMB, while the Historical Financial Information is presented in RMB. All values are rounded to the nearest thousand (RMB’000) except when otherwise indicated. The Historical Financial Information is presented in RMB as in the opinion of the directors of the Company, it presents more relevant information to the management who monitors the performance and financial position of the Group based on RMB.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

At the date of this report, the Group has not early applied the following new and revised HKFRSs that have been issued, potentially relevant to the Group’s operation, but are not yet effective, during the Track Record Period in the Historical Financial Information.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction ¹
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
HKFRS 17 and amendments to HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² No mandatory effective date yet determined but available for adoption.

The management of the Company anticipates that the application of the new and amendments to HKFRSs will have no material impact on the Historical Financial Information of the Group in the foreseeable future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Business combination involving entity under common control

The Historical Financial Information comprises the financial statements of the Company and its subsidiaries for the Track Record Period. Business combinations under common control are accounted for using merger method. The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under common control of the controlling entity. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination. All differences between the cost of acquisition and the amount at which the assets and liabilities are recorded have been recognised directly in equity as part of reserve. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the Historical Financial Information. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

4.2 Business combination and basis of consolidation

The Historical Financial Information comprises the financial statements of the Group. Intercompany transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the Historical Finance Information. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, other than loss of control through distribution in specie ultimately controlled by the same party which is accounted for as deemed distribution, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Upon loss of control of a subsidiary through distribution of interest in the subsidiary to the shareholders of the Company where the subsidiary is ultimately controlled by the same parties both before and after the distribution, the Group (a) derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost; and (b) measures the distribution and the liability to distribute non-cash assets as a dividend to its owners at the carrying amount of the net assets to be distributed.

4.3 Subsidiaries

A subsidiary(including structured entities) is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee; (2) exposure, or rights, to variable returns from the investee; and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Company considers all relevant facts and circumstances, including:

- the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- substantive potential voting rights held by the Company and other parties who hold voting rights;
- other contractual arrangements; and
- historic patterns in voting attendance.

In the Company's statements of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.4 Changes in ownership interests in subsidiaries without change of equity

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

4.5 Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as at the acquisition date.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal ("FVLCD") (if measurable) or its value in use ("VIU") (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Motor vehicles	10 years
Furniture and fixtures	5 years
Leasehold improvements	shorter of 5 years or lease term
Computer and office equipment	3 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in the profit or loss on disposal.

4.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4.8 Leases

The Group as lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets by applying a cost model. Under which, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group has leased office premises and lottery shops under tenancy agreements which the Group exercises which is held for own use. As such, the right-of-use asset arising from these properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed leases payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect change in the lease term, a change in the in substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

4.9 Intangible assets (other than goodwill)**(i) *Intangible assets acquired separately and in a business combination***

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

For the intangible assets with finite useful lives, amortisation is provided on a straight-line basis over their useful lives, and amortisation expense recognised in profit or loss. The following intangible assets with finite useful lives are amortised from the date when they are available for use and their estimated useful lives are as follows:

Computer software	10 years
Copyrights	5-10 years

Both of the period and method of amortisation are reviewed at the end of each reporting period.

(ii) *Internally generated intangible assets (research and development costs)*

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product; and
- sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss and included in cost of sales.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(iii) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) *Derecognition*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(v) *Impairment of intangible assets*

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4.17).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. However, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in the profit or loss immediately.

4.10 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

(ii) *Impairment loss on financial assets*

The Group recognises loss allowances for expected credit loss (“ECL”) on trade receivables, contract assets and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information demonstrates otherwise.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging criteria is more appropriate.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, amounts due to related parties, and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4.11 Cash and cash equivalents

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, which are not restricted as to use.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and form an integral part of the Group's cash management.

4.12 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.13 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Marketing and promotion services

(i) Promotion and advertising services

The Group provides the marketing services to enterprise advertisers or their respective advertising agents through integration of downstream marketing channels, including traditional off-line channels and on-line platforms.

The Group charges advertising customers for traditional marketing and promotion marketing services primarily based on cost per action ("CPA") and on the basis of each action of the mobile device user such as download, installation or registration or cost per sale ("CPS"). The Group recognises revenue when relevant services are provided to the Group's customers. The Group recognise the revenue on a gross basis as the Group bears the sole responsibility for the transaction.

For advertisement placement services, the Group charges the customers (advertisers) based on the 2 types of services, including advertisement planning services and top-up services. For advertisement planning services, the Group recognises revenue when relevant services are provided simultaneously and consumes the benefits provided by the Group's performance as the Group performs. The Group recognise the revenue on a gross basis as the Group primarily responsible for fulfilling the promise to provide the specified service. The Group applies the output method in measuring the progress towards complete satisfaction of the all-in one service performance obligation over the total estimated broadcast period. For the top-up services, the Group recognises revenue when relevant services are provided to the Group's customers (advertisers). The Group recognises the revenue on a net basis as the Group acts as an intermediary in executing transactions on behalf of the media publishers and advertisers. Media publishers may also grant to the Group rebates based on the gross spending of the advertisers (i) in the form of prepayments for future traffic acquisition; (ii) to net off the accounts payables the Group owed to them; or (iii) in cash mainly based on the gross spending of the advertisers. Under these arrangements, media publishers may also grant the Group rebates which are recorded as revenue.

For advertisement distribution services, the Group charges the customers and the supplier with different pricing mechanism. The Group acquires the advertising traffic of different online platforms from the suppliers. The Group is able to identify and distribute the tailor marketing materials through the acquired advertising traffic from customers. The customers do not designate the target supplier in the contracts. The Group recognises the revenue on a gross basis as the Group decides the selections of the suppliers.

(ii) *Virtual goods sourcing and delivery services*

The Group arranges virtual goods, including sourcing and delivery services, between the customers and suppliers. The Group retains the revenue from such completed transactions. The Group does not control specific virtual goods prior to the purchase by the downstream users. Therefore, the Group is acting as an agent in the transactions. Revenue from the virtual goods-related services is recognised at a point in time when the virtual goods-related services is rendered. The Group records the net amount that it retains from such completed transaction as revenue.

Variable consideration is contingent on the performance-based and/or volume based, which are finalised on a periodical basis. Variable consideration is estimating by using the data on the platforms which billed on monthly basis and a receivable is expected to be collected within the contracted credit terms. For transactions which the Group acts as an agent, the Group bills the customers in gross amounts with credit terms, which are different from the bills from suppliers. As the Group has no legally enforceable right to set off the bill from the suppliers against the bill to the customer, the Group records the payable and the receivable on gross basis.

(b) *IT solutions services*

(i) *Mobile game and software development and maintenance service*

The revenue from provision of software development services is recognised at a point in time when the products are delivered and the end customers have physical possession that is control over the software and related products. The Group recognise the revenue on a gross basis as the Group bears the sole responsibility for the transaction.

In addition, the Group also provides mobile game maintenance services which is recognised over-time when the services are delivered for a period of time. The Group recognises the revenue on a gross basis as the customer simultaneously receives and consumes the services provided by the Group's performance as the Group performs. The Group recognises overtime in which the services are performed representing the entity's right to consideration for the services performed to date.

Variable consideration is contingent on the sharing certain portion of revenue from gross recharge amount on the mobile game platform published by third-party game developers. Variable consideration is estimating by using the data on the platforms which billed on monthly basis and receivable is expected to be collected within the contracted credit terms.

(ii) *Solutions on lottery related software systems and equipment*

The Group sells lottery systems and equipment to its customers are recognised when control of the goods has transferred, being when the products are delivered to the customers, the customer has accepted the products, the collection of the related consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue is thus recognised at the point in time when the customers accepted the lottery systems and equipment. There is generally only one performance obligation and the considerations include no variable amount.

The Group provides repair and maintenance services for the lottery related software systems and equipment to its customers. Revenue is recognised when the services are rendered according to the terms of service agreement. The revenue recognised overtime as the customer simultaneously receives and consumes the maintenance services as time elapsed within the service period as the Group performs. Accordingly, revenue is recognised on a straight-line basis during the service period.

Revenue from the mobile game maintenance services and the repair and maintenance services for the lottery related software systems and equipment are recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The output method recognises revenue on the actual service days to the total agreed periods between the Group and customers.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract asset is recognised when the customers retain retention money to secure the due performance of the contracts. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the considerations (including advances received from customers) exceeds the revenue recognised to date under the output method then the Group recognises a contract liability for the difference.

4.14 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of each reporting period, and reflects any uncertainty related to income taxes.

The carrying amount of deferred tax assets is reviews at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4.15 Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into presentation currency of the Group (i.e RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period. In which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserves (attributed to non-controlling interest as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserves.

4.16 Employee benefits

(i) Short term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Pursuant to the relevant regulations of the PRC government, the Group participates in a central pension scheme operated by the local municipal government (the "Scheme"), whereby the subsidiaries of the Company in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") for Hong Kong subsidiaries, under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the company in an independently administered fund. The Hong Kong subsidiaries' employer contributions vest fully with the employees when contributed into the MPF Scheme.

4.17 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group and the Company reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- Goodwill and other intangible assets;
- Property, plant and equipment;
- Right-of-use assets; and
- Investment in a subsidiary.

If the recoverable amount (i.e. the greater of the FVLCD and VIU) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

VIU is based on the estimated future cash flows expected to be derived from the asset or the CGU, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. A CGU is the smallest identifiable group of assets that generate cash flows that are largely independent of the cash flows from other assets or groups of assets.

4.18 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.19 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

- (c) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:
 - (i) that person's children and spouse or domestic partner;
 - (ii) children of that person's spouse or domestic partner; and
 - (iii) dependents of that person or that person's spouse or domestic partner.

4.20 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Group, being the chief operating decision maker ("CODM") for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the CODM are determined the Group's major products and service lines stated in Note 6.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

(i) Consolidation of a structured entity

PRC laws and regulations limit foreign ownership for enterprises engaging in value-added telecommunication business, the Group operates its own online games maintenance services by means of setting up a Structured Entity (as defined in Note 1(d)) through entering into Contractual Agreements (as defined in Note 1(d)).

The directors of the Company assessed whether or not the Group has control over the Structured Entity based on whether or not the Group has power to direct the relevant activities of Structured Entity unilaterally, rights to variable returns from its involvement, and has the ability to use its power to affect its returns. In making their judgement, the directors of the Company considered the terms of the Contractual Agreements as detailed in Note 1(d). The directors of the Company, after consulting their legal counsel, are of the view that the terms of the Contractual Arrangements have in substance enabled the Group to exercise full control over and enjoy all economic benefits of the Structured Entity, despite the absence of formal legal equity interest held by the Group therein. Accordingly, the Structured Entity is accounted for as a consolidated structured entity of the Group.

In the opinion of the directors of the Company, with reference to opinion of legal counsel, the Contractual Arrangements are in compliance with existing PRC laws and regulations, valid, binding and enforceable, and do not result in any violation of PRC laws or regulations currently in effect in all material respects. However, uncertainties in the PRC legal system could cause the Group's current contractual arrangement structure to be found in violation of any existing and/or future PRC laws or regulations and could limit the Company's ability to enforce its rights under the Contractual Arrangements.

In August 2021, the Group lost the control over the Structured Entity following the termination of the Contractual Arrangements as detailed in Note 1(d).

(ii) Principal vs agent

In determining whether the Group is acting as a principal or as an agent in the provision of marketing and promotion services and virtual goods sourcing and delivery services requires judgements and considerations of all relevant facts and circumstances. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next twelve months period, are discussed below.

(i) Estimated useful lives of property, plant and equipment and intangible assets

In determining the useful lives of property, plant and equipment and intangible assets, the Group's management has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the management with similar assets that are used in a similar way. In particular, for intangible assets, computer software are mainly used in the operation of the platforms for marketing and promotion services and the copyrights are mainly related to the software and equipment used in IT solutions services. The Group estimates the useful life of computer software and copyrights based on the estimated period of time during which the computer software and copyrights would generate revenue to the Group. It is expected that further updates to the computer software and copyrights will be required after the expiry of their respective useful life. Depreciation and amortisation charge are revised if the estimated useful lives of items of property, plant and equipment and intangible assets are different from the previous estimation. Estimated useful life is reviewed, at the end of each of the Track Record Period, based on changes in circumstances.

(ii) Impairment of property, plant and equipment, intangible assets and right-of-use assets

The Group's management assesses whether there are any indicators of impairment for property, plant and equipment and intangible assets with finite useful life at the end of the reporting period. The property, plant and equipment and intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. For the purposes of impairment testing, assets are allocated to the respective CGU. Management's judgement is required in the area of asset impairment particularly in assessing: (i) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal or value in use; and (ii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

(iii) Impairment of trade and other receivables and contract assets

Management determines the provision for the trade receivables and contract assets based on the ECLs which uses a lifetime expected loss allowance for all trade receivables and contract assets. Management also determines the provision for the other receivables based on the ECLs which use either 12 months or lifetime ECLs depending whether the credit risk has increased significantly since initial-recognition or being credit-impaired for all other receivables. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which may impact the customers' ability to repay the outstanding balances in order to estimate the ECLs for the impairment assessment.

(iv) Income taxes

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. Transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

(v) Fair value measurement on the acquisition of subsidiaries

The purchase price was allocated to the identifiable assets and liabilities acquired based on management's estimates of fair value with the assistance of the external independent valuer engaged by the Group.

The intangible assets identification and the valuation process for intangible assets requires significant judgement by management in respect of estimates of future cash flows and associated discount rates to ensure the valuation techniques and inputs used are reasonable and supportable. Where there are any changes on inputs of valuation, a change on the results on bargain purchase may arise.

(vi) Impairment assessments of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amounts of the CGUs to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or changes in facts and circumstances which results in downward revision of future cash flows, a further impairment loss may arise.

Details of the recoverable amount calculation are set out in Note 17.

(vii) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(viii) Rebate from media publishers

As disclosed in Note 4.13, media publishers may grant the Group rebates in various forms. The Group records such rebates as revenue. The rebates earned by the Group from media publishers come with a variety of structures and rates, which are primarily determined based on the contract terms with these media publishers, their applicable rebate policies, the business performances of the Group and the discretionary incentive programs as set up by the media publishers.

The Group accrues rebates from media publishers based on evaluation as to whether the contractually stipulated thresholds of advertising spend are likely to being reached, or other benchmarks or certain prescribed classification are likely to being qualified. This determination requires significant judgment and estimation. In making this judgment and estimation, the Group evaluates based on the past experience and regular monitoring of various performance factors set within the rebate policies. Such rebates as a percentage of gross spending of the Group and the advertisers may fluctuate and are reviewed and adjusted from time to time.

6. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment has been identified as executive directors of the Company.

The Group is principally engaged on the provision of Marketing and promotion services and IT solutions services on the PRC. The CODM of the Company review the operating results separately, which the Group has the following 3 reporting segments: (i) Marketing and promotion services; (ii) IT solutions services and (iii) Others.

The CODM assesses the performance of the operating segments based on the gross profit. The reconciliation of gross profit to profit before income tax is shown in the consolidated statements of profit or loss and comprehensive income. There were no separate segment assets and segment liabilities information provide to the CODM, as the CODM does not use this information to allocate resources or to evaluate the performance of the operating segments.

The segment results for the years ended 31 December 2019, 2020, 2021 and the four months ended 30 April 2021 (unaudited) and 2022 are as follows:

	Marketing and promotion services	IT solutions services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2019				
Revenue	69,078	18,983	1,311	89,372
Cost of sales	(37,124)	(7,553)	–	(44,677)
Gross profit	31,954	11,430	1,311	44,695
For the year ended 31 December 2020				
Revenue	80,540	31,926	574	113,040
Cost of sales	(24,278)	(12,888)	–	(37,166)
Gross profit	56,262	19,038	574	75,874
For the year ended 31 December 2021				
Revenue	163,508	55,653	388	219,549
Cost of sales	(81,342)	(28,001)	–	(109,343)
Gross profit	82,166	27,652	388	110,206
For the four months ended 30 April 2021 (unaudited)				
Revenue	55,159	8,486	149	63,794
Cost of sales	(27,268)	(4,074)	–	(31,342)
Gross profit	27,891	4,412	149	32,452
For the four months ended 30 April 2022				
Revenue	58,114	12,560	45	70,719
Cost of sales	(29,857)	(4,164)	–	(34,021)
Gross profit	28,257	8,396	45	36,698

(a) Revenue from external customers

All significant external customers of the Group are located in Mainland China. Accordingly, no geographical information of external customers is presented.

(b) Non-current assets

All significant non-current assets of the Group are located in Mainland China. Accordingly, no geographical information of segment assets is presented.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during each of the Track Record Period is as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer "A" from Marketing and promotion services	n/a	17,870	91,741	28,492	37,316
Customer "B" from Marketing and promotion services	9,344	17,049	25,467	8,398	8,363
Customer "C" from Marketing and promotion and IT solutions services	33,103	14,181	n/a*	n/a*	n/a*
Customer "D" from Marketing and promotion and IT solutions services	15,519	n/a	n/a	n/a	n/a
Customer "E" from Marketing and promotion services	n/a	n/a*	n/a*	9,379	n/a*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. REVENUE

The amounts of each significant category of revenue recognised during the Track Record Period are as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Marketing and promotion services					
- Promotion and advertising services	56,670	35,249	118,879	42,195	42,410
- Virtual goods sourcing and delivery services	12,408	45,291	44,629	12,964	15,704
	69,078	80,540	163,508	55,159	58,114
IT solutions services					
- Mobile game and software development and maintenance services	17,861	7,939	11,275	4,501	7,084
- Solutions on lottery related software systems and equipment	1,122	23,987	44,378	3,985	5,476
	18,983	31,926	55,653	8,486	12,560
Others	1,311	574	388	149	45
Total revenue from contracts with customers	89,372	113,040	219,549	63,794	70,719

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	Marketing and promotion services	IT solutions services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2019				
Timing of revenue recognition:				
At a point in time	69,078	9,333	1,311	79,722
Transferred over time	–	9,650	–	9,650
Total revenue from contracts with customers	69,078	18,983	1,311	89,372
For the year ended 31 December 2020				
Timing of revenue recognition:				
At a point in time	80,540	20,822	574	101,936
Transferred over time	–	11,104	–	11,104
Total revenue from contracts with customers	80,540	31,926	574	113,040
For the year ended 31 December 2021				
Timing of revenue recognition:				
At a point in time	163,508	37,666	388	201,562
Transferred over time	–	17,987	–	17,987
Total revenue from contracts with customers	163,508	55,653	388	219,549
For the four months ended 30 April 2021 (unaudited)				
Timing of revenue recognition:				
At a point in time	55,159	2,681	149	57,989
Transferred over time	–	5,805	–	5,805
Total revenue from contracts with customers	55,159	8,486	149	63,794
For the four months ended 30 April 2022				
Timing of revenue recognition:				
At a point in time	58,114	6,311	45	64,470
Transferred over time	–	6,249	–	6,249
Total revenue from contracts with customers	58,114	12,560	45	70,719

(b) *Transaction price allocated to remaining performance obligations:*

At the end of each of the Track Record Period, the transaction price allocated to the performance obligations that is unsatisfied (or partially satisfied) are expected to be satisfied as follows:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Remaining performance obligations expected to be satisfied:				
Within 1 year	–	7,044	10,169	10,789
More than 1 year but less than 2 years	–	598	3,716	2,888
More than 2 years but less than 3 years	–	44	978	942
More than 3 years but less than 4 years	–	–	942	942
More than 4 years but less than 5 years	–	–	942	942
More than 5 years	–	–	942	631
	–	7,686	17,689	17,134

8. OTHER INCOME AND OTHER GAINS OR LOSSES

An analysis of the Group's other income and other gains and losses recognised during each of the Track Record Period are as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Bank interest income	75	156	249	102	65
Government grants (note i)	3,106	4,308	3,997	1,058	929
(Loss)/gain on lease contract modification	(8)	159	–	–	–
Sundry income	303	24	2,217	20	526
Gain on disposal of financial assets at FVTPL (note ii)	555	749	–	–	–
Gain on disposal of financial assets acquired through business combination	–	2,779	910	41	–
	4,031	8,175	7,373	1,221	1,520

Notes:

- (i) For the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 (unaudited) and 2022, the Group enjoyed the tax incentives on input value-added tax according to the related regulations in the PRC. There are no unfulfilled conditions related to these government grants. For the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 (unaudited) and 2022, government grants had been received from the PRC local government authorities as reimbursement of the Group's research and development activities.
- (ii) Financial assets at FVTPL represent structured deposits managed by banks in the PRC with underlying financial instrument mainly consist of the bank deposits and funds of the PRC.

9. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
(Provision for)/reversal of impairment losses on financial assets recognised on:					
– Contract assets	12	(98)	(136)	(983)	(51)
– Trade receivables	(90)	(1,421)	(3,875)	(3,772)	(978)
– Other receivables	(22)	77	38	30	(52)
	(100)	(1,442)	(3,973)	(4,725)	(1,081)

10. FINANCE COSTS

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Interest expenses on bank borrowings	–	335	673	176	376
Interest expenses on lease liabilities	82	18	1	1	–
	82	353	674	177	376

11. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived after charging:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Employees' costs* (including directors' emoluments) comprise:					
– Salaries	15,175	15,038	27,326	7,294	10,563
– Welfare and other expenses	491	794	1,131	390	452
– Contributions to defined contribution retirement plans	2,557	2,440	4,855	1,159	2,029
	<u>18,223</u>	<u>18,272</u>	<u>33,312</u>	<u>8,843</u>	<u>13,044</u>
Cost of services recognised as expenses	43,685	28,545	89,438	30,057	33,713
Costs of inventories recognised as expenses (included write-down of inventories)	992	8,621	19,905	1,285	308
Write-down of inventories	–	192	295	–	–
Auditors' remuneration	94	75	102	69	66
Amortisation of intangible assets	40	1,422	3,788	1,238	1,314
Depreciation of property, plant and equipment	891	1,381	1,274	554	285
Loss on disposal of property, plant and equipment	–	–	13	–	–
Depreciation of right-of-use assets	785	209	–	–	–
Impairment loss on right-of-use assets	350	–	–	–	–
Impairment loss on goodwill	2,351	–	–	–	–
Prepayment written off	–	1,962	–	–	–
Short-term leases	<u>96</u>	<u>776</u>	<u>2,139</u>	<u>575</u>	<u>357</u>

* Including in employees' costs of approximately RMB2,530,000, RMB6,676,000, RMB14,724,000, RMB3,730,000 (unaudited) and RMB4,510,000 were included in the research and development expenses for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 (unaudited) and 2022 respectively.

12. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS**(i) Directors' remuneration**

On 8 August 2017, date of incorporation, Mr. Tian and Mr. Zhang were first appointed as the executive directors of the Company.

On 28 October 2021, Mr. Chen and Mr. Xiao Yanfeng ("Mr. Xiao") were first appointed as the executive directors of the Company.

On 27 July 2022, Ms. Hu Huijun ("Ms. Hu"), Mr. Wan Lixiang ("Mr. Wan") and Mr. Zhao Zhongping ("Mr. Zhao") were first appointed as the independent non-executive directors of the Company. They have not received any director's remuneration in the capacity of independent non-executive directors throughout the Track Record Period.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors or senior management of these subsidiaries.

The remuneration of the directors recorded in the financial statements of the subsidiaries is set out below:

	Fees	Salaries and allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2019					
Executive directors:					
Mr. Chen	–	–	–	–	–
Mr. Tian	–	312	36	80	428
Mr. Xiao	–	–	–	–	–
Mr. Zhang	–	296	36	80	412
	–	608	72	160	840
Independent non-executive directors:					
Ms. Hu	–	–	–	–	–
Mr. Wan	–	–	–	–	–
Mr. Zhao	–	–	–	–	–
	–	–	–	–	–
Year ended 31 December 2020					
Executive directors:					
Mr. Chen	–	–	–	–	–
Mr. Tian	–	338	90	67	495
Mr. Xiao	–	140	–	2	142
Mr. Zhang	–	309	128	72	509
	–	787	218	141	1,146
Independent non-executive directors:					
Ms. Hu	–	–	–	–	–
Mr. Wan	–	–	–	–	–
Mr. Zhao	–	–	–	–	–
	–	–	–	–	–

	Fees	Salaries and allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2021					
Executive directors:					
Mr. Chen	–	–	–	–	–
Mr. Tian	–	422	36	65	523
Mr. Xiao	–	379	–	96	475
Mr. Zhang	–	338	36	61	435
	–	1,139	72	222	1,433
Independent non-executive directors:					
Ms. Hu	–	–	–	–	–
Mr. Wan	–	–	–	–	–
Mr. Zhao	–	–	–	–	–
	–	–	–	–	–
Four months ended 30 April 2021 (unaudited)					
Executive directors:					
Mr. Chen	–	–	–	–	–
Mr. Tian	–	143	–	25	168
Mr. Xiao	–	31	–	9	40
Mr. Zhang	–	125	–	25	150
	–	299	–	59	358
Independent non-executive directors:					
Ms. Hu	–	–	–	–	–
Mr. Wan	–	–	–	–	–
Mr. Zhao	–	–	–	–	–
	–	–	–	–	–
Four months ended 30 April 2022					
Executive directors:					
Mr. Chen	–	–	–	–	–
Mr. Tian	–	138	–	21	159
Mr. Xiao	–	123	–	43	166
Mr. Zhang	–	121	–	20	141
	–	382	–	84	466
Independent non-executive directors:					
Ms. Hu	–	–	–	–	–
Mr. Wan	–	–	–	–	–
Mr. Zhao	–	–	–	–	–
	–	–	–	–	–

(ii) Five highest paid individuals

The five highest paid individuals whose emoluments were the highest in the Group included 2, 2, 1, 2 (unaudited) and 1 directors for each of the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 (unaudited) and 2022 respectively, whose remuneration are reflected in the analysis as shown above. The emoluments of the remaining highest paid individuals is as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Salaries and allowances	994	987	1,642	390	547
Discretionary bonus	318	–	72	–	–
Contributions to defined contribution retirement plan	227	195	333	76	147
	<u>1,539</u>	<u>1,182</u>	<u>2,047</u>	<u>466</u>	<u>694</u>

The emoluments paid or payable to each of the above individuals were within the following band:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	<i>Number of employees</i>	<i>Number of employees</i>	<i>Number of employees</i>	<i>Number of employees</i> (unaudited)	<i>Number of employees</i>
Nil to HK\$1,000,000	<u>3</u>	<u>3</u>	<u>4</u>	<u>3</u>	<u>4</u>

(iii) Senior Management

The emoluments paid or payable to members of senior management were within the following band:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	<i>Number of employees</i>	<i>Number of employees</i>	<i>Number of employees</i>	<i>Number of employees</i> (unaudited)	<i>Number of employees</i>
Nil to HK\$1,000,000	<u>6</u>	<u>6</u>	<u>9</u>	<u>6</u>	<u>6</u>

13. INCOME TAX EXPENSE

The income tax expense in the consolidated statements of profit or loss and other comprehensive income during each of the Track Record Period represents:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax – the PRC					
– tax for the year	1,231	4,451	7,351	2,601	3,216
– Over provision in respect of prior year	–	–	(22)	–	–
	1,231	4,451	7,329	2,601	3,216
Deferred tax (<i>Note 30</i>)	–	(35)	(84)	(28)	(28)
Income tax expense	1,231	4,416	7,245	2,573	3,188

Pursuant to Enterprise Income Tax Law of the PRC (“EIT Law”) and the Implementation Regulation on the EIT Law, the tax rate of the Group’s subsidiaries operating in the PRC during the Track Record Period was 25% of their taxable profits, except for the following:

- (i) Hangzhou Rego was accredited as “Software Enterprise” in 2017, Zhejiang Runye and Jiangxi Yunjia were accredited as “Software Enterprises” in 2019 and were entitled to full exemption from EIT for two years beginning from their first profitable calendar year and a 50% reduction for the subsequent three calendar years. Therefore, Hangzhou Rego was exempted from income tax from 2017 to 2018 and was entitled with a preferential income tax rate of 12.5% from 2019 to 2021 while Zhejiang Runye was exempted from EIT from 2019 to 2020 and would be entitled with a preferential income tax rate of 12.5% from 2021 to 2023. For Jiangxi Yunjia, it was exempted from EIT for 2019.
- (ii) Xi’an Tiantai was accredited as “High and New Technology Enterprise” in 2016 and 2019 under relevant PRC laws and regulation, and subject to a preferential EIT rate of 15% from 1 January 2016 to 31 December 2022. Hangzhou Rego was accredited as “High and New Technology Enterprise” in 2020 under relevant PRC laws and regulation, would be entitled with a preferential EIT rate of 15% from 1 January 2020 to 31 December 2023, and subject to the preferential EIT from 1 January 2022 to 31 December 2023.

According to relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective and updated from 2017 onwards, enterprises engaging in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year (“Super Deduction”). The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the Track Record Period.

The income tax expense for each of the Track Record Period can be reconciled to the profit before income tax in the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit before income tax	27,175	49,891	57,230	14,474	22,945
Tax calculated at PRC statutory rate of 25%	6,794	12,473	14,308	3,619	5,736
Tax effect of expense not deductible for tax purpose	728	3,314	3,982	2,030	1,016
Tax effect of income not subject to tax	(52)	(572)	(695)	(2)	(465)
Tax effect of tax losses not recognised	525	457	292	200	797
Utilisation of tax losses and deductible temporary differences previously not recognised	(41)	(1,771)	(366)	(321)	(126)
Tax effect of deductible temporary differences not recognised	171	679	1,448	1,009	173
Income tax at preferential tax rates	(4,854)	(7,234)	(7,775)	(2,635)	(2,574)
Over provision in prior years	–	–	(22)	–	–
Tax effect of Super Deduction	(2,040)	(2,930)	(3,927)	(1,327)	(1,369)
Income tax expense	1,231	4,416	7,245	2,573	3,188

14. DIVIDENDS

No dividend has been paid or declared by the Company during the Track Record Period.

15. EARNINGS PER SHARE

Basic earnings per share for the years ended 31 December 2019, 2020 and 2021 and for the four months ended 30 April 2021 (unaudited) and 2022 are calculated by dividing the profit attributable to owners of the Company by weighted average number of ordinary shares of 750,000,000. The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue as more fully described in the section headed “History, Development and Reorganisation” in Appendix IV to the Prospectus had been effective on 1 January 2019.

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
				(unaudited)	
Earnings for the purpose of calculating basic earnings per share (RMB'000)	26,416	45,779	49,985	11,901	19,757
Weighted average number of ordinary shares for the purpose of calculating basic earnings of share	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000
Basic earnings per share (expressed in RMB per share)	0.04	0.06	0.07	0.02	0.03

As the Company has no dilutive potential ordinary shares in issue during the Track Record Period, there was no diluted earnings per share presented.

16. GOODWILL

	Jiangxi Yunjia	Yuncaitong	Wuhan Cairun	Xi'an Tiantai	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost					
At 1 January 2019	2,087	4,210	–	–	6,297
Acquired through business combination	–	–	264	–	264
At 31 December 2019 and 1 January 2020	2,087	4,210	264	–	6,561
Acquired through business combination (<i>Note 38(a)</i>)	–	–	–	10,132	10,132
Disposal of a subsidiary	–	–	(264)	–	(264)
At 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 30 April 2022	2,087	4,210	–	10,132	16,429
Accumulated impairment losses					
At 1 January 2019	–	–	–	–	–
Provided for the year	2,087	–	264	–	2,351
At 31 December 2019 and 1 January 2020	2,087	–	264	–	2,351
Disposal of a subsidiary	–	–	(264)	–	(264)
At 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 30 April 2022	2,087	–	–	–	2,087
Net book value					
At 31 December 2019	–	4,210	–	–	4,210
At 31 December 2020	–	4,210	–	10,132	14,342
At 31 December 2021	–	4,210	–	10,132	14,342
At 30 April 2022	–	4,210	–	10,132	14,342

17. IMPAIRMENT

For the purposes of impairment testing, each subsidiary was considered as one CGU as it can generate cash flows that are largely independent of the cash flow projections.

Goodwill

During the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022 the Group has engaged Graval Consulting Limited ("Graval") to perform valuations for the purpose to assess the recoverable amounts of Yuncaitong and Xi'an Tiantai. During the year ended 31 December 2019, the Group has engaged Graval to perform valuations for the purpose to assess the discount rates of Jiangxi Yunjia and Wuhan Cairun.

Jiangxi Yunjia

As at 31 December 2019, goodwill arising from acquisition of Jiangxi Yunjia were fully impaired due to change of business plan and delay in revenue generating activities of Jiangxi Yunjia. Impairment loss of approximately RMB2,087,000 were provided during the year ended 31 December 2019.

Yuncaitong

The recoverable amount of Yuncaitong CGU is determined based on a VIU calculation which uses cash flow projections based on financial budgets approved by the directors covering a 5 years period, followed by an extrapolation of expected cash flow at 3%, 2%, 2% and 2% growth rate which do not exceed the long-term growth rate for the business in which the CGU operates for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022, and a discount rate of 25.95%, 26.41%, 25.12% and 25.59% per annum for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022. Other key assumptions for the VIU calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. The discount rate used is pre-tax and reflect specific risks relating to the CGU. Based on the assessment result, the recoverable amounts of approximately RMB7,293,000, RMB10,115,000, RMB11,290,000 and RMB10,938,000 is greater than the carrying amounts of approximately RMB4,417,000, RMB4,356,000, RMB4,306,000 and RMB4,292,000 as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 April 2022, respectively. The Directors believe that any reasonably possible changes in other key assumptions on which recoverable amount is based would not cause the carrying amount of Yuncaitong CGU to exceed its recoverable amount. No impairment loss on its goodwill has been recognised for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022.

Based on the result of the goodwill impairment testing, the headroom of the combined business were approximately RMB2,876,000, RMB5,759,000, RMB6,984,000 and RMB6,646,000 as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 April 2022, respectively.

The Group performs the sensitivity analysis based on the assumptions that revenue amount or terminal growth rate or discount rate have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would be decreased to as below:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue amount decreases by 1%	(135)	(170)	(814)	(847)
Gross margin decreases by 1%	(144)	(182)	(879)	(914)
Terminal growth rate decreases by 0.5%	(181)	(176)	(196)	(203)
Discount rate increases by 0.5%	(273)	(330)	(473)	(476)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

Wuhan Cairun

Wuhan Cairun had no operations during the year ended 31 December 2019. As at 31 December 2019, goodwill arising from acquisition of Wuhan Cairun were fully impaired due to change of business plan and delay in revenue generating activities of Wuhan Cairun. Impairment loss of approximately RMB264,000 was provided during the year ended 31 December 2019.

Xi'an Tiantai

The recoverable amount of Xi'an Tiantai CGU is determined based on a VIU calculation which uses cash flow projections based on financial budgets approved by the directors covering a 5 years period, followed by an extrapolation of expected cash flow at 2%, 2% and 2% growth rate which do not exceed the long-term growth rate for the business in which the CGU operates for the year ended 31 December 2020 and 2021 and the four months ended 30 April 2022, and a discount rate of 21.80%, 20.95% and 21.06% per annum for the year ended 31 December 2020 and 2021 and the four months ended 30 April 2022, respectively. Other key assumptions for the VIU calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. The discount rate used is pre-tax and reflect specific risks relating to the CGU. Based on the assessment result, the recoverable amount of approximately RMB61,741,000, RMB62,627,000 and RMB58,765,000 is greater than the carrying amount of approximately RMB24,111,000, RMB20,832,000 and RMB19,775,000 as at 31 December 2020, 31 December 2021 and 30 April 2022, respectively. The Directors believe that any reasonably possible changes in other key assumptions on which recoverable amount is based would not cause the carrying amount of Xi'an Tiantai CGU to exceed its recoverable amount. No impairment loss on its goodwill has been recognised for the years ended 31 December 2020 and 31 December 2021 and the four months ended 30 April 2022.

Based on the result of the goodwill impairment testing, the headroom of the combined business were approximately RMB37,630,000, RMB41,795,000 and RMB38,990,000 as at 31 December 2020, 31 December 2021 and 30 April 2022, respectively.

The Group performs the sensitivity analysis based on the assumptions that revenue amount or terminal growth rate or discount rate have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would be decreased to as below:

	As at 31 December		As at 30 April
	2020	2021	2022
	<i>RMB'000</i>		
Revenue amount decreases by 1%	(3,786)	(3,311)	(3,477)
Gross margin decreases by 1%	(4,003)	(3,535)	(3,712)
Terminal growth rate decreases by 0.5%	(908)	(831)	(883)
Discount rate increases by 0.5%	(1,979)	(1,871)	(1,873)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

18. INTANGIBLE ASSETS

	Computer software	Copyrights	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost			
At 1 January 2019	129	–	129
Additions	1,368	1,877	3,245
At 31 December 2019 and 1 January 2020	1,497	1,877	3,374
Acquired through business combination (Note 38(a))	–	10,104	10,104
Additions	–	9,081	9,081
At 31 December 2020 and 1 January 2021	1,497	21,062	22,559
Additions	–	2,075	2,075
At 31 December 2021 and 1 January 2022	1,497	23,137	24,634
Additions	131	–	131
At 30 April 2022	1,628	23,137	24,765
Accumulated amortisation			
At 1 January 2019	8	–	8
Provided for the year	24	16	40
At 31 December 2019 and 1 January 2020	32	16	48
Provided for the year	150	1,272	1,422
At 31 December 2020 and 1 January 2021	182	1,288	1,470
Provided for the year	149	3,639	3,788
At 31 December 2021 and 1 January 2022	331	4,927	5,258
Provided for the period	55	1,259	1,314
At 30 April 2022	386	6,186	6,572
Net book value			
At 31 December 2019	1,465	1,861	3,326
At 31 December 2020	1,315	19,774	21,089
At 31 December 2021	1,166	18,210	19,376
At 30 April 2022	1,242	16,951	18,193

19. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Furniture and fixtures	Leasehold improvements	Computer and office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost					
At 1 January 2019	288	79	–	1,788	2,155
Additions	–	8	223	1,402	1,633
At 31 December 2019 and 1 January 2020	288	87	223	3,190	3,788
Additions	–	12	–	608	620
Disposal of a subsidiary (Note 40(a))	–	(8)	–	–	(8)
Acquired through business combination (Note 38(a))	222	70	197	485	974
At 31 December 2020 and 1 January 2021	510	161	420	4,283	5,374
Additions	–	10	–	221	231
Disposal	–	–	–	(943)	(943)
Deemed distribution (Note 40(b))	–	–	–	(1,337)	(1,337)
At 31 December 2021 and 1 January 2022	510	171	420	2,224	3,325
Additions	–	–	–	20	20
At 30 April 2022	510	171	420	2,244	3,345
Accumulated depreciation					
At 1 January 2019	41	21	–	394	456
Provided for the year	29	16	37	809	891
At 31 December 2019 and 1 January 2020	70	37	37	1,203	1,347
Provided for the year	41	32	90	1,218	1,381
Disposal of a subsidiary (Note 40(a))	–	(2)	–	–	(2)
At 31 December 2020 and 1 January 2021	111	67	127	2,421	2,726
Provided for the year	60	59	150	1,005	1,274
Disposal	–	–	–	(928)	(928)
Deemed distribution (Note 40(b))	–	–	–	(935)	(935)
At 31 December 2021 and 1 January 2022	171	126	277	1,563	2,137
Provided for the period	20	15	43	207	285
At 30 April 2022	191	141	320	1,770	2,422
Net book value					
At 31 December 2019	218	50	186	1,987	2,441
At 31 December 2020	399	94	293	1,862	2,648
At 31 December 2021	339	45	143	661	1,188
At 30 April 2022	319	30	100	474	923

20. LEASES

The Group as a lessee

The Group has lease contracts for office premises and lottery shops for its operation. The lease terms are mainly within 1 to 3 years.

