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Post Hearing Information Pack of

Powerwin Tech Group Limited

力盟科技集團有限公司

(the “Company”)

(Incorporated in the Cayman Islands with limited liability)

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POWERWIN TECH GROUP LIMITED

力盟科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] Shares (subject to the [REDACTED])
Number of [REDACTED] : [REDACTED] Shares (subject to adjustment)
Number of [REDACTED] : [REDACTED] Shares (subject to adjustment and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per [REDACTED], plus brokerage of 1.0%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal Value : US\$0.01 per Share
[REDACTED] : [REDACTED]

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EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

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SUMMARY

This summary is intended to provide you with an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read this document, including the appendices, in its entirety before you decide whether to [REDACTED] in the [REDACTED]. There are risks associated with any investment. Some of the particular risks of [REDACTED] in the [REDACTED] are set forth in the section headed “Risk Factors.” You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are a cross-border digital marketing service provider in China ranking third by gross billing in 2021 for cross-border e-commerce with a market share of 6.2%. According to Frost & Sullivan, we were also the fourth largest cross-border digital marketing service provider in China with a market share of 2.7% by gross billing in 2021. Over the years, we have been dedicated to empowering China-based marketers in user acquisition to better promote and connect themselves to customers worldwide while collaborating with major and well-known media publishers in helping them explore monetization opportunities.

For China-based marketers, cross-border digital marketing is the marketing approach to conduct outbound marketing campaigns on online media platforms targeting overseas potential customers by utilizing the Internet marketing technology. According to Frost & Sullivan, for China’s cross-border digital marketing industry, the top three players accounted for 44.4% of the market share in terms of gross billing in 2021. For China’s cross-border digital marketing industry serving e-commerce marketers, the top two players accounted for an aggregate market share of 63.8% in terms of gross billing in 2021, according to Frost & Sullivan.

Capitalizing on our deep understanding of marketers’ evolving needs and prompted by the cross-border digital marketing spending along with the growing demand of China-based enterprises to expand overseas business, we had served more than 1,900 marketers as of September 30, 2022, covering a variety of industry verticals of e-commerce, online games and apps. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, we served a total of 644, 539, 704 and 762 marketers, respectively, for our cross-border digital marketing business. A substantial part of our gross billing during the Track Record Period was attributable to marketers which have been working with us for more than three years in a row, which is longer than the industry average for the cross-border digital marketing industry in China, according to Frost & Sullivan. We have been the digital marketing service provider for a number of high-profile marketers in China, including, according to Frost & Sullivan, (i) the largest cross-border e-commerce marketplace by revenue in 2021, (ii) the largest standalone online shopping platform for women’s apparel by revenue in 2021, (iii) the largest cross-border social networking platform operator by monthly active user in 2021, and (iv) one of the leading online games companies in China.

SUMMARY

We had, as of September 30, 2022, curated and collaborated with 19 major and well-known media publishers globally, including major media publishers such as Media Publisher A, Google, Twitter, TikTok, LinkedIn, YouTube and Snapchat, covering social networking, instant messaging, search engine and short-video media platforms, as well as more than 50 industry-specific media publishers each focusing on a specific niche market. As of September 30, 2022, the media coverage of our services reached more than 240 countries and regions in the world, achieving an aggregate of approximately 594 billion impressions and 15 billion number of clicks, respectively, during the Track Record Period. We have been cooperating with Media Publisher A since 2017 as its reseller, being a first-tier digital marketing agent for Media Publisher A in China. According to Frost & Sullivan, we ranked third among Media Publisher A’s resellers in China in terms of gross billing attributable to Media Publisher A in 2021 and we are among the few resellers for Media Publisher A in China with capabilities to serve marketers across industries.

During the Track Record Period, we derived a substantial part of our revenue from cross-border digital marketing services under which we provided China-based marketers with standardized, customized and/or SaaS-based solutions to address their needs for cross-border marketing endeavors. We had in 2018 launched our AdoradoTM SaaS platform (劍魚出海SaaS平台) to deliver our cross-border digital marketing services to marketers in a more data-driven and automated manner. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our revenue from cross-border digital marketing services was US\$9.5 million, US\$11.7 million, US\$14.3 million, US\$10.1 million and US\$9.6 million, respectively, and our gross billing to marketers, being the total monetary value we charge marketers as their marketing spending for implementation of marketing campaigns on media publishers’ platforms, was US\$357.9 million, US\$477.1 million, US\$610.8 million, US\$468.8 million and US\$337.8 million, respectively.

In November 2021, we also commenced to provide cross-border online-shop SaaS solutions with the pilot launch of our PowershopyTM SaaS platform (動力商城SaaS平台) which enables cross-border e-commerce merchants to build, operate, manage and market their own standalone online shops in an “all-in-one” fashion. Our revenue generated from cross-border online-shop SaaS solutions amounted to US\$31,034 for the year ended December 31, 2021 and US\$603,784 for the nine months ended September 30, 2022.

BUSINESS MODEL

Cross-border Digital Marketing Services

Depending on marketers’ needs and the depths of our services, our cross-border digital marketing services can be categorized into three service types, namely:

- **standardized digital marketing services**, mainly including basic services, such as procurement of media resources (being the ad inventories from the media publishers’ platforms), opening and top-up of media accounts and implementation of marketing campaigns (without customized marketing strategies or optimization) on media publishers’ platforms;

SUMMARY

- **customized digital marketing services**, mainly including targeted marketing strategies and plan, marketing campaign content design, customized marketing campaign optimization, online shops optimization, campaign monitoring and management and execution of overall user acquisition; and
- **SaaS-based digital marketing services**, mainly including optimization and implementation of marketing campaigns in a more intelligent and automated manner through our Adorado SaaS platform, comprising a basic version mainly for SMB marketers and an advanced version mainly for large-scale marketers.

We provide standardized digital marketing services to all our marketers for cross-border digital marketing, which serve their basic needs for access to target global audience through media publishers. On top of standardized digital marketing, we may offer marketers additional value-added services in the form of our customized or SaaS-based digital marketing services addressing their more sophisticated and differentiated user acquisition and digital marketing needs. Therefore, there are three service scenarios when a marketer comes to us for cross-border digital marketing services whereby we provide to the marketer (i) standardized digital marketing services only; (ii) standardized digital marketing services and customized digital marketing services as a package; or (iii) standardized digital marketing services and SaaS-based digital marketing services as a package. For further details, see “Business – Business Model of Cross-border Digital Marketing – Service Scopes.”

Our cross-border digital marketing services are provided by our dedicated and professional team comprising, among others, our integrated marketing experts, optimizers, creative designers, sales managers, business operation managers, quality assurance specialists and technical support staff. For further details, see “Business – Business Model of Cross-border Digital Marketing – Dynamic Team.”

The following table sets forth the breakdown of revenue from our cross-border digital marketing business by service type for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
Standardized digital marketing	6,087	63.9	7,153	61.2	7,764	54.3	5,500	54.3	5,661	59.2
Customized digital marketing	2,250	23.6	2,950	25.3	3,827	26.7	3,088	30.5	2,496	26.1
SaaS-based digital marketing	1,194	12.5	1,583	13.5	2,724	19.0	1,536	15.2	1,410	14.7
Total	9,531	100.0	11,686	100.0	14,315	100.0	10,124	100.0	9,567	100.0

SUMMARY

The following table sets forth a summary of the different cross-border digital marketing services we provide:

	Standardized	Customized	SaaS-based
Service Type	Basic services for all marketers	Additional value-added services for some marketers provided by our seasoned dynamic team	Additional value-added services for some marketers utilizing our Adorado SaaS platform
Main Service Scope	<ul style="list-style-type: none"> • Procurement of media resources for implementation of marketing campaigns on media publishers’ platforms • Management of marketers’ media accounts on media publishers’ platforms 	<ul style="list-style-type: none"> • Customized marketing strategies and optimization • Taking charge of marketers’ overall online user acquisition strategies and execution 	<ul style="list-style-type: none"> • Optimization and implementation of marketing campaigns on a large scale via our Adorado SaaS platform in a more automatic and intelligent manner
Pricing Model for Marketers	Gross billing to marketers is determined primarily on a CPM basis, with the remaining on a CPC basis		
Pricing Model of Media Publishers	Gross spending with media publishers is determined primarily on a CPM basis, with the remaining on a CPC basis	N/A ⁽¹⁾	N/A ⁽¹⁾
Revenue Model	Revenue recognized on a net basis; Net-basis revenue = net billing to marketers ⁽²⁾ – net spending with media publishers ⁽³⁾	Revenue recognized in the form of service fees; Service fees = gross billing X service fee rate	Revenue recognized in the form of service fees; Service fees = gross billing X service fee rate

SUMMARY

	Standardized	Customized	SaaS-based
Rebates from Media Publishers	Extended by media publishers (or their resellers or agents) which are determined based on the gross spending with media publishers	N/A	N/A
Incentives to Marketers	We may, out of the rebates we receive from media publishers (or their resellers or agents), offer incentives to marketers which are determined based on the gross billing to such marketers	N/A	N/A

Notes:

- (1) Pricing model of media publishers is not applicable to our customized and SaaS-based digital marketing services because such services, as additional value-added services on top of our standardized digital marketing, do not involve procurement of media resources from media publishers’ platforms.
- (2) Net billing to marketers equals to gross billing to marketers minus applicable incentives to marketers.
- (3) Net spending with media publishers equals to gross spending with media publishers minus applicable rebates from media publishers.