(a) *Right-of-use assets*

	Office premises	Lottery shops	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2019	460	1,032	1,492
Additions	148	–	148
Disposal	–	(262)	(262)
Depreciation	(365)	(420)	(785)
Impairment	–	(350)	(350)
At 31 December 2019 and 1 January 2020	243	–	243
Depreciation	(209)	–	(209)
Disposal of a subsidiary (Note 40(a))	(34)	–	(34)
At 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 30 April 2022	–	–	–

(b) *Lease liabilities*

The carrying amount of lease liabilities and movements during the Track Record Period are as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At beginning of year/period	1,302	468	7	7	–
New leases	148	–	–	–	–
Termination of lease for lease modification	(254)	(159)	–	–	–
Accretion of interest recognised during the year	82	18	1	1	–
Payments	(810)	(320)	(8)	(8)	–
At end of year/period	468	7	–	–	–
	As at 31 December	As at 31 December	As at 31 December	As at 31 December	As at 31 December
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Analysed information:					
Current portion	398	7	–	–	–
Non-current portion	70	–	–	–	–
	468	7	–	–	–
Aggregate undiscounted commitments for short term leases	36	294	381	793	

21. INVENTORIES

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods	270	2,917	3,363	6,150

22. TRADE RECEIVABLES

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables, gross				
– Due from third parties	12,380	36,984	87,587	139,100
– Due from related companies (note)	2,272	3,966	446	703
	14,652	40,950	88,033	139,803
Less: Allowance for credit losses	(575)	(1,996)	(5,844)	(6,822)
Trade receivables, net	14,077	38,954	82,189	132,981

Note: The amounts due from related companies of which Mr. Chen, the executive director of the Company is also the substantial shareholder of these related companies. The balances are unsecured, interest-free and repayable on credit terms similar to those offered to the major customers of the Group.

The credit period granted to customers is ranging from 5 to 60 days as at the end of each of the Track Record Period.

An ageing analysis of the Group's trade receivables (net of provision) as at the end of each of the Track Record Period, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 month	10,670	32,832	74,332	111,879
More than 1 month but less than 3 months	3,185	2,964	7,679	18,374
More than 3 months but less than 6 months	–	1,281	4	2,580
More than 6 months but less than 1 year	10	–	–	3
More than one year	212	1,877	174	145
	14,077	38,954	82,189	132,981

Movements in loss allowance on trade receivables were as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At beginning of year/period	485	575	1,996	1,996	5,844
Provision for impairment losses (Note 9)	90	1,421	3,875	3,772	978
Deemed distribution	—	—	(27)	—	—
At end of year/period	575	1,996	5,844	5,768	6,822

Details of impairment assessment of trade receivables for the Track Record Period are set out in Note 37(a).

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits and other receivables	2,898	6,538	8,004	5,866
Less: Allowance for credit losses	(59)	(75)	(35)	(87)
	2,839	6,463	7,969	5,779
Portion classified as non-current assets	(17)	—	—	—
Current portion	2,822	6,463	7,969	5,779
Advance to suppliers (note i)	7,253	28,930	34,893	43,337
Prepaid listing expenses	988	1,209	5,355	5,761
Other prepayments	182	2,047	1,792	1,814
	11,245	38,649	50,009	56,691

Note: In the normal business arrangement of intermediary services, the Group makes advance to virtual goods suppliers for the virtual goods which is non-refundable. For the advertisement placement services, the Group makes prepayments on advertisement placement services on behalf of advertisers before receiving payments from these advertisers.

Details of impairment assessment of other receivables and deposits for the Track Record Period are set out in Note 37(a).

The Company

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	988	1,209	5,355	5,761

Except disclosed in Note 22 and Note 24, the Group and the Company balances with related parties are non-trade nature as follows:

		As at 31 December			As at 30 April
	Notes	2019	2020	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000
Due from related parties					
Due from immediate holding companies					
Sprus Investments		45	42	48	48
Tanshin Investments		45	42	48	48
		90	84	96	96
Due from related company					
Zhejiang Runye	(i)	–	–	–	107
		90	84	96	203

	Maximum amount outstanding during the year ended 31 December			Maximum amount outstanding during the four months ended 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Due from related parties				
Due from immediate holding companies				
Sprus Investments	45	42	48	48
Tanshin Investments	45	42	48	48
	90	84	96	96
Due from related company				
Zhejiang Runye (i)	—	—	—	107
	90	84	96	203

There was no balance due for repayment but has not been paid and no impairment has been made against the amounts due from related parties.

The amounts due to related parties were non-trade in nature. The amounts due were unsecured, interest-free and repayable on demand.

Notes	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Due to related parties				
Due to ultimate shareholders				
Mr. Chen	3,851	3,792	3,735	4,387
Mr. Tian	700	700	700	700
Mr. Zhang	300	300	300	300
	<u>4,851</u>	<u>4,792</u>	<u>4,735</u>	<u>5,387</u>
Due to an immediate holding company				
Vicen Investment Limited	–	21	99	99
Due to a related company				
Zhejiang Runye (i)	<u>–</u>	<u>–</u>	<u>22,843</u>	<u>–</u>
	<u>4,851</u>	<u>4,813</u>	<u>27,677</u>	<u>5,486</u>

* English translated names are for identification purpose only

The non-trade balances with related parties will be recovered or repaid before listing of the Company.

The Company

Notes	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Due from an immediate holding company				
Tanshin Investments	<u>1</u>	<u>1</u>	<u>15</u>	<u>15</u>
Due to related parties				
Due to an ultimate shareholder				
Mr. Chen	559	530	513	1,165
Due to an immediate holding company				
Vicen Investment Limited	–	45	122	122
Due to a related company				
Zhejiang Runye (i)	<u>–</u>	<u>–</u>	<u>566</u>	<u>566</u>
	<u>559</u>	<u>575</u>	<u>1,201</u>	<u>1,853</u>

The balances with these ultimate shareholders, immediate holding company, related companies and subsidiaries are unsecured, non-interest-bearing and repayable on demand.

Note (i): This entity is controlled by Mr. Tian and Mr. Zhang, the controlling shareholders and the executive directors of the Company.

25. PLEDGED BANK DEPOSIT AND CASH AND CASH EQUIVALENTS

As at 31 December 2020, the bank deposit of approximately RMB1,392,000 is pledged to the bank for issuance of guarantee by the bank to the granter in respect of the specific performance of the duty by the Group.

As at 31 December 2019, 2020 and 2021 and 30 April 2022, the cash and cash equivalents denominated in RMB were approximately RMB42,346,000, RMB32,062,000, RMB61,475,000 and RMB25,364,000 respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group are permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Banks balances earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

26. CONTRACT BALANCES

(a) Contract assets

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets arising from:				
Mobile games and software development and maintenance services	—	—	—	—
Solutions on lottery related software systems and equipment	—	2,272	3,255	2,076
	—	2,272	3,255	2,076
Less: Allowance for credit losses	—	(98)	(234)	(285)
	—	2,174	3,021	1,791

Contract assets arising from mobile games and software development and maintenance services and solutions on lottery related software systems and equipment represent the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance as at the end of each of the Track Record Period. The contract assets are transferred to trade receivables when the rights become unconditional.

The expected timing of recovery or settlement for contract assets is within one year.

Changes in contract assets primarily relate to timing of invoicing.

Movement in loss allowances on contract assets were as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
At beginning of year/period	12	–	98	98	234
(Reversal) of/provision for impairment losses (Note 9)	(12)	98	136	983	51
At end of year/period	<u>–</u>	<u>98</u>	<u>234</u>	<u>1,081</u>	<u>285</u>

Details of impairment assessment of contract assets for the Track Record Period are set out in Note 37(a).

(b) Contract liabilities

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities arising from:				
Solutions on lottery related software systems and equipment	–	3,003	3,424	5,674
Less: Portion classified as non-current portion	<u>–</u>	<u>(75)</u>	<u>(47)</u>	<u>(255)</u>
Current portion	<u>–</u>	<u>2,928</u>	<u>3,377</u>	<u>5,419</u>

The Group's contract liabilities arising from solutions on lottery related software systems and equipment represent advance consideration received from customers as at the end of each of the Track Record Period.

Movements in the contract liabilities during the Track Record Period are as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At beginning of year/period	–	–	3,003	3,003	3,424
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at beginning of year/period	–	–	(2,928)	(2,039)	(1,566)
Increase in contract liabilities as a result of cash received, excluding amounts recognised during the year/period	–	3,003	3,349	1,634	3,816
At end of year/period	–	3,003	3,424	2,598	5,674

Contract assets and contract liabilities have increased as a result of the acquisition of Xi'an Tiantai in 2020, see Note 38(a), and the Group typically agrees to a one year retention period for 5-10% of the contract value.

27. TRADE PAYABLES

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	5,412	9,545	40,525	32,648

The credit period on purchase from suppliers is generally ranging from 10 to 60 days as at the end of each of the Track Record Period.

An ageing analysis of the Group's trade payables as at the end of each of the Track Record Period, based on invoice date, is as follows:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 month	3,954	7,427	38,603	32,057
More than 1 month but less than 3 months	293	–	287	–
More than 3 months but less than 6 months	1,140	710	1,481	495
More than 6 months but less than 1 year	25	96	58	–
More than one year	–	1,312	96	96
	5,412	9,545	40,525	32,648

28. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables	377	1,467	1,003	904
Accrued expenses	3,898	6,756	7,022	4,501
Deposits received	3,091	6,015	16,750	28,867
Other tax payable	898	3,198	3,120	1,494
	<u>8,264</u>	<u>17,436</u>	<u>27,895</u>	<u>35,766</u>

The Company

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued expenses	–	2,183	2,528	1,997
	<u>–</u>	<u>2,183</u>	<u>2,528</u>	<u>1,997</u>

29. BANK BORROWINGS

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Unsecured and guaranteed	–	8,890	13,000	21,000
Unsecured and unguaranteed	–	1,480	8,100	21,000
	<u>–</u>	<u>10,370</u>	<u>21,100</u>	<u>42,000</u>
Carrying amounts repayable				
Within one-year or on demand	–	10,370	21,100	42,000
	<u>–</u>	<u>10,370</u>	<u>21,100</u>	<u>42,000</u>

The amount of banking facilities and the utilisation as at 31 December 2020, 31 December 2021 and 30 April 2022 are set out as follows:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Facilities granted	–	16,480	26,000	42,000
Less: facilities utilised	–	(10,370)	(21,100)	(42,000)
Unused facilities	–	6,110	4,900	–

Including in bank borrowings were bank loans with carrying amount of approximately RMB10,370,000, RMB21,100,000 and RMB34,000,000 carry at fixed interest rates ranged from 4.15% to 5.22% per annum, 4.00% to 6.60% per annum and 4.00 to 6.60% per annum as at 31 December 2020, 31 December 2021 and 30 April 2022, respectively.

Including in bank borrowings was a bank loan with carrying amount of approximately RMB8,000,000 carry at interest rates of China Loan Prime Rate plus 0.1% with an effective interest at floating rate of 3.8% per annum as at 30 April 2022.

As at 31 December 2020, the guaranteed bank borrowings are guaranteed by personal guarantees of ex-shareholders of a subsidiary. The guaranteed bank borrowings of approximately RMB5,490,000 are guaranteed by Mr. Fan Lianshun and Ms. Zhang Limin.

As at 31 December 2021 and 30 April 2022, the guaranteed bank borrowings are guaranteed by independent third party financial institutions.

As at 31 December 2021 and 30 April 2022, bank facilities of approximately RMB13,000,000 are subjected to the fulfilment of covenants relating to certain of a subsidiary's balance sheet ratios, as are commonly found in leading arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2021 and 30 April 2022, none of the covenants relating to drawn down facilities had been breached.

30. DEFERRED TAX

Details of the net deferred tax assets/(liabilities) recognised and movements during the Track Record Period are as follows:

	Revaluation of intangible assets
	<i>RMB'000</i>
At 1 January 2019, 31 December 2019 and 1 January 2020	–
Acquisition of a subsidiary (<i>Note 38(a)</i>)	(531)
Credited to profit or loss for the year (<i>Note 13</i>)	35
	<hr/>
At 31 December 2020 and 1 January 2021	(496)
Credited to profit or loss for the year (<i>Note 13</i>)	84
	<hr/>
At 31 December 2021 and 1 January 2022	(412)
Credited to profit or loss for the year (<i>Note 13</i>)	28
	<hr/>
At 30 April 2022	(384)
	<hr/> <hr/>

No deferred tax asset has been recognised in respect of the unused tax losses amounted to approximately RMB2,945,000, RMB3,992,000, RMB3,758,000 and RMB9,202,000 arising in PRC as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 April 2022, respectively, due to the unpredictability of future profit streams. The unused tax losses can be expired in five years.

31. SHARE CAPITAL

The movements in the issued ordinary share capital of the Company during the year/period are as follows:

	Number	RMB'000
Authorised:		
At 1 January 2019, 31 December 2019 and 2020 of US\$1 each	50,000	336
Share subdivision (note)	49,950,000	–
	<hr/>	<hr/>
At 31 December 2021 and 30 April 2022 of US\$0.001 each	50,000,000	336
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 2020 of US\$1 each	100	1
Share subdivision (note)	99,900	–
	<hr/>	<hr/>
At 31 December 2021 and 30 April 2022 of US\$0.001 each	100,000	1
	<hr/> <hr/>	<hr/> <hr/>

Note:

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 August 2017 with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares with a par value of US\$1 each. Upon its incorporation, one fully paid ordinary share of US\$1 was issued to its first subscriber, which was then transferred to Tanshin Investments. On the same date, the Company allotted and

issued 79 fully paid ordinary shares of US\$1 each to Tanshin Investments, and 20 fully paid ordinary shares of US\$1 each to Sprus Investments, respectively.

On 28 March 2019, Tanshin Investments transferred 20 ordinary shares to Vicen Investments at a consideration of US\$20, and Sprus Investments transferred 5 ordinary shares to Vicen Investments at a consideration of US\$5. As such, Tanshin Investments, Vicen Investments and Sprus Investments hold 60, 25 and 15 of ordinary shares of the Company, respectively.

Pursuant to an ordinary resolution of the Company dated 29 January 2021, each ordinary share of a par value of US\$1 in the authorised share capital of the Company (including issued and unissued share capital) was subdivided into 1,000 Shares of a par value of US\$0.001 each ("Share Subdivision"). Immediately following the Share Subdivision, the authorised share capital of the Company became US\$50,000 divided into 50,000,000 shares of par value of US\$0.001 each, all of which were designated as ordinary shares and that the number of issued ordinary shares to Tanshin Investments, Vicen Investments and Sprus Investments became 60,000 shares of par value of US\$0.001 each, 25,000 shares of par value of US\$0.001 each and 15,000 ordinary shares of par value of US\$0.001 each, respectively.

32. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for each of the Track Record Period are presented in the consolidated statements of changes in equity of this Historical Financial Information.

The Company

	Accumulated losses	Translation reserve	Total
	<i>RMB'000</i>	<i>RMB'000</i> <i>(note (ii))</i>	<i>RMB'000</i>
At 1 January 2019	(44)	(2)	(46)
Loss for the year	(20)	–	(20)
Other comprehensive income for the year	–	(1)	(1)
Total comprehensive income for the year	(20)	(1)	(21)
At 31 December 2019 and 1 January 2020	(64)	(3)	(67)
Loss for the year	(6,126)	–	(6,126)
Other comprehensive income for the year	–	36	36
Total comprehensive income for the year	(6,126)	36	(6,090)
At 31 December 2020 and 1 January 2021	(6,190)	33	(6,157)
Loss for the year	(13,642)	–	(13,642)
Other comprehensive income for the year	–	6	6
Total comprehensive income for the year	(13,642)	6	(13,636)
At 31 December 2021 and 1 January 2022	(19,832)	39	(19,793)
Loss for the period	(1,371)	–	(1,371)
Other comprehensive income for the period	–	51	51
Total comprehensive income for the period	(1,371)	51	(1,320)
At 30 April 2022	(21,203)	90	(21,113)

	Accumulated losses	Translation reserve	Total
	RMB'000	RMB'000 (note (ii))	RMB'000
At 1 January 2021	(6,190)	33	(6,157)
Loss for the period	(2,986)	–	(2,986)
Other comprehensive income for the period	–	22	22
Total comprehensive income for the period	(2,986)	22	(2,964)
At 30 April 2021 (<i>unaudited</i>)	(9,176)	55	(9,121)

(i) Other reserves

It represents difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(ii) Statutory reserves

In accordance with the relevant regulation in PRC, a subsidiary operating in the PRC is required to transfer 10% of its profits after tax, as determined under the accounting regulations in the PRC, to the statutory surplus reserve, until the balance of the fund reaches 50% of its respective registered capital. The statutory surplus reserve is non-distributable, and is subject to certain restrictions set out in the relevant regulations in the PRC. This reserve can be used either to offset against accumulated losses or be capitalised as paid-up capital. However, such balance of the statutory surplus reserve must be maintained at a minimum of 25% of paid-up capital after the above usages.

(iii) Translation reserves

It comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB.

(iv) Retained earnings

It represents cumulative net profits recognised in the consolidated statements of profit or loss and other comprehensive income.

33. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the Track Record Period.

Name of related parties	Relationship	Nature of transactions	Year ended 31 December			Four months ended 30 April	
			2019	2020	2021	2021	2022
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)	
Hangzhou Baiqu Technology Limited* (杭州百趣科技有限公司) (note (i))	Related company	Revenue from provision of marketing and promotion services	837	–	–	–	–
Zhejiang Jiuyi Internet Technology Limited* (浙江九弈互聯科技有限公司) (Note (ii))	Related company	Revenue from sales of lottery related systems and equipment	1,122	–	–	–	–
Zhejiang Yuanxing	Related company	Revenue from provision of marketing and promotion services	1,597	959	658	185	242

* English translated names are for identification purpose only

The above related party transactions were conducted in accordance with terms mutually agreed between the parties.

Note (i): The entity is controlled by Mr. Chen, one of the controlling shareholders and the executive directors of the Company until 15 April 2020.

Note (ii): The entity is controlled by Mr. Tian, one of the controlling shareholders and executive directors of the Company.

(b) Compensation to key management personnel

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and allowances	1,389	1,653	2,223	689	772
Discretionary bonus	98	–	–	–	–
Contributions to defined contribution retirement plan	340	340	414	135	162
	1,827	1,993	2,637	824	934

Further details of directors' remuneration and senior management's emoluments are included in Note 12 to the Historical Financial Information.

34. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		As at 31 December		Year ended 31 December		As at 31 December	
		2019	2020	2019	2020	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Hangzhou Runsheng	PRC	35%	N/A	(276)	50	–	–
Rego Huicai	PRC	49%	N/A	(152)	(352)	828	–
Subsidiaries with immaterial non-controlling interests				(44)	(2)	170	–
				(472)	(304)	998	–

Summarised financial information in relation to the material non-controlling interests of the non-wholly-owned subsidiaries, before intra-group eliminations, are presented below:

Hangzhou Runsheng

	For the period from 1 January 2019 to 11 December 2019	For the period from 30 September 2020 to 14 December 2020
	RMB'000	RMB'000
Revenue	725	38,295
Expenses	1,513	37,305
(Loss)/profit and total comprehensive income attributable to owners of the Company	(512)	940
(Loss)/profit and total comprehensive income attributable to non-controlling interests	(276)	50
	(788)	990
Net cash used in operating activities	(540)	(328)
Net cash from financing activities	175	–
Net decrease in cash and cash equivalents	(365)	(328)

On 11 December 2019, the Group acquired an addition 35% issued shares of Hangzhou Runsheng increasing its ownership interest to 100%. Please refer to Note 39 for details.

On 30 September 2020, the Group disposed 5% issued shares of Hangzhou Runsheng, decreasing its ownership interest to 95%.

On 14 December 2020, the Group acquired an addition 5% issued shares of Hangzhou Runsheng, increasing its ownership interest to 100%.

Rego Huicai

	As at 31 December 2019	
	<i>RMB'000</i>	
Current assets		1,660
Non-current assets		121
Current liabilities		92
Equity attributable to owners of the Company		861
Non-controlling interest		828
	For the period from 27 August 2019 to 31 December 2019	For the period from 1 January 2020 to 31 July 2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	—	—
Expenses	(311)	(719)
Loss and total comprehensive income attributable to owners of the Company	(159)	(367)
Loss and total comprehensive income attributable to non-controlling interests	(152)	(352)
	(311)	(719)
Net cash used in operating activities	(228)	(1,052)
Net cash used in investing activities	(8)	—
Net cash from financing activities	1,852	—
Net increase/(decrease) in cash and cash equivalents	1,616	(1,052)

On 31 July 2020, the Group disposed 51% issued shares of Rego Huicai. Please refer to Note 40(a) for details.

35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

	Bank Borrowings	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2019	–	1,302	1,302
Financing cash flows:			
Repayment of principal portion of lease liabilities	–	(728)	(728)
Interest paid	–	(82)	(82)
Total changes from cash flows	–	(810)	(810)
Non-cash changes:			
New leases (<i>Note 20</i>)	–	148	148
Termination of lease (<i>Note 20</i>)	–	(254)	(254)
Interest expense	–	82	82
Total non-cash changes	–	(24)	(24)
At 31 December 2019 and 1 January 2020	–	468	468
Financing cash flows:			
Proceeds from borrowings	1,480	–	1,480
Repayment of borrowings	(5,550)	–	(5,550)
Repayment of principal portion of lease liabilities	–	(302)	(302)
Interest paid	(335)	(18)	(353)
Total changes from cash flows	(4,405)	(320)	(4,725)
Non-cash changes:			
Acquired through business combination (<i>Note 38(a)</i>)	14,440	–	14,440
Termination of lease (<i>Note 20</i>)	–	(159)	(159)
Interest expense	335	18	353
Total non-cash changes	14,775	(141)	14,634
At 31 December 2020	10,370	7	10,377

APPENDIX I

ACCOUNTANTS' REPORT

	Bank Borrowings	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021	10,370	7	10,377
Financing cash flows:			
Proceeds from borrowings	26,100	–	26,100
Repayment of borrowings	(15,370)	–	(15,370)
Repayment of principal portion of lease liabilities	–	(7)	(7)
Interest paid	(673)	(1)	(674)
Total changes from cash flows	10,057	(8)	10,049
Non-cash changes:			
Interest expense	673	1	674
Total non-cash changes	673	1	674
At 31 December 2021	21,100	–	21,100
At 1 January 2022	21,100	–	21,100
Financing cash flows:			
Proceeds from borrowings	21,000	–	21,000
Repayment of borrowings	(100)	–	(100)
Interest paid	(376)	–	(376)
Total changes from cash flows	20,524	–	20,524
Non-cash changes:			
Interest expense	376	–	376
Total non-cash changes	376	–	376
At 30 April 2022	42,000	–	42,000
At 1 January 2021	10,370	7	10,377
Financing cash flows:			
Proceeds from borrowings	13,000	–	13,000
Repayment of borrowings	(2,620)	–	(2,620)
Repayment of principal portion of lease liabilities	–	(7)	(7)
Interest paid	(176)	(1)	(177)
Total changes from cash flows	10,204	(8)	10,196
Non-cash changes:			
Interest expense	176	1	177
Total non-cash changes	176	1	177
At 30 April 2021 (unaudited)	20,750	–	20,750

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amount of each of the categories of the Group's financial instruments as at the end of each of the Track Record Period are as follow:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at amortised cost				
Trade receivables	14,077	38,954	82,189	132,981
Deposits and other receivables	2,839	6,463	7,969	5,779
Amounts due from related parties	90	84	96	203
Pledged bank deposit	–	1,392	–	–
Cash and cash equivalents	42,346	32,062	61,475	25,408
	<u>59,352</u>	<u>78,955</u>	<u>151,729</u>	<u>164,371</u>
Financial liabilities				
Financial liabilities at amortised cost				
Trade payables	5,412	9,545	40,525	32,648
Other payables and accrued expenses	4,275	8,223	8,025	5,405
Amounts due to related parties	4,851	4,813	27,677	5,486
Bank borrowings	–	10,370	21,100	42,000
	<u>14,538</u>	<u>32,951</u>	<u>97,327</u>	<u>85,539</u>
Lease liabilities	<u>468</u>	<u>7</u>	<u>–</u>	<u>–</u>
	<u>15,006</u>	<u>32,958</u>	<u>97,327</u>	<u>85,539</u>

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group is exposed to a variety of financial risks which comprise credit risk, liquidity risk, interest rate risk and currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. As the directors consider that the Group's exposure to financial risk is kept at a minimum level, the Group does not hold or issue derivative financial instruments either for hedging or trading purposes.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, contract assets, deposits and other receivables, amounts due from related parties and deposits with banks and financial institutions. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers and, where appropriate, credit guarantee insurance cover is purchased. Trade receivables are due within 5 to 60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

At 31 December 2019, 2020 and 2021 and 30 April 2022, the Group has a concentration of credit risk on trade receivables from 3, 2, 1 and 2 customers respectively. The management of the Group considers the credit risk of the trade receivables from these customers is limited as the Group continuously perform credit evaluation on the financial conditions of these debtors. Given the strong business relationship established with these customers, the regular payments made according to contract terms and the financial capability of these customers, the management of the Group does not expect that there will be any significant credit risk from the non-performance of these customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets at the end of each of the Track Record Period:

	ECL rates	Gross carrying amounts	Lifetime ECL	Net carrying amounts
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2019				
Current (not past due)	0.46%	9,093	(42)	9,051
Less than 1 month past due	2.01%	1,988	(40)	1,948
More than 1 month past due but less than 3 months past due	4.74%	2,998	(142)	2,856
More than 3 months past due but less than 6 months past due	N/A	–	–	–
More than 6 months past due but less than 1 year past due	37.5%	16	(6)	10
More than one year past due	61.94%	557	(345)	212
		<u>14,652</u>	<u>(575)</u>	<u>14,077</u>

	ECL rates	Gross carrying amounts	Lifetime ECL	Net carrying amounts
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2020				
Current (not past due)	0.69%	33,649	(232)	33,417
Less than 1 month past due	2.17%	3,415	(74)	3,341
More than 1 month past due but less than 3 months past due	5.76%	1,285	(74)	1,211
More than 3 months past due but less than 6 months past due	19.89%	1,599	(318)	1,281
More than 6 months past due but less than 1 year past due	33.93%	2,626	(891)	1,735
More than one year past due	77.93%	648	(505)	143
		<u>43,222</u>	<u>(2,094)</u>	<u>41,128</u>
At 31 December 2021				
Current (not past due)	7.02%	81,076	(5,689)	75,387
Less than 1 month past due	1.97%	9,454	(186)	9,268
More than 1 month past due but less than 3 months past due	4.51%	399	(18)	381
More than 3 months past due but less than 6 months past due	n/a	–	–	–
More than 6 months past due but less than 1 year past due	n/a	–	–	–
More than one year past due	51.53%	359	(185)	174
		<u>91,288</u>	<u>(6,078)</u>	<u>85,210</u>
At 30 April 2022				
Current (not past due)	0.69%	112,243	(772)	111,471
Less than 1 month past due	11.89%	14,429	(1,716)	12,713
More than 1 month past due but less than 3 months past due	26.63%	10,317	(2,747)	7,570
More than 3 months past due but less than 6 months past due	37.65%	4,603	(1,733)	2,870
More than 6 months past due but less than 1 year past due	25.00%	4	(1)	3
More than one year past due	48.76%	283	(138)	145
		<u>141,879</u>	<u>(7,107)</u>	<u>134,772</u>

Expected credit loss rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which may impact the customers' ability to repay the outstanding balances in order to estimate the ECLs for the impairment assessment.

In addition, the directors of the Company considered that the presumption of default has occurred when the instrument is more than 90 days past due would be rebutted by considering the expected subsequent and historical repayment from the trade debtors.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

Deposits and other receivables

In respect of deposits and other receivables, the Group monitors the exposures and manages deposits and other receivables based on historical settlement records and past experience. At each reporting date, the credit risk on deposits and other receivables have not increased significantly since initial recognition, the Group measures loss allowances for deposits and other receivables at an amount equal to 12-month ECL.

Amounts due from related parties

The credit risk on amounts due from related parties is limited because of the nature of these balances, credit quality of the counterparties and the historical settlement record.

Deposit with banks and financial institution

All bank balances and bank deposits are held at reputable financial institutions and there is no significant concentration risk to a single counterparty and there is no history of defaults from these counterparties. Therefore, ECL rate of the deposits is assessed to be minimal.

(b) Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements in order to maintain sufficient reserve of cash and adequate committed lines of funding from major banks, if necessary, to meet its liquidity requirements in the short and long term. The liquidity policies have been followed by the Group during the Track Record Period and are considered to have been effective in managing liquidity risk.

	Carrying amounts	Total undiscounted cash flows	On demand or within one year	Between one to two years
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2019				
Trade payables	5,412	5,412	5,412	–
Other payables and accrued expenses	4,275	4,275	4,275	–
Amounts due to related parties	4,851	4,851	4,851	–
Lease liabilities	468	491	419	72
	<u>15,006</u>	<u>15,029</u>	<u>14,957</u>	<u>72</u>
	Carrying amounts	Total undiscounted cash flows	On demand or within one year	Between one to two years
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2020				
Trade payables	9,545	9,545	9,545	–
Other payables and accrued expenses	8,223	8,223	8,223	–
Amounts due to related parties	4,813	4,813	4,813	–
Bank borrowings	10,370	10,763	10,763	–
Lease liabilities	7	8	8	–
	<u>32,958</u>	<u>33,352</u>	<u>33,352</u>	<u>–</u>

	Carrying amounts	Total undiscounted cash flows	On demand or within one year	Between one to two years
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2021				
Trade payables	40,525	40,525	40,525	—
Other payables and accrued expenses	8,025	8,025	8,025	—
Amounts due to related parties	27,677	27,677	27,677	—
Bank borrowings	21,100	22,210	22,210	—
	<u>97,327</u>	<u>98,437</u>	<u>98,437</u>	<u>—</u>
	Carrying amounts	Total undiscounted cash flows	On demand or within one year	Between one to two years
	RMB'000	RMB'000	RMB'000	RMB'000
At 30 April 2022				
Trade payables	32,648	32,648	32,648	—
Other payables and accrued expenses	5,405	5,405	5,405	—
Amounts due to related parties	5,486	5,486	5,486	—
Bank borrowings	42,000	44,210	44,210	—
	<u>85,539</u>	<u>87,749</u>	<u>87,749</u>	<u>—</u>

(c) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, management monitors interest rate exposure and will consider hedging significant interest rate risk should a need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank balances. The analysis is prepared assuming that the amount of assets and liabilities outstanding at the end of each of the reporting period were outstanding for the whole year/period. 25 basis points increase or decrease represent management's assessment of the reasonably possible change in interest rates of bank balances.

If interest rates on bank balances had been 25 basis points higher/lower and all other variables were held constant, the potential effect on the Group's post-tax profit or loss for the years ended 31 December 2019, 2020 and 2021 and four months ended 30 April 2022 is as follows:

	Year ended 31 December			Four months ended 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Increase/(decrease) in profit for the year				
– as a result of increase in interest rate	79	63	115	80
– as a result of decrease in interest rate	(79)	(63)	(115)	(80)

(d) Currency risk

Currency risk to the Group is minimal as most of the Group's transactions are carried out in functional currency.

(e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the Track Record Period.

The Group monitors capital risk using debt to equity ratio, which is net debts divided by the capital plus net debt. Net debt is calculated as the total of bank borrowing and lease liabilities and amounts due to related parties and less cash and cash equivalents. Capital represents total equity.

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Total debt	5,319	15,190	48,777	47,486
Less: Cash and cash equivalents	(42,346)	(32,062)	(61,475)	(25,408)
Net debt	(37,027)	(16,872)	(12,698)	22,078
Total equity	57,716	102,651	105,903	125,711
Debt to equity ratio	(0.64)	(0.16)	(0.12)	0.18

38. BUSINESS COMBINATIONS**(a) Acquisition of Xi'an Tiantai**

On 31 July 2020, the Group acquired 100% equity interest in Xi'an Tiantai, a company whose principal activity is solutions on lottery related software systems and equipment and established in the PRC at a cash consideration of RMB15,000,000 from an independent third party.

The fair value of identifiable assets and liabilities of the Xi'an Tiantai as at the date of acquisition were as follows:

	<i>RMB'000</i>
Property, plant and equipment	974
Intangible assets	10,104
Inventories	4,554
Trade receivables	18,485
Contract assets	3,373
Prepayments, deposits and other receivables	7,168
Pledge bank deposit	1,392
Cash and cash equivalents	949
Contract liabilities	(1,311)
Trade payables	(7,865)
Other payables and accruals	(17,274)
Bank borrowings	(14,440)
Income tax payable	(710)
Deferred tax liability	(531)
	<hr/>
Net assets acquired	4,868
	<hr/>
Cash consideration transferred	15,000
Less: Net assets acquired	(4,868)
	<hr/>
Goodwill arising on acquisition (<i>Note 16</i>)	10,132
	<hr/>
Satisfied by:	
Total cash consideration	15,000
	<hr/>
	<hr/>
	Year ended
	31 December
	2020
	<hr/>
	<i>RMB'000</i>
Net cash outflow on acquisition of the subsidiary:	
Cash consideration paid	(15,000)
Cash and cash equivalents acquired	949
	<hr/>
	(14,051)
	<hr/>

The fair value of acquired trade receivables is approximately RMB18,485,000. The gross contractual amount for trade receivables due is approximately RMB21,725,000, with a loss allowance of RMB3,240,000 recognised on acquisition.

The goodwill is attributable to Xi'an Tiantai's strong position and profitability in solutions on lottery related software systems and equipment. None of the goodwill is expected to be deductible for tax purpose.

Since the acquisition, Xi'an Tiantai contributed approximately RMB23,987,000 to the Group's revenue and profit of RMB7,835,000 was included in the consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2020.

Had the acquisition taken place at the beginning of 2020 revenue and profit of the Group would have been approximately RMB132,544,000 and RMB42,274,000 respectively.

39. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES

During the Track Record Period, the Group has the following material changes in its ownership interest in subsidiaries that do not result in a loss of control.

On 11 December 2019, the Group acquired an additional 35% issued shares of Hangzhou Runsheng, increasing its ownership interest to 100% at a cash consideration of approximately RMB700,000 was paid to the non-controlling shareholder. The carrying value of the net assets of Hangzhou Runsheng was approximately RMB139,000. A schedule of the effect of acquisition of additional interest is as follow:

	Year ended 31 December 2019
	<i>RMB'000</i>
Carrying amount of non-controlling interest acquired	(49)
Less: Consideration paid/payable to non-controlling shareholder	(700)
	<u>(749)</u>
Difference recognised in other reserves within equity	<u>(749)</u>

40. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Rego Huicai

On 31 July 2020, the Group disposed of its subsidiary, Rego Huicai to an independent third party. The net assets of Rego Huicai at the date of disposal were as follows:

	<i>RMB'000</i>
Property, plant and equipment	6
Right-of-use assets	34
Prepayments, deposits and other receivables	454
Cash and cash equivalents	564
Other payables and accruals	(88)
	<u>970</u>
Net assets disposed of	970
Non-controlling interests	(475)
Gain on disposal of a subsidiary	525
	<u>1,020</u>
Total consideration	<u>1,020</u>
Satisfied by:	
Total cash consideration	<u>1,020</u>
Net cash inflow arising on disposal:	
Cash consideration received	1,020
Cash and cash equivalents disposed of	(564)
	<u>456</u>

(b) Disposal of Zhejiang Runye

As part of reorganisation, on 17 August 2021, the Group disposed of its subsidiary, Zhejiang Runye to Mr. Tian and Mr. Zhang. The net assets of Zhejiang Runye at the date of disposal were as follows:

	<i>RMB'000</i>
Property, plant and equipment	402
Trade receivables	1,742
Prepayments, deposits and other receivables	60
Amounts due from group companies	48,803
Cash and cash equivalents	6,309
Other payables	(438)
Amounts due to group companies	(9,450)
Income tax payable	(654)
	<hr/>
Net assets disposed of	46,774
Distribution on disposal of a subsidiary (<i>Note</i>)	(46,774)
	<hr/>
Total consideration	–
	<hr/> <hr/>
Satisfied by:	
Total cash consideration	–
	<hr/> <hr/>
Net cash inflow arising on disposal:	
Cash consideration received	–
Cash and cash equivalents disposed of	(6,309)
	<hr/>
	(6,309)
	<hr/> <hr/>

Note: The difference arising as a result of the disposal amounting to RMB46,774,000 was deemed as distribution to the shareholders and transferred to other reserve.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 April 2022.

42. SUBSEQUENT EVENTS

Subsequent events of the Group are detailed as below.