Gross billing is the total monetary value we charge marketers as their marketing spending for implementation of marketing campaigns on media publishers’ platforms, and gross spending is the total monetary value we place with media publishers as marketing spending for procurement of media resources, i.e., ad inventories from media publishers, in conducting marketers’ marketing campaigns. For both the gross billing and gross spending, we primarily adopt the CPM, or cost per mille, pricing model and, on a more limited basis, the CPC, or cost per click, pricing model. The CPM or CPC pricing of our marketing campaigns is generally determined by the real time quotation of the ad inventory from the media publishers’ platforms.

During the Track Record Period, we generated the revenue from standardized digital marketing services on a net basis whereby (i) we charge gross billing to our marketers and extend applicable incentive (if any) to them, net result of which is regarded as our “net billing”; and (ii) we place gross spending with media publishers’ platforms and receive applicable rebates (if any) from media publishers (or their resellers or agents), net result of which is regarded as our “net spending”. The difference between our net billing and net spending is accounted for as our revenue from standardized digital marketing services. For further details, see “Business – Business Model of Cross-border Digital Marketing – Revenue Models – Revenue Model of Standardized Digital Marketing.”

SUMMARY

We do not take on any inventory risk as we do not purchase the ad inventory in advance from media publishers for reselling to our marketers. We only need to pay the media publishers for the ad inventories once the marketing campaigns have been implemented.

We receive rebates from media publishers (or their resellers or agents) which is in line with customary industry practices, according to Frost & Sullivan. Such rebates are progressive rates which are determined by the media publishers, or their resellers or agents (as the case may be), by taking into account a combination of factors such as (i) our gross spending expected to be incurred based on our historical performance, (ii) various KPIs linked to different types of marketers converting activity and new marketer acquisition, (iii) the adoption of different types and formats of ad inventories from media publishers, and (iv) the quality of marketers’ marketing campaigns. Such progressive rates vary from one media publisher to another. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our average rebate rate (“**Average Rebate Rate**”), being total rebates for the relevant year or period divided by total gross spending to media publishers for the relevant year or period, was 9.5%, 9.6%, 9.5%, 9.5% and 9.6%, respectively.

We may incentivize our marketers for engaging our digital marketing services by giving them some incentives, which is in line with customary industry practices according to Frost & Sullivan. The rates of incentives we give to marketers are progressive rates which are pre-agreed between us and the marketers based on a spectrum of factors including (i) the estimated gross billing to the marketers, (ii) the industry sector the marketer belongs to, (iii) the scope and depth of services we provide, (iv) the applicable rebates we receive from media publishers’ platforms, and (v) the relevant marketer’s history of compliance with media policies. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our average incentive rate (“**Average Incentive Rate**”), being total incentives for the relevant year or period divided by total gross billing to marketers for the relevant year or period, was 8.0%, 8.2%, 8.3%, 8.3% and 8.0%, respectively. Our Average Incentive Rate increased from 8.0% in 2019 to 8.3% in 2021 primarily due to (i) the increase in gross billing contribution from Marketer A to whom we tend to offer relatively higher incentive rate, and (ii) our strategy of increasing incentive rates to certain marketers, primarily online games marketers during such periods, to maintain our market competitiveness. Our Average Incentive Rate subsequently decreased from 8.3% for the nine months ended September 30, 2021 to 8.0% for the nine months ended September 30, 2022 mainly as a result of the increase in gross billing contribution from SMB marketers to which we tended to grant lower incentive rate (or sometimes even no incentives upon first engaging).

For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our net rebate rate (“**Net Rebate Rate**”), being the difference between our Average Rebate Rate and Average Incentive Rate for the relevant year or period, was 1.5%, 1.4%, 1.2%, 1.2% and 1.6%, respectively. The decrease in our Net Rebate Rate from 2019 to 2021 was primarily due to the increase in our Average Incentive Rate as explained above. The increase in our Net Rebate Rate from 1.2% for the nine months ended September 30, 2021 to 1.6% for the nine months ended September 30, 2022 was mainly the result of a decrease in Average Incentive Rate over such period for the reasons as explained above.

SUMMARY

The customized and SaaS based digital marketing services are value-added services we provide on top of our standardized digital marketing services which provide more choices for our marketers. We generate revenue from both of these services in the form of service fee from marketers. Such service fee is calculated based on the gross billing to the marketers and the adopted service fee rates by taking into account our discussions with the marketers and factors such as the complexity of the marketing campaigns, our cost of labor and depth of technical support needed for provision of such services.

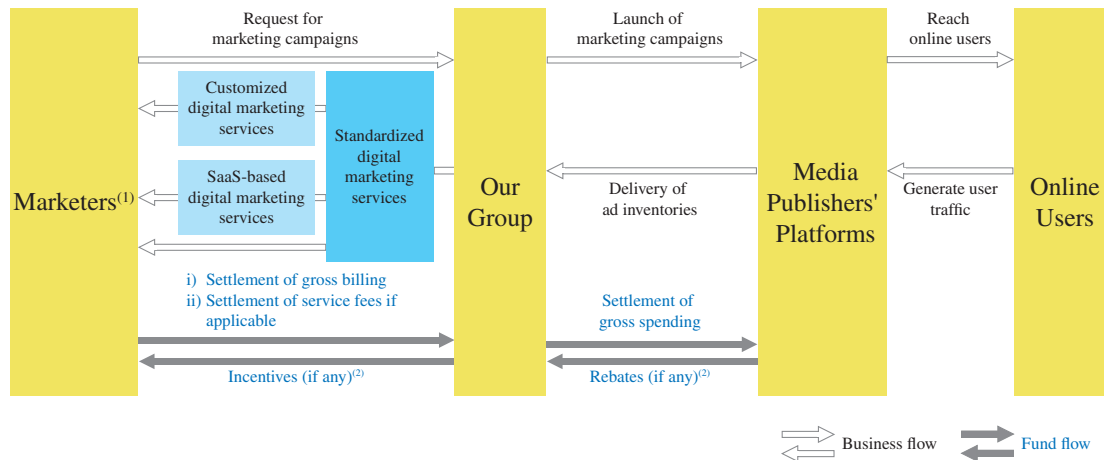
The customized digital marketing services are a selection of service offerings, including target market and consumer behavior analysis, media strategies and coverage plan, marketing campaign content design, advertisement optimization and management, performance tracking and evaluation. Sometimes our team may be asked by the marketers to help them evaluate and improve the efficiency of their online shops. These services are conducted by our professional team bringing more convenience to our marketers with enhanced customer experience.

We provide SaaS-based digital marketing services through our Adorado platform which is based on big data and AI technologies for marketing campaigns to be delivered and optimized automatically, intelligently and simultaneously in large volume and velocity. Marketers can conveniently initiate large-scale marketing campaign, achieve non-stop optimization operation with close monitoring of the campaign’s results around the clock without the need for extensive human involvement. Our Adorado platform also provides full-chain automation services to SMB marketers with the functions such as easy choosing of media, targeted market and products, marketing optimization and result reporting. For further details on the differences between our Adorado platform (including its basic and advanced versions) and our customized digital marketing services, see “Business – Business Model of Cross-border Digital Marketing – Service Scopes – Service Scope of SaaS-based Digital Marketing – Differences between Adorado and Customized Digital Marketing Services.”

For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our revenue from cross-border digital marketing services was US\$9.5 million, US\$11.7 million, US\$14.3 million, US\$10.1 million and US\$9.6 million, respectively, and our gross billing to marketers was US\$357.9 million, US\$477.1 million, US\$610.8 million, US\$468.8 million and US\$337.8 million, respectively. The difference in amounts between the gross billing and the revenue from cross-border digital marketing services is primarily attributable to the following reasons: (1) the revenue of our standardized digital marketing services is recognized on a net basis as the difference between the net gross billing to marketers and the net spending with media publishers, which represents a relatively small percentage of the gross billing; and (2) the revenue from our customized and SaaS-based digital marketing services is recognized in the form of service fees which represent only a percentage of the gross billing to relevant marketers.

SUMMARY

The following diagram illustrates the general business flow (comprising flows of business actions and fund) of our cross-border digital marketing services:



Notes:

- (1) Our marketers mainly include e-commerce merchants and platforms, online games developers and publishers, and app developers and operators.
- (2) We may, out of the rebates we receive from media publishers (or their resellers or agents), offer incentives to marketers. We generally receive rebates before we grant any such incentives to our marketers.

During the Track Record Period, our marketers were primarily from the cross-border e-commerce industry with generally around 70% of our gross billing attributable to marketing campaigns conducted for cross-border e-commerce. For details on our marketers, see “Business – Business Model of Cross-border Digital Marketing – Marketers.”

Reliance on Media Publisher A

Media Publisher A, established in 2004 in the United States, is the world’s leading online social media platform operator and a dominant digital media content provider. As of the Latest Practicable Date, Media Publisher A was listed on Nasdaq Stock Market LLC with a market capitalization of US\$465.4 billion. Media Publisher A primarily offers advertising services to marketers globally by displaying marketing products on platforms including its own and third-party affiliated websites and mobile applications. According to Frost & Sullivan, Media Publisher A works with marketers in China generally through advertising agencies and resellers and accounted for the largest market share of 46.6% in China’s cross-border digital marketing industry in terms of gross billing in 2021, which, together with Google represented in aggregate more than 80% of such market share. During the Track Record Period, Media Publisher A was our largest media publisher and our gross spending with it was US\$355.7 million, US\$472.7 million, US\$608.0 million and US\$336.1 million for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively, accounting for 99.6%, 99.2%, 99.6% and 99.6% of our total gross spending for the respective periods. We became a reseller in China for Media Publisher A since 2017.