- (a) On 27 July 2022, the Company adopted a share option scheme, the principal terms of which are set out in the subsection headed “D. Share Option Scheme” in Appendix IV to the Prospectus; and
- (b) Pursuant to the general meeting of all shareholders of the Company held on 27 July 2022, it was resolved, among other things, that:
 - the Company’s authorised share capital was increased to US\$2,000,000 divided into 2,000,000,000 shares with a par value of US\$0.001 each by the creation of 1,950,000,000 shares; and
 - conditional upon all the conditions set out in the section headed “Structure and conditions of the Global Offering” in this prospectus being fulfilled and subject to and conditional on the share premium of the Company being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, the Directors be and are hereby authorised to issue a total of 749,900,000 Shares credited as fully paid at par to the Shareholders whose names appear on the register of members of the Company at the close of business on the date of the shareholders’ Meeting, in proportion to their then existing respective shareholdings by way of capitalisation of the sum of approximately USD749,900 standing to the credit of the share premium account of the Company, and the shares allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued shares.

The information set out in this appendix does not form part of the Accountants' Report prepared by BDO Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules is set out to illustrate the effect of the Share Offer on our net tangible assets as at 30 April 2022 as if it had taken place on 30 April 2022. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustration purpose only and, because of its hypothetical nature, it may not give a true picture of our net tangible assets as at 30 April 2022 or any future date following the Share Offer. It is prepared based on our net assets of the Group as at 30 April 2022 as set out in the Accountants' Report, and adjusted as described below. The unaudited pro forma statement of adjusted consolidated net tangible assets does not form part of the Accountants' Report.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the audited consolidated net tangible assets attributable to owners of the Company as at 30 April 2022 as shown in the Accountants' Report, and adjusted as follows:

	Audited consolidated net tangible assets attributable to owners of the Company as at 30 April 2022 RMB'000 (Note 1)	Estimated net proceeds from the Share Offer RMB'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2022 RMB'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2022 per Share RMB (Note 3)	HK\$ (Note 4)
Based on an Offer Price of HK\$0.64 per Offer Share	93,176	104,677	197,853	0.20	0.24
Based on an Offer Price of HK\$0.80 per Offer Share	93,176	135,592	228,768	0.23	0.28

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

1. The audited consolidated net tangible assets attributable to owners of the Company as at 30 April 2022 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets attributable to owners of the Company as at 30 April 2022 of RMB125,711,000 with an adjustment for the carrying amounts of intangible assets of RMB18,193,000 and goodwill of RMB14,342,000 as at 30 April 2022.
2. The estimated net proceeds from the Share Offer are based on 250,000,000 Offer Shares and the indicative Offer Price of HK\$0.64 per Offer Share and HK\$0.80 per Offer Share, being the low and high end of the indicative Offer Price range, respectively, after deduction of the underwriting fees and related expenses payable by the Company and taken into no account of any Shares that may be allotted and issued pursuant to Over-allotment Option or any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company under the issuing mandate and repurchase mandate as described in Appendix IV to this prospectus.

For the purpose of this unaudited pro forma financial information, the estimated net proceeds from the Share Offer is converted from Hong Kong dollars into Renminbi at an exchange rate of HKD1.00 to RMB0.8302 (being the exchange rate prevailing on the Latest Practicable Date). No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at all.

3. The unaudited pro forma consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2022 per Share is arrived at after the adjustment referred to in the preceding paragraphs and on the basis that 1,000,000,000 Shares were in issue assuming that the Share Offer and the Capitalisation Issue had been completed on 30 April 2022 but takes no account of any Shares which may be allotted and issued pursuant to the Over-allotment Option or any Shares which may be issued upon the exercise of options granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company under the issuing mandate and repurchase mandate as described in Appendix IV to this prospectus.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2022 per Share is converted to Hong Kong dollars at an exchange rate of HK\$1.00 to RMB0.8302 (being the exchange rate prevailing on the Latest Practicable Date). No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.
5. No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 30 April 2022.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group.



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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the directors of Rego Interactive Co., Ltd**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Rego Interactive Co., Ltd (the “**Company**”) and its subsidiaries (together the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 April 2022 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of Appendix II of the Company’s prospectus dated 30 September 2022 (the “**Prospectus**”) in connection with the proposed placing and public offer of the shares of the Company (the “**Share Offer**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of Appendix II of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Share Offer on the Group’s consolidated financial position as at 30 April 2022 as if the Share Offer had taken place at 30 April 2022. As part of this process, information about the Group’s consolidated financial position has been extracted by the Directors from the Group’s historical financial information for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022, on which an accountants’ report set out in Appendix I of the Prospectus has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Share Offer at 30 April 2022 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited

Certified Public Accountants

Hong Kong, 30 September 2022

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of the company laws of the Cayman Islands.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 August 2017 under the Cayman Companies Act. The Company's constitutional documents consist of its Memorandum and Articles of Association.

1. MEMORANDUM OF ASSOCIATION

1.1 The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

1.2 By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 27 July 2022 and will become effective on the Listing Date. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of shares

The share capital of the Company consists of ordinary shares.

(b) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the shares of that class present and voting in person or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate general meeting, provided that the necessary quorum shall be two persons together holding (or, in the case of a shareholder

being a corporation, by its duly authorised representative) or representing by proxy at least one-third of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(c) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of a larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(d) Transfer of shares

Subject to the Cayman Companies Act and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House (as defined in the Articles) or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien, or if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed in accordance with the terms equivalent to the relevant section of the Companies Ordinance at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(f) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(g) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20 per cent per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

2.2 Directors

(a) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting or the Articles. Any Director so appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. Every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The Company shall include the particulars of such proposed person for election as a Director in its announcement or supplementary circular, and shall give the shareholders at least seven days to consider the relevant information disclosed in such announcement or supplementary circular prior to the date of the meeting of the election.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the members of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the retirement by rotation provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (i) resigns;
- (ii) dies;
- (iii) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) he is prohibited from being or ceases to be a director by operation of law;
- (vi) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (viii) is removed from office by no less than three-fourths in number of the Directors pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(b) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Act, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, doing so is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Act to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(d) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Act, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, *pro rata*. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(f) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(g) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(h) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under the Cayman Islands laws and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

2.5 Meetings of members***(a) Special and ordinary resolutions***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the voting rights held by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Cayman Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An ordinary resolution, by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(b) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the

Company, provided that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (i) at least two members;
- (ii) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iii) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, it may appoint proxies or authorise such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member, including the right to speak and vote individually on a show of hands or on a poll.

All Shareholders of the Company (including a Shareholder which is a Clearing House (or its nominee(s))) shall have the right to (a) speak at a general meeting and (b) vote at a general meeting except where a Shareholder is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, in which case any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual general meetings

The Company must hold an annual general meeting in each financial year. Such meeting must be held within six months after the end of the Company's financial year.

(d) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Act and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, if permitted by the Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95 per cent of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(e) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(f) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A corporation which is a member may execute a form of proxy under the hand of a duly authorised officer. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member present in person at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(g) Members' requisition for meetings

One or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

2.6 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Act (which include all sales and purchases of goods by the Company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory, the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The members shall appoint auditor(s) to hold office by an ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members in general meeting by an ordinary resolution of the members or by the Board if authority is so delegated by the members. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in its place for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (b) all dividends shall be apportioned and paid *pro rata* in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (c) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (ii) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 per cent per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.8 Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the terms equivalent to the relevant section of the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarised in paragraph 3.6 of this Appendix.

2.10 Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (a) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and
- (b) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.11 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

The Company was incorporated in the Cayman Islands as an exempted company on 8 August 2017 subject to the Cayman Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share capital

Under the Cayman Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) any manner provided in section 37 of the Cayman Companies Act;

- (d) writing-off the preliminary expenses of the company; and
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

3.15 Register of directors and officers

Pursuant to the Cayman Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and, where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated, the dissenting member would have no rights comparable to the appraisal rights (that is, the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.18 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.19 Indemnification

The Cayman Islands laws do not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.20 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2021 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. The Company is required to comply with the economic substance requirements from 1 July 2019 and make an annual report in the Cayman Islands as to whether or not it is carrying on any relevant activities and if it is, it must satisfy an economic substance test.

4. GENERAL

Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of the Cayman Companies Act. This letter, together with a copy of the Cayman Companies Act, is on display on the websites of the Stock Exchange and the Company as referred to in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong and documents on display" in Appendix V. Any person wishing to have a detailed summary of the Cayman Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**1. Incorporation**

Our Company was incorporated in the Cayman Islands on 8 August 2017 as an exempted company with limited liability under the Cayman Companies Act. Our Company has established a principal place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 16 March 2021. Ms. Ho Wing Nga of 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong has been appointed as the authorised representative of our Company for acceptance of service of process in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations is subject to Cayman Islands laws and its constitutive documents comprising the Memorandum of Association and the Articles of Association. A summary of certain provisions of our constitution and relevant aspects of the Cayman Companies Act is set out in Appendix IV to this prospectus.

2. Changes in Share Capital

- (a) As at the date of the incorporation of our Company, the authorised share capital of our Company was USD50,000 divided into 50,000 Shares of a nominal or par value of USD1 each. One fully paid Share was allotted and issued to the first subscriber on 8 August 2017, and was subsequently transferred to Tanshin Investments on the same day.
- (b) Upon its incorporation, one fully paid Share of USD1 was issued to its first subscriber, which was then transferred to Tanshin Investments. On the same date, our Company allotted and issued 79 fully paid Shares of USD1 to Tanshin Investments, and 20 fully paid Shares of USD1 to Sprus Investments, respectively.
- (c) On 28 March 2019, Tanshin Investments transferred 20 Shares to Vicen Investments at a consideration of USD20, and Sprus Investments transferred five Shares to Vicen Investments of a consideration of USD5. Subsequently, Tanshin Investments, Vicen Investments and Sprus Investments hold 60%, 25% and 15% of our Company, respectively. Please refer to “History, Development and Reorganisation — Reorganisation for listing — Incorporation of our Company, Share subdivision and increment of Share capital” above for further details.
- (d) Pursuant to an ordinary resolution of our Company dated 29 January 2021, each ordinary Share of a par value of USD1 in the authorised share capital of our Company (including issued and unissued share capital) was subdivided into 1,000 Shares of a par value of USD0.001 each (“**Share Subdivision**”). Immediately following the Share Subdivision, the authorised share capital of our Company

became USD50,000 divided into 50,000,000 Shares of par value of USD0.001 each, all of which were designated as ordinary Shares and that the number of issued Shares to Tanshin Investments, Sprus Investments and Vicen Investments became 60,000 Shares of par value of USD0.001 each, 15,000 Shares of par value of USD0.001 each and 25,000 Shares of par value of USD0.001 each, respectively.

- (e) By ordinary resolution of the shareholders of our Company passed on 27 July 2022, our Company increased its authorised share capital to USD2,000,000 divided into 2,000,000,000 Shares with a par value of USD0.001 each by the creation of 1,950,000,000 additional Shares of USD0.001 each.
- (f) Immediately following completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no option is granted under the Share Option Scheme), the issued share capital of our Company was USD1,000,000 divided into 1,000,000,000 Shares, all fully paid and 1,000,000,000 Shares will remain unissued.
- (g) Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this prospectus.

3. Resolutions of the Shareholders of Our Company

On 27 July 2022 and 21 September 2022, resolutions of our Company were passed by the then Shareholders pursuant to which, among other things:

- (a) our Company conditionally approved and adopted our Memorandum and our Articles of Association with effect from the Listing Date;
- (b) conditional upon all the conditions set out in the section headed “Structure and conditions of the Global Offering” in this prospectus being fulfilled and subject to and conditional on the share premium of our Company being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors be and are hereby authorised to issue a total of 749,900,000 Shares credited as fully paid at par to our Shareholders whose names appear on the register of members of our Company at the close of business on the Date of the Shareholders’ Meeting, in proportion to their then existing respective shareholdings by way of capitalisation of the sum of approximately USD749,900 standing to the credit of the share premium account of our Company, and the Shares allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares;

- (c) conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in the section headed “Structure and conditions of the Global Offering” in this prospectus and pursuant to the terms set out therein:
- (i) the Global Offering was approved and our Directors were authorised to allot and issue the new Shares pursuant to the Global Offering;
 - (ii) the Listing was approved and our Directors were authorised to implement the Listing;
 - (iii) subject to the “lock-up” provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to our Directors to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of the Shares allotted or agreed to be allotted by our Directors other than pursuant to a (1) rights issue, (2) any scrip dividend scheme of similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares or (3) a specific authority granted by our Shareholders in general meeting, shall not exceed the aggregate of:
 - (A) 20% of the aggregate number of the issued Shares immediately following the completion of the Capitalisation Issue and the Global Offering; and
 - (B) the aggregate number of the Shares repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (iv) below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; (II) the end of the period within which our Company is required by the Articles or any applicable laws to hold its next annual general meeting or (III) the date on which the mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting (the “**Relevant Period**”);

- (iv) a general unconditional mandate was granted to our Directors to exercise all the powers of our Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules, with an aggregate number of not more than 10% of the aggregate number of issued Shares immediately following the completion of the Capitalisation Issue and the Global Offering, such mandate to remain in effect during the Relevant Period; and
- (v) conditional on ordinary resolutions (iii) and (iv) above being passed, the general mandate granted to our Directors pursuant to ordinary resolution (iii) above be and is hereby extended by the addition to the aggregate number of Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of the Shares under the authority granted pursuant to the mandate to repurchase Shares under the authority granted pursuant to ordinary resolution (iv) above, provided that such extended amount shall not exceed 10% of the aggregate number of the Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering (excluding any Shares which may be issued under the Over-allotment Option).

4. Reorganisation

In order to rationalise our structure and prepare for the Listing, our Group has undertaken several restructuring steps. Please see “History, Development and Reorganisation” of this prospectus for further details.

5. Changes in Share Capital of Our Subsidiaries

The subsidiaries of our Company are listed in the accountants’ report of our Group, the text of which is set out in Appendix I to this prospectus.

Save for the alterations described in the following paragraph and the paragraph headed “History, Development and Reorganisation” above, no changes in the share capital of any of the subsidiaries of our Company within the two years preceding the date of this prospectus or the date of their incorporation/establishment or acquisition by our Group:

On 13 April 2021, Shenzhen Rego Network Technology Company Limited* (深圳潤歌網絡科技有限公司) was established by Hainan Rego under the PRC laws with a registered share capital of RMB1 million.

6. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(1) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on 27 July 2022, a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors authorising them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option), such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(b) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the Listing Rules. As a matter of Cayman law, any repurchases by our Company may be made out of profits of our Company, out of the credit standing in the share premium account of our Company

or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase, if so authorised by the Articles and subject to the provisions of the Cayman Companies Act, out of capital. Any premium payable on the repurchase must be provided for out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if so authorised by the Articles and subject to the Cayman Companies Act, out of capital.

(c) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring our Company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(d) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed. Under the Cayman Companies Act, unless, prior to the purchase, the directors of our Company resolve to hold the shares purchased by our Company as treasury shares, the repurchased shares will be treated as cancelled and the amount of our Company's issued share capital shall be diminished by the nominal value of those shares. The purchase of shares shall not be taken to reduce the amount of the authorised share capital of our Company under Cayman law.

(e) *Suspension of Repurchase*

A listed company may not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(f) *Reporting Requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(g) *Connected Persons*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person and a core connected person is prohibited from knowingly selling his securities to the listed company.

(2) *Reasons for Repurchases*

Our Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on market conditions, funding arrangements and other circumstances, result in an increase in the net assets and/or earnings per Share. Our Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of the Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time having regard to the circumstances then pertaining. Repurchases of the Shares will only be made when our Directors believe that such repurchases will benefit our Company and the Shareholders.

(3) *Funding of Repurchases*

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Memorandum and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period.

However, our Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(4) *General*

The exercise in full of the Repurchase Mandate, on the basis of 1,000,000,000 Shares in issue immediately following the completion of the Global Offering, but assuming the Over-allotment Option is not exercised, could accordingly result in up to approximately 100,000,000 Shares being repurchased by our Company during the period prior to the earliest of:

- (a) the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- (b) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- (c) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No core connected person of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the total number of the Shares then in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the repurchase mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) an equity transfer agreement (股權轉讓協議書) dated 14 December 2020 entered into between Zhejiang Runye and Hangzhou Rego, pursuant to which 95% equity interest in Hangzhou Runsheng held by Zhejiang Runye was transferred to Hangzhou Rego at the consideration of RMB1,068,750;
- (b) the exclusive consultation and service agreement (獨家諮詢與服務協議) dated 24 February 2021 and entered into between Zhejiang Runye and Hangzhou Rego, pursuant to which Zhejiang Runye agreed to engage Hangzhou Rego as its exclusive provider of consultation services, technology support, commissioned research and development and other services in return for service fees;
- (c) the exclusive right to purchase agreement (獨家購買權協議) dated 24 February 2021 and entered into among Zhejiang Runye, Mr. Tian, Mr. Zhang and Hangzhou Rego, pursuant to which Mr. Tian and Mr. Zhang agreed to grant Hangzhou Rego an unconditional, irrevocable and exclusive right to purchase or designate any

person/entity to purchase all or any part of the equity interests in Zhejiang Runye held by Mr. Tian and Mr. Zhang and the assets of Zhejiang Runye at the lowest purchase price permitted by the PRC laws and regulations;









- (d) the equity pledge agreement (股權質押協議) dated 24 February 2021 and entered into among Zhejiang Runye, Mr. Tian, Mr. Zhang and Hangzhou Rego, pursuant to which each of Mr. Tian and Mr. Zhang agreed to pledge his respective equity interests in Zhejiang Runye to Hangzhou Rego as a security interest to guarantee the performance of contractual obligations and security for any debt under the Contractual Arrangements dated 24 February 2021;
- (e) the pledge of trademark exclusive rights agreement (商標專用權質押協議) dated 24 February 2021 and entered into between Zhejiang Runye and Hangzhou Rego, pursuant to which Zhejiang Runye agreed to pledge all of its exclusive rights in its legally owned and disposable trademarks as specified in the annex I to this agreement to Hangzhou Rego as a security interest to guarantee the performance of contractual obligations and security for any debt under the Contractual Arrangements dated 24 February 2021;
- (f) the software copyright pledge agreement (軟件著作權質押協議) dated 24 February 2021 and entered into between Zhejiang Runye and Hangzhou Rego, pursuant to which Zhejiang Runye agreed to pledge all of its exclusive rights in its legally owned and disposable software copyrights as specified in the annex I to this agreement to Hangzhou Rego as a security interest to guarantee the performance of contractual obligations and security for any debt under the Contractual Arrangements dated 24 February 2021;
- (g) the domain name pledge agreement (域名質押協議) dated 24 February 2021 and entered into between Zhejiang Runye and Hangzhou Rego, pursuant to which Zhejiang Runye agreed to pledge its legally owned and disposable domain name 51tty1.net to Hangzhou Rego as a security to guarantee the performance of contractual obligations and security for any debt under the Contractual Arrangements dated 24 February 2021;
- (h) the shareholders' voting right entrustment agreement (股東表決權委託協議) dated 24 February 2021 and entered into among Zhejiang Runye, Mr. Tian, Mr. Zhang and Hangzhou Rego, pursuant to which each of Mr. Tian and Mr. Zhang unconditionally and irrevocably appoint Hangzhou Rego or its designated person(s) to exercise his respective rights to delegate or vote as the shareholder of Zhejiang Runye;
- (i) an equity transfer agreement (股權轉讓協議書) dated 22 March 2021 entered into between Zhejiang Runye and Hangzhou Rego, pursuant to which Zhejiang Runye agreed to transfer its 98% equity interest in Jiangxi Yunjia to Hangzhou Rego at the consideration of RMB4,961,740;