SUMMARY

According to Frost & Sullivan, it is quite common for cross-border digital marketing service providers, in particular major players in China such as us, to work mainly with one to two media publishers, especially top ones such as Media Publisher A, for acquiring user traffic and conducting cross-border digital marketing campaigns, which is mainly out of the need of the type of marketers served by digital marketing service providers and due to the dominant market leadership and market share of such top media publishers. For further details on our cooperation with Media Publisher A, see “Business – Business Model of Cross-border Digital Marketing – Media Publishers – Our Relationship with Media Publisher A” and “Risk Factors – Risks Relating to Our Business and Industries – Media Publisher A was our single largest media publisher during the Track Record Period. If we fail to maintain our business relationship with Media Publisher A or develop relationship with new media publishers, or if we violate the policies of Media Publisher A and are suspended from conducting business with them, or if Media Publisher A fails to develop at a desired pace or loses its leading market position or popularity, our business operations and financial results would be materially and adversely affected.”

Cross-border Online-shop SaaS Solutions

We provide cross-border online-shop SaaS solutions to customers through Powershopy, our proprietary SaaS platform launched in November 2021 which serves cross-border e-commerce merchants in China for the set-up, operation and digital marketing of their own standalone online shops as opposed to online shops operated on third-party e-commerce platforms. We generate revenue from cross-border online-shop SaaS solutions by charging our customers: (i) a fixed amount of a monthly subscription fee for the use of our platform; and/or (ii) a commission representing a pre-determined percentage of the GMV generated by our customers through our Powershopy platform. We started to generate revenue from cross-border online-shop SaaS solutions business in the fourth quarter of 2021 amounting to US\$31,034 for the year ended December 31, 2021, all of which represented monthly subscription fees for our Powershopy platform. Our revenue from cross-border online-shop SaaS solutions amounted to US\$603,784 for the nine months ended September 30, 2022, the majority of which represented monthly subscription fees for our Powershopy platform and the remaining represented the aforementioned commissions.

STRENGTHS AND STRATEGIES

We believe that the following strengths have contributed to our success: (i) a cross-border digital marketing service provider in China with advantages in serving the cross-border e-commerce industry and capabilities providing SaaS-based solutions across the digital marketing value chain; (ii) customer-needs oriented and diversified solutions for cultivating a well-established network of marketers for better business development; (iii) Adorado and Powershopy SaaS-based platforms delivering one-stop intelligent cross-border solution to customers with better synergies for our businesses; (iv) empowered by a broad and quality global media network and a conducive collaboration model; (v) a management team with forward-looking vision and extensive industry experience. For more information, see “Business – Strengths.”

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We plan to implement the following strategies: (i) continue to optimize and upgrade our Adorado and Powershopify platforms; (ii) expand marketer coverage, broaden sales channels, and enhance brand reputation; (iii) establish our global business network and strengthen our capabilities to provide localization services in overseas markets; and (iv) selectively seek opportunities for strategic cooperation and investment. For more information, see “Business – Strategies.”

MAJOR CUSTOMERS AND SUPPLIERS

As of the Latest Practicable Date, our customers were comprised of: (i) marketers for our cross-border digital marketing services, such as e-commerce merchants and platforms, online games developers and publishers, and app developers and operators, substantially all of which were direct marketers as opposed to marketing agents, and (ii) customers for our cross-border online-shop SaaS solutions, all of which were cross-border e-commerce merchants. Our top five customers for the Track Record Period, which were primarily marketers in the e-commerce industry, accounted for 59.2%, 65.2%, 57.4% and 47.9% of our total revenue for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively. For the same periods, our single largest customers, being e-commerce business operators, contributed to 21.6%, 22.7%, 23.2% and 12.9% of our total revenue, respectively.

Our suppliers during the Track Record Period were mainly providers for services including server, research and development, cloud computing, storage capacity and telecommunications. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, purchases from our five largest suppliers, which were primarily server rental providers and research and development outsourced service providers, accounted for 100.0%, 98.7%, 100.0% and 100.0% of our total purchase amount, respectively. For the same periods, our single largest suppliers accounted for approximately 56.1%, 58.7%, 71.0% and 53.8% of our total purchase amount, respectively.

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SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from Appendix I to this document. You should read this summary in conjunction with our consolidated financial information included in Appendix I to this document, including the accompanying notes set forth therein and the information set forth in “Financial Information.”

Summary of Selected Consolidated Statements of Profit or Loss and Other Comprehensive Income Data

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
	<i>(unaudited)</i>									
Revenue	9,531	100.0	11,686	100.0	14,346	100.0	10,124	100.0	10,171	100.0
Cost of sales	(977)	(10.3)	(1,461)	(12.5)	(2,177)	(15.2)	(1,711)	(16.9)	(2,016)	(19.8)
Gross profit	8,554	89.7	10,225	87.5	12,169	84.8	8,413	83.1	8,155	80.2
Administrative expenses	(1,570)	(16.5)	(1,245)	(10.7)	(3,222)	(22.4)	(1,523)	(15.0)	(3,044)	(29.9)
Profit from operations	6,730	70.6	7,796	66.7	7,993	55.7	6,106	60.4	4,374	43.0
Profit before taxation	6,181	64.9	6,953	59.5	6,861	47.8	5,290	52.3	3,136	30.8
Profit for the year/period	5,204	54.6	5,891	50.4	5,775	40.3	4,465	44.1	2,721	26.8

Our gross profit margin was 89.7%, 87.5%, 84.8%, 83.1% and 80.2% for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, respectively. Our overall gross profit margins decreased during the Track Record Period, which was mainly due to (i) the increase in staff cost as a result of the increase in the number of both our business and research and development staff during the Track Record Period, coupled with the considerable increase in the average salaries of these staff particularly from 2019 to 2021; and (ii) the gross loss margin of 203.2% for the year ended December 31, 2021 of our cross-border online-shop SaaS solutions business and its relatively lower gross profit margin of 35.0% for the nine month ended September 30, 2022. The gross loss margin in 2021 was primarily because: (a) we recorded such revenue for a relatively short period of time as we pilot launched our Powershopy platform only in November 2021 when such business was of a relatively smaller scale, and (b) at the outset of such business, we mostly charged subscription fees from our customers without charging any commission from customers’ GMV achieved via our platform. In addition, we also incurred a larger proportion of cost of sales, mainly comprising staff cost, in particular, for research and development staff, and server cost, necessary for initiation of such business and the development of our Powershopy platform

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since its pilot launch. This has also contributed to the gross loss margin in 2021 and the relatively lower gross profit margin for the nine months ended September 30, 2022 of our cross-border online-shop SaaS solutions business.

For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our profit for the year or period was US\$5.2 million, US\$5.9 million, US\$5.8 million, US\$4.5 million and US\$2.7 million, respectively. Our profit for the period decreased from US\$4.5 million for the nine months ended September 30, 2021 to US\$2.7 million for the nine months ended September 30, 2022, primarily due to an increase in administrative expenses (largely as a result of the [REDACTED] of US\$1.2 million incurred for the nine months ended September 30, 2022). Our profit for the year remained relatively stable from 2020 to 2021. Our profit for the year increased from US\$5.2 million in 2019 to US\$5.9 million in 2020, primarily due to an increase in gross profit.

Summary of Selected Consolidated Statements of Financial Position Data

	As of December 31,			As of
	2019	2020	2021	September 30, 2022
	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
Non-current assets	2,061	2,575	2,767	2,854
Current assets	107,525	118,745	147,731	100,906
Current liabilities	105,588	111,492	141,101	99,597
Net current assets	1,937	7,253	6,630	1,309
Total assets less current liabilities	3,998	9,828	9,397	4,163
Non-current liabilities	880	964	738	622
Net assets	3,118	8,864	8,659	3,541

We had net current assets of US\$1.9 million, US\$7.3 million, US\$6.6 million and US\$1.3 million as of December 31, 2019, 2020 and 2021 and September 30, 2022, respectively. Our net current assets decreased significantly from US\$6.6 million as of December 31, 2021 to US\$1.3 million as of September 30, 2022, primarily due to (i) a decrease in trade receivables which was generally in line with a decrease in gross billing together with our accelerated collection of payments from customers, and (ii) a decrease in amounts due from related parties as such amounts from Mr. Li, one of our Controlling Shareholders, were settled by way of a set-off against the dividend payables to Mr. Li. The aforementioned decrease in trade receivables and amounts due from related parties was partially offset by (i) a decrease in bank loans and (ii) a decrease in trade and other payables primarily resulting from a decrease in trade payables to third parties due to a decrease in gross spending with media publishers and a decrease in dividend payables to shareholders. Our net current assets decreased from US\$7.3 million as of December 31, 2020 to US\$6.6 million as of December 31, 2021, primarily due to an increase in trade and other payables mainly resulting from dividend payables, partially

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offset by an increase in trade and other receivables. Our net current assets increased from US\$1.9 million as of December 31, 2019 to US\$7.3 million as of December 31, 2020, primarily due to an increase in cash and cash equivalents, partially offset by an increase in bank loans.

We had net assets of US\$3.1 million, US\$8.9 million, US\$8.7 million and US\$3.5 million as of December 31, 2019, 2020 and 2021 and September 30, 2022, respectively. Our net assets decreased from US\$8.7 million as of December 31, 2021 to US\$3.5 million as of September 30, 2022, primarily due to dividends declared of US\$7.8 million despite a profit for the period of US\$2.7 million for the nine months ended September 30, 2022. Our net assets decreased from US\$8.9 million as of December 31, 2020 to US\$8.7 million as of December 31, 2021, primarily due to dividends declared of US\$6.0 million despite a profit for the year of US\$5.8 million for 2021. Our net assets increased from US\$3.1 million as of December 31, 2019 to US\$8.9 million as of December 31, 2020, which was due to our profit for the year of US\$5.9 million for 2020.