- (j) a supplemental agreement dated 17 August 2021 entered into between Hangzhou Rego and Zhejiang Runye, pursuant to which Hangzhou Rego and Zhejiang Runye mutually agreed to terminate the agreements set forth in subparagraphs (b), (e), (f) and (g) above in this section;
- (k) a supplemental agreement dated 17 August 2021 entered into among Hangzhou Rego, Mr. Tian, Mr. Zhang and Zhejiang Runye, pursuant to which the parties thereto agreed to terminate the agreements set forth in subparagraphs (c), (d) and (h) above in this section;
- (l) a software copyright transfer agreement (軟件著作權轉讓協議) dated 20 October 2021 between Zhejiang Runye and Hangzhou Rego, pursuant to which the copyrights of two specified software held by Zhejiang Runye were transferred to Hangzhou Rego at the consideration of RMB1,564,465.44;
- (m) the second supplemental agreement dated 26 October 2021 entered into among Hangzhou Rego, Mr. Tian, Mr. Zhang, Mr. Chen and Zhejiang Runye, pursuant to which Mr. Tian, Mr. Zhang and Mr. Chen jointly and severally agreed to pay to Hangzhou Rego a sum of RMB46,774,000 as the consideration for the termination of the Contractual Arrangements dated 24 February 2021 (the “**Termination**”) in the event that the loss of disposal arising from the Termination would affect the Company’s listing qualification under the Listing Rules;
- (n) the Deed of Non-Competition;
- (o) the Deed of Indemnity;
- (p) a cornerstone investment agreement dated 29 September 2022 entered into among our Company, Fighton Asia Master Fund Limited, the Sole Sponsor and the Sole Representative, pursuant to which Fighton Asia Master Fund Limited agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 4,000 Shares) which may be placed for an aggregate amount of HK\$15,000,000 at the final Offer Price; and
- (q) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(1) Registered Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Registration		Validity Period	Place of Registration
			No.	Class(es)		
1		Xi'an Tiantai	36064414	38	14 October 2019 to 13 October 2029	PRC
2		Xi'an Tiantai	36059008A	35	14 December 2019 to 13 December 2029	PRC
3		Xi'an Tiantai	36053550	38	14 October 2019 to 13 October 2029	PRC
4		Hangzhou Rego	33655194	9	07 July 2019 to 06 July 2029	PRC
5		Hangzhou Rego	33631129	35	21 June 2019 to 20 June 2029	PRC
6		Hangzhou Rego	33644978	9	28 June 2019 to 27 June 2029	PRC
7		Our Company	305436595	9	3 November 2020 to 2 November 2030	Hong Kong
8		Our Company	305775139	9, 35	18 October 2021 to 17 October 2031	Hong Kong

(2) Registered Patents

As at the Latest Practicable Date, we had been granted the following patents which we consider to be or may be material to our business:

No.	Patent Description	Patent No.	Registered Owner	Validity Period	Place of Application
1	Lottery ticket payment equipment (一種彩票支付設備)	ZL201921532343.7	Xi'an Tiantai	16 September 2019 to 15 September 2029	PRC
2	Electronic payment terminal (Tiantai) (電子支付終端(天泰))	ZL201830614783.1	Xi'an Tiantai	1 November 2018 to 31 October 2028	PRC
3	Portable electronic payment device (一種便於攜帶的電子支付設備)	ZL201821489154.1	Xi'an Tiantai	12 September 2018 to 11 September 2028	PRC
4	Computer lottery ticket sales equipment with heat dissipation device (一種帶散熱裝置的電腦彩 票銷售設備)	ZL201821488583.7	Xi'an Tiantai	12 September 2018 to 11 September 2028	PRC

No.	Patent Description	Patent No.	Registered Owner	Validity Period	Place of Application
5	Communication encryption and data acquisition electronic payment equipment (通訊加密及數據採集電子支付設備)	ZL201820509643.2	Xi'an Tiantai	11 April 2018 to 10 April 2028	PRC
6	Wireless customized encryption device (一種無線定制加密設備)	ZL201820509657.4	Xi'an Tiantai	11 April 2018 to 10 April 2028	PRC
7	Payment terminal (一種支付終端機)	ZL201820745940.7	Xi'an Tiantai	18 May 2018 to 17 May 2028	PRC
8	Convenient payment terminal (Tiantai) (便捷支付終端(天泰))	ZL201830031204.0	Xi'an Tiantai	23 January 2018 to 22 January 2028	PRC
9	Convenient lottery cash register equipment (一種便於操作的彩票收銀設備)	ZL201920684678.4	Xi'an Tiantai	14 May 2018 to 13 May 2028	PRC
10	End user access service manager (終端用戶接入服務管理器)	ZL201830031372.X	Xi'an Tiantai	23 January 2018 to 22 January 2028	PRC
11	Information collector (信息採集儀)	ZL202030661119.X	Xi'an Tiantai	3 November 2020 to 2 November 2030	PRC
12	Portable terminal for collecting and analyzing sales data (一種便攜式售賣信息數據採集分析終端)	ZL202022544631.3	Xi'an Tiantai	6 November 2020 to 5 November 2030	PRC
13	Lottery ticket machine (彩票出票機)	ZL201930513645.9	Hangzhou Rego	18 September 2019 to 17 September 2029	PRC

3. Copyright

As at the Latest Practicable Date, our Group had registered the following copyrights:

No.	Copyright Name	Registered No.	Date of Registration	Registration Owner	Place of Registration
1	Rego Network Statistics Index Integrated Experimental System Software V0.1 (潤歌網絡統計指數綜合實驗系統軟件 V0.1)	2011SR011561	11 March 2011	Hangzhou Rego	PRC
2	Rego Wing Around the Rebate Business Management System Software V1.0 (潤歌翼周邊淘返利業務管理系統軟件 V1.0)	2017SR212578	26 May 2017	Hangzhou Rego	PRC
3	Rego Wing Around the Rebate Android Client Software V1.0 (潤歌翼周邊淘返利 Android用戶端軟件 V1.0)	2017SR212409	26 May 2017	Hangzhou Rego	PRC
4	Rego Car Insurance Business Management Software V1.0 (潤歌車險業務管理軟件 V1.0)	2017SR212416	26 May 2017	Hangzhou Rego	PRC
5	Rego Business Ticket Management System Software V1.0 (潤歌業務工單管理系統軟件 V1.0)	2017SR212403	26 May 2017	Hangzhou Rego	PRC

No.	Copyright Name	Registered No.	Date of Registration	Registration Owner	Place of Registration
6	Rego Source Animation Android Client Software V1.0 (潤歌源動漫Android客戶端軟件V1.0)	2017SR212397	26 May 2017	Hangzhou Rego	PRC
7	Rego Mobile Phone Report Operation Management System Software V1.0 (潤歌手機報運營管理系統軟件V1.0)	2017SR212584	26 May 2017	Hangzhou Rego	PRC
8	Rego Mobile Value Adding Business Operations Management Platform Software V1.0 (潤歌移動增值業務運營管理平台軟件V1.0)	2017SR233928	5 June 2017	Hangzhou Rego	PRC
9	Rego Poetry Android Client Software V1.0 (潤歌詩趣Android客戶端軟件V1.0)	2017SR238591	6 June 2017	Hangzhou Rego	PRC
10	Rego Yan Yue Read Android Client Software V1.0 (潤歌顏悅讀Android客戶端軟件V1.0)	2017SR238400	6 June 2017	Hangzhou Rego	PRC
11	Rego Enterprise Service Portal Software V1.0 (潤歌企業服務門戶網站軟件V1.0)	2017SR223222	1 June 2017	Hangzhou Rego	PRC
12	Rego Yitao Secretary Android Client Software V1.0 (潤歌翼淘秘書Android客戶端軟件V1.0)	2017SR223977	1 June 2017	Hangzhou Rego	PRC
13	Rego Yitao Secretary Portal Software V1.0 (潤歌翼淘秘書門戶網站軟件V1.0)	2017SR223971	1 June 2017	Hangzhou Rego	PRC
14	Rego Points Redemption Operation Management Software V1.0 (潤歌積分換彩運營管理軟件V1.0)	2018SR117608	23 February 2018	Hangzhou Rego	PRC
15	Rego Pocket Lottery Hall Android Client Software V1.0 (潤歌掌上彩票廳Android用戶端軟件V1.0)	2018SR117690	23 February 2018	Hangzhou Rego	PRC
16	Rego Palm-sized Lottery Hall H5 Web Version of the Software V1.0 (潤歌掌上彩票廳H5網頁版軟件V1.0)	2018SR117680	23 February 2018	Hangzhou Rego	PRC
17	Rego Mobile Reading Payment Gateway Software V1.0 (潤歌移動閱讀支付網關軟件V1.0)	2018SR116994	23 February 2018	Hangzhou Rego	PRC
18	Rego Mobile Reading Public Number Operations Management Software V1.0 (潤歌移動閱讀公眾號運營管理軟件V1.0)	2018SR116986	23 February 2018	Hangzhou Rego	PRC
19	Rego Internet User Portrait Classification Software V1.0 (潤歌互聯網用戶畫像分類軟件V1.0)	2018SR368994	22 May 2018	Hangzhou Rego	PRC
20	Rego Shop Ticketing APP Software V1.0 (潤歌小店出票APP軟件V1.0)	2018SR979489	5 December 2018	Hangzhou Rego	PRC

No.	Copyright Name	Registered No.	Date of Registration	Registration Owner	Place of Registration
21	Rego Small Shop Ticketing System Software V1.0 (潤歌小店出票系統軟件 V1.0)	2018SR979596	5 December 2018	Hangzhou Rego	PRC
22	Rego Unified User Authentication System V1.0 (潤歌統一用戶認證系統 V1.0)	2018SR979496	5 December 2018	Hangzhou Rego	PRC
23	Large Open Web Course Online Learning Platform V1.0 (大型開放式網絡課程線上學習平台 V1.0)	2019SR0853463	16 August 2019	Hangzhou Rego	PRC
24	Large Open Network Course Development Management Platform V1.0 (大型開放式網絡課程開發管理平台 V1.0)	2019SR0853046	16 August 2019	Hangzhou Rego	PRC
25	Rego Set Lottery App Software V1.0 (潤歌集彩通彩票app軟件 V1.0)	2019SR0838853	13 August 2019	Hangzhou Rego	PRC
26	Rego Phone Charges Traffic Platform System Software V1.0 (潤歌話費流量平台系統軟件 V1.0)	2019SR0868093	21 August 2019	Hangzhou Rego	PRC
27	Rego Lottery Backstage Management Software V1.0 (潤歌彩票後台管理軟件 V1.0)	2019SR0893084	28 August 2019	Hangzhou Rego	PRC
28	Rego Mobile Terminal Traffic Recharge Operation Platform V1.0 (潤歌移動終端流量充值運營平台 V1.0)	2019SR0893090	28 August 2019	Hangzhou Rego	PRC
29	Rego Self-service Machine Instant Tickets Terminal System V1.0 (潤歌自助機即開票終端系統 V1.0)	2019SR1053000	17 October 2019	Hangzhou Rego	PRC
30	Rego Game Website Operation Management Platform Software V1.0 (潤歌遊戲網站運營管理平台軟件 V1.0)	2019SR1362098	13 December 2019	Hangzhou Rego	PRC
31	A Teaching System Based on Blockchain Technology (基於區塊鏈技術的教學系統)	2019SR1446162	27 December 2019	Hangzhou Rego	PRC
32	Film and Television Membership Card Distribution Platform V1.0 (影視會員卡券分發平台 V1.0)	2020SR1729391	3 December 2020	Hangzhou Rego	PRC
33	Mobile SDK Advertising Distribution Software* V1.0 (移動SDK廣告分發軟件 V1.0)	2021SR0141071	26 January 2021	Hangzhou Rego	PRC
34	Runge Digital Entertainment Integrated Management Platform V1.0 (潤歌數字娛樂統一管理平台 V1.0)	2020SR1617879	20 November 2020	Hangzhou Rego	PRC
35	Electronic Card and Voucher Business Management Mini App Software V1.0 (電子卡券業務管理小程序軟件 V1.0)	2020SR1563132	10 November 2020	Hangzhou Rego	PRC
36	Private Domain Traffic Management Platform V1.0 (私域流量業務管理平台 V1.0)	2020SR1563147	10 November 2020	Hangzhou Rego	PRC

No.	Copyright Name	Registered No.	Date of Registration	Registration Owner	Place of Registration
37	Wechat Marketing Promotion Business Management Platform V1.0 (微信營銷推廣業務管理平台V1.0)	2020SR1530977	29 October 2020	Hangzhou Rego	PRC
38	Life Services Discount Card and Voucher Management Mini App Software V1.0 (生活服務優惠卡券管理小程序軟件V1.0)	2020SR1530976	29 October 2020	Hangzhou Rego	PRC
39	Mutual Entertainment Enjoyment Mini App Portal Platform V1.0 (互娛樂享小程序門戶平台V1.0)	2020SR1530973	29 October 2020	Hangzhou Rego	PRC
40	Rego Rewards Services Platform V1.0 (潤歌權益服務平台V1.0)	2021SR0011619	05 January 2021	Hangzhou Rego	PRC
41	Advertisement Distribution Business Support System V1.0 (廣告分發業務支撐系統V1.0)	2021SR0255127	19 February 2021	Hangzhou Rego	PRC
42	Rego Yueyouqu Game Application Software V1.0 (潤歌悅有趣遊戲應用軟件V1.0)	2021SR0524696	12 April 2021	Hangzhou Rego	PRC
43	Intelligent data distribution system driven by big data V1.0 (大數據驅動下的信息智能分發系統V1.0)	2021SR1346085	8 September 2021	Hangzhou Rego	PRC
44	Mutual entertainment voucher exchange platform V1.0 (互娛話費券兌換平台V1.0)	2021SR1428777	26 September 2021	Hangzhou Rego	PRC
45	Mutual entertainment call charges h5 recharge system V1.0 (互娛話費h5頁面充值系統V1.0)	2021SR1469382	8 October 2021	Hangzhou Rego	PRC
46	Runye life service card operation management platform software V1.0 (潤也生活服務卡券運營管理平台軟件V1.0)	2021SR1618053	2 November 2021	Hangzhou Rego	PRC
47	Rich media distribution platform V1.0 (富媒體分發平台V1.0)	2021SR1618052	2 November 2021	Hangzhou Rego	PRC
48	Rego local news application software V1.0 (潤歌路客新聞應用軟件V1.0)	2021SR0524647	12 April 2021	Hangzhou Rego	PRC
49	Local news application software (路客新聞應用軟件V2.0)	2021SR0880561	11 June 2021	Hangzhou Rego	PRC
50	Rego advertisement management platform V1.0 (潤歌廣告管理平台V1.0)	2021SR1193167	12 August 2021	Hangzhou Rego	PRC
51	Rego advertisement business operation platform V1.0 (潤歌廣告業務運營平台V1.0)	2021SR1228167	19 August 2021	Hangzhou Rego	PRC
52	Rego mutual entertainment private data management system V1.0 (潤歌互娛私域流量管理系統V1.0)	2021SR1193168	12 August 2021	Hangzhou Rego	PRC
53	Rego mutual entertainment private data mini program V1.0 (潤歌互娛私域流量小程序V1.0)	2021SR1193169	12 August 2021	Hangzhou Rego	PRC

No.	Copyright Name	Registered No.	Date of Registration	Registration Owner	Place of Registration
54	Members' recharge management platform based on micro service framework V1.0 (基於微服務框架的會員充值管理平台V1.0)	2022SR0465751	13 April 2022	Hangzhou Rego	PRC
55	Rego mutual entertainment electronic fee recharge management system V1.0 (潤歌互娛電費充值管理系統V1.0)	2022SR0465756	13 April 2022	Hangzhou Rego	PRC
56	Gaming services management platform V1.0 (遊戲服務管理平台V1.0)	2022SR0699449	6 June 2022	Hangzhou Rego	PRC
57	Welfare lottery industry points and lottery standardisation platform V1.0 (福彩行業積分兌彩標準化平台V1.0)	2022SR1160911	17 August 2022	Hangzhou Rego	PRC
58	Group BR big data operation system (集團BR大數據運營系統)	2022SR1289679	25 August 2022	Hangzhou Rego	PRC
59	Tiantai WIFI Security Control Certification System V1.0 (天泰WIFI安全控制認證系統V1.0)	2020SR0250142	13 March 2020	Xi'an Tiantai	PRC
60	Tiantai Smart Hall Space Management System V1.0 (天泰智能大廳空間管理系統V1.0)	2020SR0249948	13 March 2020	Xi'an Tiantai	PRC
61	Tiantai Smart Hall Dynamic Broadcast System V1.0 (天泰智能大廳動態播報系統V1.0)	2020SR0249960	13 March 2020	Xi'an Tiantai	PRC
62	Tiantai Secure Access Terminal Physical Positioning Management System V1.0 (天泰安全接入終端物理定位管理系統V1.0)	2020SR0250101	13 March 2020	Xi'an Tiantai	PRC
63	Tiantai Terminal Management System Software V1.0 (天泰終端管理系統軟件V1.0)	2020SR0250247	13 March 2020	Xi'an Tiantai	PRC
64	Tiantai Secure Access Terminal 5G Communication System V1.0 (天泰安全接入終端5G通訊系統V1.0)	2020SR0250794	13 March 2020	Xi'an Tiantai	PRC
65	Tiantai Smart Hall Face Recognition System V1.0 (天泰智能大廳人臉識別系統V1.0)	2020SR0249954	13 March 2020	Xi'an Tiantai	PRC
66	Tiantai Smart Hall Member Management System V1.0 (天泰智能大廳會員管理系統V1.0)	2020SR0249943	13 March 2020	Xi'an Tiantai	PRC
67	Tiantai Secure Access Terminal Mobile Phone Hot Spot Management System V1.0 (天泰安全接入終端手機熱點管理系統V1.0)	2020SR0250096	13 March 2020	Xi'an Tiantai	PRC
68	Tiantai Log Audit System V1.0 (天泰日誌審計系統V1.0)	2020SR0250286	13 March 2020	Xi'an Tiantai	PRC

No.	Copyright Name	Registered No.	Date of Registration	Registration Owner	Place of Registration
69	Tiantai Secure Access Terminal 4G Communication System V1.0 (天泰安全接入終端4G通訊系統V1.0)	2020SR0250091	13 March 2020	Xi'an Tiantai	PRC
70	Tiantai Operations Monitoring Software V5.0 (天泰運維監控軟件V5.0)	2019SR1111032	1 November 2019	Xi'an Tiantai	PRC
71	Tiantai Application Control Engine Software V5.0 (天泰應用控制引擎軟件V5.0)	2019SR1111040	1 November 2019	Xi'an Tiantai	PRC
72	Tiantai Access Certification Software V5.0 (天泰接入認證軟件V5.0)	2019SR1111429	1 November 2019	Xi'an Tiantai	PRC
73	Tiantai Secure Communication Access Software V5.0 (天泰安全通信接入軟件V5.0)	2019SR1111035	1 November 2019	Xi'an Tiantai	PRC
74	Tiantai Network Access Engine Software V5.0 (天泰網絡接入引擎軟件V5.0)	2019SR1111434	1 November 2019	Xi'an Tiantai	PRC
75	Tiantai Access Management Software V5.0 (天泰接入管理軟件V5.0)	2019SR1111436	1 November 2019	Xi'an Tiantai	PRC
76	Tiantai Big Data Security Analysis System V1.0 (天泰大數據安全分析系統V1.0)	2019SR1014256	8 October 2019	Xi'an Tiantai	PRC
77	Tiantai Safety Operations Management System V1.0 (天泰安全運維管理系統V1.0)	2019SR1009309	29 September 2019	Xi'an Tiantai	PRC
78	Tiantai Threat Trapping Sensing System V1.0 (天泰威脅誘捕感知系統V1.0)	2019SR1006624	29 September 2019	Xi'an Tiantai	PRC
79	Tiantai Abnormal Flow Detection and Analysis System V1.0 (天泰異常流量檢測分析系統V1.0)	2019SR1007853	29 September 2019	Xi'an Tiantai	PRC
80	Tiantai Auxiliary Ticketing System (Caimin Edition) V1.0 (天泰輔助售票系統(彩民版)V1.0)	2019SR0304088	3 April 2019	Xi'an Tiantai	PRC
81	Tiantai Auxiliary Ticketing System (Station Master) V1.0 (天泰輔助售票系統(站主版)V1.0)	2019SR0304091	3 April 2019	Xi'an Tiantai	PRC
82	Tiantai Lottery Sales System V1.0 (天泰彩票代銷系統V1.0)	2019SR0292540	29 March 2019	Xi'an Tiantai	PRC
83	Tiantai Convenient Payment Terminal System V2.0 (天泰便捷支付終端系統V2.0)	2019SR0292518	29 March 2019	Xi'an Tiantai	PRC
84	Tiantai Convenient Payment System V2.0 (天泰便捷支付系統V2.0)	2019SR0292525	29 March 2019	Xi'an Tiantai	PRC
85	Tiantai Electronic Cash Register System V1.0 (天泰電子收銀系統V1.0)	2019SR0292512	29 March 2019	Xi'an Tiantai	PRC
86	Tiantai Electronic Selection Single System V1.0 (天泰電子選號單系統V1.0)	2019SR0292546	29 March 2019	Xi'an Tiantai	PRC
87	Tiantai Business Balance Software V1.0 (天泰業務均衡軟件V1.0)	2018SR1029048	18 December 2018	Xi'an Tiantai	PRC

No.	Copyright Name	Registered No.	Date of Registration	Registration Owner	Place of Registration
88	Tiantai Lottery Run Terminal Sales System V1.0 (天泰彩票兼營終端銷售系統V1.0)	2018SR570002	20 July 2018	Xi'an Tiantai	PRC
89	Tiantai Aggregate Electronic Payment System V1.0 (天泰聚合電子支付系統V1.0)	2018SR570976	20 July 2018	Xi'an Tiantai	PRC
90	Tiantai Lottery Business Sales System V1.0 (天泰彩票兼營業務代銷系統V1.0)	2018SR567891	19 July 2018	Xi'an Tiantai	PRC
91	Tiantai Android Data Encryption Software V1.0 (天泰安卓系統數據加密軟件V1.0)	2018SR568625	19 July 2018	Xi'an Tiantai	PRC
92	Tiantai Wireless Intelligent Operations Management System V1.0 (天泰無線智能運營管理系統V1.0)	2018SR413705	4 June 2018	Xi'an Tiantai	PRC
93	Tiantai Caimin Service Management System V1.0 (天泰彩民服務管理系統V1.0)	2018SR412285	4 June 2018	Xi'an Tiantai	PRC
94	Tiantai Lottery Website Operation Monitoring System V1.0 (天泰彩票站點運維監控系統V1.0)	2018SR414012	4 June 2018	Xi'an Tiantai	PRC
95	Tiantai Smart Self-service Betting Software V1.0 (天泰智能自助投注軟件V1.0)	2018SR413954	4 June 2018	Xi'an Tiantai	PRC
96	Tiantai Applies Traffic Management System V1.0 (天泰應用流量管理系統V1.0)	2018SR369007	22 May 2018	Xi'an Tiantai	PRC
97	Tiantai Centralized Authentication Management System V1.0 (天泰集中身份認證管理系統V1.0)	2018SR351723	17 May 2018	Xi'an Tiantai	PRC
98	Tiantai Cloud Security Service Management System V1.0 (天泰雲安全服務管理系統V1.0)	2018SR351732	17 May 2018	Xi'an Tiantai	PRC
99	Tiantai Information Release System V1.0 (天泰信息發佈系統V1.0)	2018SR155385	9 March 2018	Xi'an Tiantai	PRC
100	Tiantai Integrated Data Analysis System V1.0 (天泰綜合數據分析系統V1.0)	2018SR154967	9 March 2018	Xi'an Tiantai	PRC
101	Tiantai Data Acquisition System Software V1.0 (天泰數據採集系統軟件V1.0)	2018SR155394	9 March 2018	Xi'an Tiantai	PRC
102	Tiantai Safety Monitoring System V1.0 (天泰安全監測系統V1.0)	2018SR051480	23 January 2018	Xi'an Tiantai	PRC
103	Tiantai Applies Audit Analysis System V1.0 (天泰應用審計分析系統V1.0)	2018SR051872	23 January 2018	Xi'an Tiantai	PRC
104	Tiantai Intelligent Wifi Operations Management Software V1.0 (天泰智能wifi運營管理軟件V1.0)	2018SR051491	23 January 2018	Xi'an Tiantai	PRC
105	Tiantai Monitoring Management System V1.0 (天泰監控管理系統V1.0)	2017SR488779	5 September 2017	Xi'an Tiantai	PRC
106	Tiantai Operations Management System V1.0 (天泰運維管理系統V1.0)	2017SR483618	1 September 2017	Xi'an Tiantai	PRC

No.	Copyright Name	Registered No.	Date of Registration	Registration Owner	Place of Registration
107	Tiantai Convenient Payment Terminal System V1.0 (天泰便捷支付終端系統V1.0)	2017SR410593	31 July 2017	Xi'an Tiantai	PRC
108	Tiantai Convenient Payment System V1.0 (天泰便捷支付系統V1.0)	2017SR410600	31 July 2017	Xi'an Tiantai	PRC
109	Tiantai Next-generation Firewall Software V1.0 (天泰下一代防火牆軟件V1.0)	2016SR215061	12 August 2016	Xi'an Tiantai	PRC
110	Tiantai Secure Access Software V2.0 (天泰安全接入軟件V2.0)	2016SR075302	13 April 2016	Xi'an Tiantai	PRC
111	Tiantai Business Balance Software V1.0 (天泰業務均衡軟件V1.0)	2015SR028276	9 February 2015	Xi'an Tiantai	PRC
112	Tiantai Community Information Management System V1.0 (天泰社區信息管理系統V1.0)	2014SR004388	13 January 2014	Xi'an Tiantai	PRC
113	Tiantai Secure Access Software V1.0 (天泰安全接入軟件V1.0)	2013SR036147	22 April 2013	Xi'an Tiantai	PRC
114	Tiantai TSM Security Management Software V1.0 (天泰TSM安全管理軟件V1.0)	2013SR035942	22 April 2013	Xi'an Tiantai	PRC
115	Tiantai TRM Security Registration Certification Software V1.0 (天泰TRM安全註冊認證軟件V1.0)	2013SR036148	22 April 2013	Xi'an Tiantai	PRC
116	Tiantai TRM Security Registration Certification Software V2.0 (天泰TRM安全註冊認證軟件V2.0)	2018SR1031821	18 December 2018	Xi'an Tiantai	PRC
117	Tiantai TSM Security Management Software V2.0 (天泰TSM安全管理軟件V2.0)	2018SR1031801	18 December 2018	Xi'an Tiantai	PRC
118	Tiantai Secure Access Software V4.0 (天泰安全接入軟件V4.0)	2018SR1031791	18 December 2018	Xi'an Tiantai	PRC
119	Tiantai Secure Access Software V3.0 (天泰安全接入軟件V3.0)	2018SR1031811	18 December 2018	Xi'an Tiantai	PRC
120	Tiantai Social Channel Management System V1.0 (天泰社會化渠道管理系統V1.0)	2020SR0250303	13 March 2020	Xi'an Tiantai	PRC
121	Tiantai Safety Assessment and Analysis System V1.0 (天泰安全評估分析系統V1.0)	2020SR0250172	13 March 2020	Xi'an Tiantai	PRC
122	Tiantai Online Behavior Audit System V1.0 (天泰上網行為審計系統V1.0)	2020SR0250298	13 March 2020	Xi'an Tiantai	PRC
123	Tiantai Smart Hall Gateway System V1.0 (天泰智能大廳網關系統V1.0)	2020SR0250253	13 March 2020	Xi'an Tiantai	PRC
124	Tiantai Smart Hall Main Control System V1.0 (天泰智能大廳主控系統V1.0)	2021SR0107803	20 January 2021	Xi'an Tiantai	PRC
125	Tiantai Channel and Outlets Management System V1.0 (天泰渠道網點管理系統V1.0)	2021SR0107813	20 January 2021	Xi'an Tiantai	PRC

No.	Copyright Name	Registered No.	Date of Registration	Registration Owner	Place of Registration
126	Tiantai Transaction Risk Management System V1.0 (天泰交易風控系統V1.0)	2020SR1651472	26 November 2020	Xi'an Tiantai	PRC
127	Tiantai Transaction Funds Monitor System V1.0 (天泰交易資金監管系統V1.0)	2020SR1651471	26 November 2020	Xi'an Tiantai	PRC
128	Tiantai Terminal Verification System V1.0 (天泰終端認證系統V1.0)	2020SR1620426	20 November 2020	Xi'an Tiantai	PRC
129	Tiantai Space Management Data Acquisition System V1.0 (天泰空間管理數據採集系統V1.0)	2020SR1620475	20 November 2020	Xi'an Tiantai	PRC
130	Tiantai Data Panel System V1.0 (天泰數據看板系統V1.0)	2020SR1620476	20 November 2020	Xi'an Tiantai	PRC
131	Tiantai TRM Safety Registration Certification Software V3.0 (天泰TRM安全註冊認證軟件V3.0)	2021SR2018251	8 December 2021	Xi'an Tiantai	PRC
132	Tiantai Socialize Channel Management System V2.0 (天泰社會化渠道管理系統V2.0)	2021SR2018252	8 December 2021	Xi'an Tiantai	PRC
133	Tiantai Application Control Engine Software V6.0 (天泰應用控制引擎軟件V6.0)	2021SR2018239	8 December 2021	Xi'an Tiantai	PRC
134	Tiantai Smart Self-service Betting Software V2.0 (天泰智能自助投注軟件V2.0)	2021SR2012651	7 December 2021	Xi'an Tiantai	PRC
135	Tiantai Terminal Management System Software V2.0 (天泰終端管理系統軟件V2.0)	2021SR2018249	8 December 2021	Xi'an Tiantai	PRC
136	Tiantai Terminal Authentication System V2.0 (天泰終端認證系統V2.0)	2021SR2018250	8 December 2021	Xi'an Tiantai	PRC
137	Tiantai Integrated Business Safety Access System V1.0 (天泰綜合業務安全接入系統V1.0)	2021SR2011711	7 December 2021	Xi'an Tiantai	PRC
138	Tiantai Lottery and Terminal Sales System V2.0 (天泰彩票兼營終端銷售系統V2.0)	2021SR2012700	7 December 2021	Xi'an Tiantai	PRC
139	Runsheng Collection Lottery H5 Web Version of the Software V1.0 (潤升集彩通彩票H5網頁版軟件V1.0)	2018SR654025	16 August 2018	Hangzhou Runsheng	PRC
140	Runsheng Set Lottery APP Software V1.0 (潤升集彩通彩票APP軟件V1.0)	2018SR656271	16 August 2018	Hangzhou Runsheng	PRC
141	Yuncaitong Precision Marketing (SMS) Platform V1.0 (雲彩通精準營銷(短信)平台V1.0)	2017SR040958	13 February 2017	Yuncaitong	PRC
142	Yuncaitong Lottery Integrated Marketing Promotion Platform V1.0 (雲彩通彩票綜合營銷宣傳平台V1.0)	2017SR041366	13 February 2017	Yuncaitong	PRC

4. Domain names

As at the Latest Practicable Date, our Group had registered the following domain names:

<u>No.</u>	<u>Domain Name</u>	<u>Registered Owner</u>	<u>Date of Registration</u>	<u>Expiration Date</u>
1	regopimc.com	Hangzhou Rego	16 January 2018	16 January 2024
2	rungeholding.com	Hangzhou Rego	4 April 2018	4 April 2023
3	regoad.cc	Hangzhou Rego	30 September 2020	30 September 2024
4	regoad.cn	Hangzhou Rego	30 September 2020	30 September 2024
5	regoad.com	Hangzhou Rego	30 September 2020	30 September 2024
6	yiqihecai.com	Hangzhou Rego	8 September 2022	8 September 2023
7	ytmishu.com	Hangzhou Rego	18 December 2012	18 December 2023
8	95rg.cn	Hangzhou Rego	22 April 2021	22 April 2024
9	jicaitong.net	Hangzhou Runsheng	17 January 2018	17 January 2024
10	ransrise.com	Hangzhou Runsheng	23 April 2021	23 April 2024
11	wcaihui.com.cn	Xi'an Tiantai	15 February 2016	15 February 2026
12	cwljianghu.com	Xi'an Tiantai	19 February 2020	19 February 2025
13	xattit.com.cn	Xi'an Tiantai	22 November 2012	22 November 2022
14	xattit.cn	Xi'an Tiantai	22 November 2012	22 November 2022
15	xattit.com	Xi'an Tiantai	13 November 2012	13 November 2022

Save as aforesaid, there are no other trademarks, patents, copyrights, other intellectual or industrial property rights which are material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interest

(1) Interests and short positions of our Directors and the chief executives of our Company in the share capital of our Company and its associated corporations following completion of the Global Offering

Immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the interests or short positions of our Directors and the chief executives of our Company in the Shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, are as follows:

(a) Interest in Share

Name of Director/ Chief Executive	Nature of interest	Number of securities	Approximate percentage of interest in our Company immediately after the Global Offering ⁽¹⁾
Mr. Tian	Interest in controlled corporation (<i>Note 2</i>) Parties acting in concert (<i>Note 5</i>)	750,000,000	75%
Mr. Chen	Interest in controlled corporation (<i>Note 3</i>) Parties acting in concert (<i>Note 5</i>)	750,000,000	75%
Mr. Zhang	Interest in controlled corporation (<i>Note 4</i>) Parties acting in concert (<i>Note 5</i>)	750,000,000	75%

Notes:

- (1) The calculation is based on the total number of 1,000,000,000 Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued under the Over-allotment Option).
- (2) Tanshin Investments will directly hold 450,000,000 Shares in our Company upon the completion of the Global Offering. Tanshin Investments is wholly-owned by Mr. Tian. By virtue of the SFO, Mr. Tian is therefore deemed to have an interest in the Shares held by Tanshin Investments.
- (3) Vicen Investments will directly hold 187,500,000 Shares in our Company. Vicen Investments is wholly-owned by Mr. Chen. By virtue of the SFO, Mr. Chen is therefore deemed to have an interest in the Shares held by Vicen Investments.
- (4) Sprus Investments will directly hold 112,500,000 Shares in our Company. Sprus Investments is wholly-owned by Mr. Zhang. By virtue of the SFO, Mr. Zhang is therefore deemed to have an interest in the Shares held by Sprus Investments.
- (5) Mr. Tian, Mr. Chen and Mr. Zhang are concert parties by virtue of the Acting-in-Concert Agreement. Please refer to the section headed “History, Development and Reorganisation — Common Control by Acting-in-Concert Agreement” in this prospectus for further details of the Acting-in-Concert Agreement.

(2) *Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO*

For information on the persons who will, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, please see “Substantial Shareholders” of this prospectus for further details.

Save as set out above, as at the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such share capital.

2. Particulars of service contracts and letters of appointment

The executive Director has entered into a service contract with our Company for a period commencing on 28 October 2021 for a term of three years subject always to re-election as and when required under the Articles and the provision under the service contract.

Each of the independent non-executive Directors has entered into a letter of appointment with our Company for a period commencing on the prospectus date for a term of three years subject always to re-election as and when required under the Articles and the provision under the letter of appointment.

The director's fees payable by our Company to the relevant Director is subject to increase or reduction as shall be determined or approved by the Board and the Shareholders (as the case may be).

Each of our Directors is entitled to reimbursement from our Company for all necessary and reasonable out-of-pocket expenses properly incurred in connection with the performance and discharge of his/her duties under his/her service contract or letter of appointment (as the case may be).

None of our Directors has entered into any service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

Please see "Directors, Senior Management and Committees — Compensation of Directors and Five Highest Paid Individuals" of this prospectus for further details of our Directors' remuneration.

4. Agency Fees or Commissions Received

The Underwriters will receive an underwriting commission and may receive a discretionary incentive fee in connection with the Underwriting Agreements, as detailed in "Underwriting — Underwriting Commission and Expenses". Save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted by our Group to any person (including our Directors and experts referred to in "— E. Other Information — 10. Qualifications and Consents of Experts" below) in connection with the issue or sale of any capital or security of our Company or any member of our Group within the two years immediately preceding the date of this prospectus.

5. Personal Guarantees

Our Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to our Group.

Save as disclosed in this prospectus, there is no contract or arrangement subsisting at the date of this prospectus in which a Director is materially interested and which is significant in relation to the business of our Group.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) None of our Directors nor any of the experts referred to in “E. Other Information — 10. Qualifications and Consents of Experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of our Group, or are proposed to be acquired or disposed of by, or leased to, any member of our Group.
- (b) Save in connection with the Underwriting Agreements, none of our Directors nor any of the experts referred to in “— E. Other Information — 10. Qualifications and Consents of Experts” below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group.
- (c) None of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).
- (d) Save as disclosed in “Relationship with Controlling Shareholders”, neither the Controlling Shareholders nor our Directors are interested in any business apart from our Group’s business which competes or is likely to compete, directly or indirectly, with the business of our Group.
- (e) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of our Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by our Shareholders on 27 July 2022 and its implementation is conditional on the Listing.

(a) Purpose

The purpose of the Share Option Scheme is to incentivize and reward the Eligible Persons for their contribution to our Group and to align their interests with that of our Company so as to encourage them to work towards enhancing the value of our Company.

(b) Who may participate

The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to an employee (whether full time or part-time) or a director of a member of our Group (“**Eligible Persons**”).

(c) Maximum number of Shares in respect of which options may be granted

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes (the “**Other Schemes**”) of our Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date (the “**Scheme Mandate Limit**”). On the basis of 1,000,000,000 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is 100,000,000 Shares. Options lapsed in accordance with the terms of the Share Option Scheme and any Other Scheme of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Board may, with the approval of the Shareholders in general meeting refresh, the Scheme Mandate Limit provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any Other Schemes of our Company under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of on which the Shareholders approve the refreshment of the Scheme Mandate Limit. Options previously granted under the Share Option Scheme and any Other Schemes of our Company (including those outstanding, canceled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as “refreshed.” The Board may, with the approval of the Shareholders in general meeting, grant options to any Eligible Person specifically identified by them which would cause the Scheme Mandate Limit to be exceeded. Our Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

At any time, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Share Option Scheme and any Other Schemes of our Company to Eligible Persons must not exceed 30% of the total number of Shares in issue from time to time.