Summary of Selected Consolidated Cash Flow Statements Data

	Year ended December 31,			Nine months ended September 30,	
	2019	2020	2021	2021	2022
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
	<i>(unaudited)</i>				
Net cash (used in)/generated from operating activities	(5,383)	11,977	(28,142)	(17,698)	23,718
Net cash used in investing activities	(347)	(791)	(54)	(43)	(40)
Net cash generated from/(used in) financing activities	15,152	3,752	19,182	24,125	(25,480)
Net increase/(decrease) in cash and cash equivalents	9,422	14,938	(9,014)	6,384	(1,802)
Cash and cash equivalents at the beginning of the year/period	221	9,549	24,434	24,434	15,422
Effect of foreign exchange rate changes	(94)	(53)	2	(43)	(33)
Cash and cash equivalents at the end of the year/period	9,549	24,434	15,422	30,775	13,587

We recorded net cash used in operating activities of US\$5.4 million and US\$28.1 million for the years ended December 31, 2019 and 2021, respectively, which was primarily due to (i) the relatively longer credit terms we granted to our marketers than those granted by media publishers to us; and (ii) an increase in trade receivables, primarily reflecting our business expansion and the extended credit term we granted in 2021 to Marketer A, one of our major customers, from 60 days to 90 days from date of invoice. For more details, see “Risk Factors

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– Risks Relating to Our Business and Industries – We had recorded negative cash flow from operating activities and may be subject to liquidity risks, which could, together with a relatively high debt to equity ratio, constrain our operational flexibility and working capital sufficiency and materially and adversely affect our business, financial condition and results of operations.” and “Financial Information – Liquidity and Capital Resources – Working Capital Sufficiency.”

Key Financial Ratios

	As of/For the year ended December 31,			As of/For the nine months ended
	2019	2020	2021	September 30, 2022
Current ratio	1.02	1.07	1.05	1.01
Return on equity	166.9%	66.5%	66.7%	N/M
Return on total assets	4.8%	4.9%	3.8%	N/M
Gearing ratio	645.0%	281.5%	528.8%	674.3%
Debt to equity ratio	338.7%	5.8%	350.7%	290.6%
Gross profit margin	89.7%	87.5%	84.8%	80.2%
Net profit margin	54.6%	50.4%	40.3%	26.8%

For more information on the calculation formulas of and further discussion on our key financial ratios, see “Financial Information – Key Financial Ratios.”

UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022

The unaudited preliminary financial information as of and for the year ended December 31, 2022 as set out in Appendix III to this document have been agreed with the reporting accountants of our Company following their work under Practice Note 730 (Revised) “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants. For details, see Appendix III to this document.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), our Company will be owned as to (i) [REDACTED] by Lucky Linkage, which is wholly-owned by Ms. Yu; (ii) [REDACTED] by Total Best, which is wholly-owned by Mr. Li; (iii) [REDACTED] by Wealth Express, which is wholly-owned by Mr. Li; (iv) [REDACTED] by Common Excellence, which is indirectly held by the Trustee of the Tranquil Trust through its wholly-owned subsidiary, Total Mice; and (v) [REDACTED] by Into One, which is indirectly held by the Trustee of the Imperial Trust through its wholly-owned subsidiary, Honest Beauty. Ms. Yu is the spouse of Mr. Li. The Tranquil Trust

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is a discretionary trust established by Ms. Yu (as the settlor) and its beneficiaries include Mr. Li and Ms. Yu’s family members. The Imperial Trust is a discretionary trust established by Mr. Li (as the settlor) and its beneficiaries include Ms. Yu and Mr. Li’s family members. Accordingly, Mr. Li, Ms. Yu and the entities controlled by them, being Lucky Linkage, Total Best, Wealth Express, Total Mice, Common Excellence, Honest Beauty and Into One are our Controlling Shareholders upon [REDACTED] for the purpose of the Listing Rules.

RISK FACTORS

Our business faces risks including those set out in the section headed “Risk Factors.” You should read the “Risk Factors” section in its entirety before you decide to [REDACTED] in our [REDACTED]. Some of the major risks that we face are in relation to our relationships with marketers and media publishers in particular with our largest media publisher Media Publisher A, our capabilities to introduce new services and to maintain our technical competitive edge, intense competition in and the growth of our industries and the complex and evolving laws and regulations applicable to us. As different interpretations and standards may be applied for determining the materiality of a risk, you should carefully consider all of the information set out in this document, including the risks and uncertainties described in the section headed “Risk Factors.”