The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or independent financial adviser appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of our Company whether by way of capitalization of profits or reserves, rights issue, consolidation or subdivision of shares, or reduction of the share capital of our Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction.

(d) Maximum entitlement of each individual

No options shall be granted to any Eligible Person under the Share Option Scheme and any Other Schemes of our Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including exercised, canceled and outstanding Options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the Shares in issue at such date.

Any further grant of options to an Eligible Person in excess of this 1% limit shall be subject to the approval of the Shareholders in general meeting with such Eligible Person and his close associates (or if such Eligible Person is a connected person of our Company, his associates) abstaining from voting. Our Company must send a circular to the Shareholders disclosing the identity of the Eligible Person in question, the number and terms of the options to be granted (and options previously granted to such Eligible Person) and such other information required under the Listing Rules.

The number and terms (including the exercise price) of the options to be granted to such Eligible Person must be fixed before the Shareholders' approval and the date of the Board meeting approving such further grant shall be taken as the date of grant for the purpose of determining the exercise price of the options.

(e) Grant of options to connected persons

Each grant of options to a Director (including an independent non-executive Director) of any member of our Group, chief executive or Substantial Shareholder of our Company, or any of their respective associates, under the Share Option Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

Where any grant of options to a Substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme (including options exercised, canceled and outstanding) to such person in the 12 month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million,

such further grant of options by the Board must be approved by the Shareholders in general meeting (the vote on such approval to be taken on a poll). Any Shareholder who is a connected person of our Company must abstain from voting on the resolution to approve such further grant of options, except that such a connected person may vote against such resolution subject to the requirements of the Listing Rules. Our Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

(f) Acceptance of an offer of options

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the Eligible Person concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Share Option Scheme. An offer of options not accepted within this period shall lapse. An amount of HK\$1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

(g) Option price

Subject to any adjustment made as described in sub-paragraph (u) below, the exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date on which the offer to grant such options is approved by the Board (or where that is not a trading day, the last trading day prior to such date);
- (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date on which the offer to grant such options is approved by the Board; and
- (iii) the nominal value of the Shares.

(h) Duration of Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date, after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.

(i) Time of vesting and exercise of options

Any option shall be vested on an option-holder immediately upon his acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfillment of the vesting conditions (as the case may be). Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remain unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option (the “**Option Period**”).

An option shall be subject to such terms and conditions (if any) as may be determined by the Board and specified in the offer of the option, including any vesting schedule and/or conditions, any minimum period for which any option must be held before it can be exercised and/or any performance target which need to be achieved by an option-holder before the option can be exercised. Such terms and conditions determined by the Board must not be contrary to the purpose of the Share Option Scheme and must be consistent with such guidelines (if any) as may be approved from time to time by the Shareholders.

No option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement.

(j) Restriction on the time of grant of options

A grant of options may not be made after inside information has come to our knowledge until such inside information has been announced as required under the Listing Rules. In particular, no option may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company’s results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

- (ii) the deadline for our Company to publish an announcement of the results for any year, or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

(k) Ranking of the Shares

No dividends (including distributions made upon the liquidation of our Company) will be payable and no voting rights will be exercisable in relation to an option that has not been exercised. Shares allotted and issued on the exercise of an option will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

(l) Restrictions on transfer

Except for the transmission of an option on the death of an option-holder to his personal representatives, neither the option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by any option-holder to any other person or entity. If an option-holder transfers, assigns or disposes of any such option or rights, whether voluntarily or involuntarily, then the relevant option will immediately lapse.

(m) Rights on voluntary resignation

If an option-holder ceases to be an Eligible Person by reason of his voluntary resignation (other than in circumstances where he is constructively dismissed), any outstanding offer of options shall continue to be open for acceptance for such period as determined by the Board at its absolute discretion and notified to such Eligible Person, and all options (to the extent vested but not already exercised) will continue to be exercisable for such period as the Board may determine at its absolute discretion and notify to such Eligible Person on the date of cessation of employment of such Eligible Person.

(n) Rights on termination of employment

If an option-holder ceases to be an Eligible Person by reason of (i) his employer terminating his contract of employment in accordance with its terms or any right conferred on his employer by law, or (ii) his contract of employment, being a contract for a fixed term, expiring and not being renewed, or (iii) his employer terminating his contract for serious or gross misconduct, then any outstanding offer of an option and all options, vested or unvested, will lapse on the date the option-holder ceases to be an Eligible Person.

(o) Rights on death, disability, retirement and transfer

If an option-holder ceases to be an Eligible Person by reason of:

- (i) his death; or
- (ii) his serious illness or injury which in the opinion of the Board renders the option-holder concerned unfit to perform the duties of his employment and which in the normal course would render the option-holder unfit to continue performing the duties under his contract of employment for the following 12 months provided such illness or injury is not self-inflicted; or
- (iii) his retirement in accordance with the terms of an option-holder's contract of employment; or
- (iv) his early retirement by agreement with the option-holder's employer; or
- (v) his employer terminating his contract of employment by reason of redundancy; or
- (vi) his employer ceasing to be a member of our Group or under the control of our Company; or
- (vii) a transfer of the business, or the part of the business, in which the option-holder works to a person who is neither under the control of our Company nor a member of our Group or associated companies of our Company; or
- (viii) if the Board determines in its absolute discretion that circumstances exist which mean that it is appropriate and consistent with the purpose of the Share Option Scheme to treat an option-holder whose options would otherwise lapse so that such options do not lapse but continue to subsist in accordance with (and subject to) the provisions of the Share Option Scheme,

then, any outstanding offer of an option which has not been accepted and any unvested option will lapse and the option-holder or his personal representatives (if appropriate) may exercise all his options (to the extent vested but not already exercised) within a period of three months of the date of cessation of employment. Any option not exercised prior to the expiry of this period shall lapse.

If the Board determines that an option-holder who ceases to be an Eligible Person in circumstances such that his options continue to subsist in accordance with (viii) above:

- (a) is guilty of any misconduct which would have justified the termination of his contract of employment for cause but which does not become known to our Company until after he has ceased employment with any member of our Group; or

- (b) is in breach of any material term of contract of employment (or other contract or agreement related to his contract of employment), without limitation, any confidentiality agreement or agreement containing non-competition or non-solicitation restrictions between him and any member of our Group; or
- (c) has disclosed trade secrets or confidential information of any member of our Group; or
- (d) has entered into competition with any member of our Group or breached any non-solicitation provisions in his contract of employment,

then it may, in its absolute discretion, determine that any unexercised options, vested or not vested, held by the option-holder shall immediately lapse upon the Board resolving to make such determination (whether or not the option-holder has been notified of the determination).

(p) Rights on cessation to be a director

In the event that any director ceases to be a director of any member of our Group, our Company shall, as soon as practicable thereafter, give notice to the relevant option-holder who as a result ceases to be an Eligible Person. Any outstanding offer of an option which has not been accepted and any unvested option will lapse on the date the option-holder ceases to be an Eligible Person. The option-holder (or his personal representative) may exercise all his options (to the extent vested but not already exercised) within a period of three months of the date of the notification by the Board. Any option not exercised prior to the expiry of this period shall lapse.

(q) Rights on a general offer

If as a result of any general offer made to the holders of Shares, the Board becomes aware that the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of our Company has or will become vested in the offeror, any company controlled by the offeror and any person associated with or acting in concert with the offeror (a “**Change of Control**”), the Board will notify every option-holder of this within 14 days of becoming so aware or as soon as practicable after any legal or regulatory restriction on such disclosure no longer applies. Each option-holder will be entitled to exercise his options (to the extent vested but not already exercised) during the period of one month starting on the date of the Board’s notification to the option-holders. All options, vested or unvested, not exercised before the end of such period will lapse.

(r) Rights on company reconstructions

In the event of a compromise or arrangement, our Company shall give notice to all option-holders on the same date as it gives notice of the meeting to the Shareholders or creditors to consider such a compromise or arrangement and each option-holder (or his personal representative) may at any time thereafter, but before such time as shall be notified by our Company, exercise all or any of his options (to the extent vested but not already

exercised), and subject to our Company receiving the exercise notice and the exercise price, our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot, issue and register under the name of the option-holder such number of fully paid Shares which fall to be issued on exercise of such options. Any options, vested or not unvested, not so exercised will lapse.

(s) Rights on winding up

In the event a notice is given by our Company to the Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall on the same date as or soon after we dispatch such notice to the Shareholders give notice thereof to all option-holders and each option-holder (or his personal representative) shall be entitled to exercise all or any of his options (to the extent vested but not already exercised) at any time no later than seven days prior to the proposed general meeting of our Company, and subject to our Company receiving the exercise notice and the exercise price, our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot, issue and register under the name of the option-holder such number of fully paid Shares which fall to be issued on exercise of such options. Any options, vested or not unvested, not so exercised will lapse.

(t) Lapse of option

An option will lapse on the earlier of:

- (i) the expiry of the option period as determined by the Board;
- (ii) the date on which an option-holder is in breach of sub-paragraph (l); or
- (iii) the expiry of the time provided for in the applicable rule where any of the circumstances provided in sub-paragraphs (m) to (s) above apply.

(u) Effect of alteration to share capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalization of profits or reserves, further rights issues of Shares, consolidation or subdivision of shares, or reduction of the share capital of our Company in accordance with applicable laws and regulatory requirements (other than an issue of any share capital as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to the number of Shares, the subject matter of the option (insofar as it is unexercised) and/or the price at which the options are exercisable, as the auditors of our Company or an independent financial adviser appointed by the Board shall certify in writing to the Board to be in their opinion fair and reasonable. Notice of any adjustments shall be given by our Company to an option-holder.

Any such adjustments shall be made on the basis that an option-holder shall have the same proportion of the issued share capital of our Company as that to which he was entitled before such adjustment. No such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of our Company for which any option-holder would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustments.

The auditors of our Company or the independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the Note to paragraph 17.03(13) of the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the “Supplemental Guidance on Main Board Listing Rule 17.03(13) and the Notice immediately after the Rule” attached to the letter of the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes), except where such adjustment is made on a capitalization issue.

The capacity of the auditors or independent financial advisers is that of experts and not of arbitrators and their certification shall be final and binding on our Company and the option-holders in the absence of fraud or manifest error. The costs of the auditors or independent financial advisers shall be borne by our Company.

(v) Cancellation of option

Unless the option-holder agrees, the Board may only cancel an option (which has been granted but not yet exercised) if, at the election of the Board, either:

- (i) our Company pays to the option-holder an amount equal to the fair market value of the option at the date of cancellation as determined by the Board at its absolute discretion, after consultation with the auditors of our Company or an independent financial adviser appointed by the Board; or
- (ii) the Board offers to grant to the option-holder replacement options (or options under any other share option scheme of any member of our Group) or makes such arrangements as the option-holder may agree to compensate him for the loss of the option; or
- (iii) the Board makes such arrangements as the option-holder may agree to compensate him for the cancellation of the option.

(w) Termination of the Share Option Scheme

The Share Option Scheme will expire automatically on the day immediately preceding the tenth anniversary of the Listing Date. The Board may terminate the Share Option Scheme at any time without Shareholders’ approval by resolving that no further options shall be granted under the Share Option Scheme and in such case, no new offers to grant options under the Share Option Scheme will be made and any options which have been granted but not yet exercised shall either (i) continue subject to the Share Option Scheme, or (ii) be canceled in accordance with sub-paragraph (v).

(x) Amendments to the Share Option Scheme

The Board may amend any of the provisions of the Share Option Scheme (including amendments in order to comply with changes in legal or regulatory requirements) at any time (but not so as to affect adversely any rights which have accrued to any option-holder at that date), except that amendments which are to the advantage of present or future option-holders in respect of matters contained in Rule 17.03 of the Listing Rules must be approved by the Shareholders in general meeting.

Any amendments to the terms and conditions of the Share Option Scheme which are of a material nature or any amendments to the terms of any options granted may only be made with the approval of the shareholders of our Company save where the amendments take effect automatically under the existing terms of the Share Option Scheme.

Any amendments to the terms of options granted to an option-holder who is a substantial shareholder of our Company or an independent non-Executive Director, or any of their respective associates, must be approved by the Shareholders in general meeting. The resolution to approve the amendment must be taken on a poll and any connected person of our Company must abstain from voting on the resolution to approve such amendment, except that such a connected person may vote against such resolution.

Any change to the authority of the Board in relation to any amendment of the rules of the Share Option Scheme may only be made with the approval of the Shareholders in general meeting.

(y) Conditions of the Share Option Scheme

The adoption of the Share Option Scheme is conditional on:

- (i) the Listing Committee granting (or agreeing to grant) approval (subject to such conditions as the Stock Exchange may impose) for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme; and
- (ii) the commencement of the dealings in the Shares on the Stock Exchange.

If the conditions above are not satisfied on or before the date following six months after the date the Share Option Scheme was conditionally adopted:

- (a) the Share Option Scheme shall forthwith determine;
- (b) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (c) no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the Share Option Scheme or any option.

(z) General

An application has been made to the Listing Committee to the Stock Exchange for the listing of, and permission to deal in, the new Shares which may be issued pursuant to the exercise of the options which may be granted pursuant to the Share Option Scheme.

As of the Latest Practicable Date, no option had been granted or agreed to be granted by our Company pursuant to the Share Option Scheme.

Details of the Share Option Scheme, including particulars and movements of the options granted during each financial year of our Company, and our employee costs arising from the grant of the options will be disclosed in our annual report.

E. OTHER INFORMATION**1. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group in Hong Kong, the Cayman Islands and the PRC.

2. Litigation

Save as disclosed in this prospectus and so far as our Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for a listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to as mentioned in this prospectus (including any Shares which may be issued upon the exercise of the Over-allotment Option and any options under the Share Option Scheme).

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive an aggregate fee of HK\$9.25 million for acting as the sponsor for the Listing.

4. Taxation of Holder of our Shares

(1) Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.13% of the consideration or, if higher, of the value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after 11 February 2006.

(2) Cayman Islands

Under present Cayman Companies Act, there is no stamp duty payable in the Cayman Islands on transfers of shares other than in respect of companies holding any interest in land in the Cayman Islands.

(3) People's Republic of China

We may be treated as a PRC resident enterprise for PRC enterprise income tax purposes as described in “Risk factors — Risk Relating to Conducting Business in China — We may be classified as a PRC resident enterprise for PRC income tax purposes, which could result in unfavourable tax consequences to us and our non-PRC Shareholders.” In that case, distributions to our Shareholders may be subject to PRC withholding tax and gains from dispositions of our Shares may be subject to PRC tax. Please see “Risk Factors — Risk Relating to Conducting Business in China — If we receive dividends from our subsidiaries in the PRC, such dividends may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our Shareholders.” for further details.

(4) Consultation with professional advisors

Potential investors in the Global Offering should consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and disposing of, or dealing in Shares. It is emphasised that none of us, the Sole Sponsor, the Sole Representative and the Underwriters and their respective directors or any other parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, persons resulting from the application for, or purchasing, holding and disposal of, or dealing in Shares.

5. No material adverse change

Our Directors believe that there has been no material adverse change in the financial or trading position since 30 April 2022 (being the date on which the latest audited consolidated financial statements of our Group were made up).

6. Tax and other indemnities

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favour of our Company (for ourselves and as trustee for each of our subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters, (i) taxation or taxation claims resulting from income, profits or gains earned, accrued or received, any late charges and penalties incurred as a result of tax filing matters as well as any estate duty to which any member of our Group may be subject and payable on or before the Listing Date, and (ii) any non-compliance with applicable regulations in Hong Kong, PRC and other relevant jurisdictions by any Group member on or before the date when the Global Offering becomes unconditional, save, among others, (a) to the extent that specific provision or reserve has been made for such taxation in the audited consolidated financial statements of our Group as set out in Appendix I; (b) to the extent that the liability for such taxation would not have arisen but for any act or omission of, or delay by, any member of our Group after the Listing Date; and (c) to the extent such loss arises or is incurred only as a result of a retrospective change in law or regulations or the interpretation or practice thereof by any relevant authority coming into force after the Listing Date.

7. Registration Procedures

The register of members of our Company will be maintained in the Cayman Islands by Harneys Fiduciary (Cayman) Limited and a Hong Kong Branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share register in Hong Kong and may not be lodged in the Cayman Islands.

8. Preliminary Expenses

The total preliminary expenses relating to the incorporation of our Company are approximately HK\$23,400 and are payable by our Company.

9. Promoter

Our Company has no promoter. Save as disclosed above, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given to the promoters in connection with the Global Offering or the related transactions described in this prospectus.

10. Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this prospectus are as follows:

Name of Expert	Qualification
CMBC International Capital Limited	Licensed under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Harney Westwood & Riegels	Legal advisers to our Company as to Cayman Islands law
Zhong Lun Law Firm	Legal advisers to our Company as to PRC law
BDO Limited	Certified public accountants
Shanghai iResearch Co., Ltd	Independent industry consultant

Each of the experts above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion therein of its report, letter and/or opinion, all of which are dated the date of this prospectus and made for incorporation in this prospectus, and all references to its name and address included herein in the form and context in which they respectively appear.

Save as disclosed in this prospectus, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all the provisions (other than penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) our Company has no outstanding convertible debt securities or debentures;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Our Company has no founder shares, management shares or deferred shares in the capital of our Company.
- (c) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.
- (d) None of the equity and debt securities of our Company is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought.
- (e) None of the experts set out in “Appendix IV — Statutory and General Information — E. Other Information — 10. Qualifications and Consents of Experts”:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group save in connection with the Underwriting Agreements.
- (f) No company within our Group is presently listed on or dealt in any other stock exchange and no such listing or permission to list is being or is proposal to be sought.

- (g) The English text of this prospectus and the Application Forms shall prevail over their respective Chinese text.
- (h) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) copies of the **GREEN** Application Forms; and
- (b) the written consents referred to in the section headed “Statutory and General Information — E. Other Information — 10. Qualifications and Consents of Experts” Appendix IV to this prospectus; and
- (c) copies of the material contracts referred to in the section headed “Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts” in Appendix IV to this prospectus.

DOCUMENTS ON DISPLAY

Copies of the following documents will be available on display on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.regopimc.com) for a period of 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Accountants’ Reports and the reports on the unaudited pro forma financial information prepared by BDO Limited, the text of which are set out in “Appendix I — Accountants’ Report”, and “Appendix II — Unaudited Pro Forma Financial Information”;
- (c) the audited consolidated financial statement of the Group for the three years ended 31 December 2021 and the four months ended 30 April 2022;
- (d) the letter from Harney Westwood & Riegels, the Company’s Cayman Islands legal adviser, in relation to the summary of certain aspects of the Cayman Companies Act referred to in “Appendix III — Summary of the Constitution of the Company and Cayman Companies Act”;
- (e) the Cayman Companies Act;

- (f) the PRC legal opinions issued by Zhong Lun Law Firm, the Company's legal advisers as to PRC law, in respect of certain general corporate matters and property interest of our Group;
- (g) the industry report prepared by iResearch;
- (h) the service contracts and letters of appointment referred to in "Appendix V — Statutory and General Information — C. Further Information About our Directors and Substantial Shareholders — 2. Particulars of service contracts and letters of appointment";
- (i) the material contracts referred to in "Appendix V — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts"; and
- (j) the written consents referred to in "Appendix V — Statutory and General Information — E. Other Information — 10. Qualifications and Consents of Experts".



潤歌互動有限公司
REGO INTERACTIVE CO., LTD