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Developments of Our Business and Financial Performance

For our cross-border digital marketing business, our gross billing for the four months ended January 31, 2023 increased by 8.3% as compared to the period from October 1, 2021 to January 31, 2022, which was primarily due to the increase in our marketers’ marketing spending as a result of the relaxation or elimination of most COVID-19 protective measures by the PRC government from the end of 2022. For our cross-border online-shop SaaS solutions, we had established more than 2,800 standalone online shops for our Powershopy customers as of January 31, 2023. The GMV generated by online-shops established through our Powershopy platform was more than US\$50.6 million for the four months ended January 31, 2023.

As of the Latest Practicable Date, notwithstanding as discussed herein, we did not experience material business disruptions or operating difficulties due to the COVID-19 outbreak. We believe the COVID-19 outbreak had not materially affected our business or our financial performance as of the Latest Practicable Date. For more information on the impact of the outbreak of COVID-19 on our business, see “Business – Impact of the Outbreak of COVID-19 on Our Business.”

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It is expected that approximately US\$1.7 million of [REDACTED] are to be further charged to our consolidated statement of profit or loss and other comprehensive income subsequent to the end of the Track Record Period, which is expected to result in a decrease in our profit for the year ended December 31, 2022 as compared to that of 2021. For further details, see “– [REDACTED].”

Our Directors have confirmed that, since September 30, 2022 and up to the date of this document, (i) both our cross-border digital marketing and cross-border online-shop SaaS solutions businesses continued to grow and there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the accountants’ report included in Appendix I to this document (the “**Accountants’ Report**”); and (ii) there has been no material adverse change in our business, the industries in which we operate and/or market or regulatory environment to which we are subject.

Recent Developments of Regulatory Environment

The regulatory environment in China has been undergoing a number of recent changes and reforms in various areas including the following aspects:

Regulatory Developments on Cybersecurity and Data Privacy

In recent years, the PRC governmental authorities have promulgated, among others, the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) and the Data Security Law of the PRC (《中華人民共和國數據安全法》) to ensure cybersecurity, data and personal information protection, demonstrating further development of the laws and regulations governing such areas along with reinforcement and tightening of relevant regulatory supervision. Specifically, on December 28, 2021, the CAC, and several other PRC governmental authorities jointly issued the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Cybersecurity Review Measures**”), which took effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, a network platform operator which controls more than one million users’ personal information must report to the cybersecurity review office under the CAC for a cybersecurity review if it seeks to [REDACTED]. Our PRC Legal Advisors are of the view that the term of “[REDACTED]” under the Cybersecurity Review Measures does not encompass [REDACTED] in Hong Kong with respect to the mandatory obligations under cybersecurity review.

In addition, the Cybersecurity Review Measures also stipulate that operators of critical information infrastructure (“**CII**”) procuring network products and services, and network platform operators carrying out data processing activities that affect or may affect national security, shall also be subject to cybersecurity review. As of the Latest Practicable Date, no detailed rules or implementation with respect to the Cybersecurity Review Measures had been

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issued by any PRC government authorities and we had not been informed as a CII operator by any PRC government authorities. For more details of the Cybersecurity Review Measures, see “Regulatory Overview – PRC Regulatory Overview – Regulations Relating to Privacy Protection.”

Furthermore, on November 14, 2021, the CAC published the Regulations on Network Data Security Management (Consultation Draft) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Data Security Regulations**”) for public consultation, which specify that any data processor seeking a [REDACTED] in Hong Kong, which affects or may affect national security, shall apply for cybersecurity review. However, the Draft Data Security Regulations provide no further explanation or interpretation as to what constitutes “affecting national security”. The PRC government authorities may have a broad discretion in the interpretation of “affect or may affect national security”. If (i) we’re engaged in any data processing activities that are deemed to affect or may affect national security under the Cybersecurity Review Measures, or (ii) the Draft Data Security Regulations are fully implemented as-is and the [REDACTED] is deemed to affect or may affect national security, we may be subject to cybersecurity review and failure to conduct such review could result in severe penalties and/or action by the competent government authorities in the PRC. For more details, see “Risk Factors – Risks Relating to Our Business and Industries – Our business is subject to complex and evolving laws and regulations, in particular with respect to cybersecurity, data privacy and information security. 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 and reputation.”

As of the Latest Practicable Date, we had not been involved in any investigations on cybersecurity review made by the CAC and we had not received any inquiry, notice, warning, penalty or sanctions in such respect from the relevant PRC authorities on the above basis. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material information leakage or loss of user data, nor had we been subject to any material fines, administrative penalties, or other sanctions by any relevant regulatory authorities in the PRC in relation to violation of cybersecurity and data protection laws and regulations. In addition, we have implemented and maintained a comprehensive data protection program and strict internal policies, procedures and measures to ensure our compliance practice in data protection. See “Business – Data Protection and Privacy – Data Protection Measures” for details. Moreover, we will (a) closely monitor and assess any regulatory development in relation to cybersecurity and data protection; (b) adjust and optimize our practice in data protection in a timely manner to comply with the new requirements imposed by the new laws and regulations; (c) continuously improve our data security protection technologies and internal control procedures and engage external professional consultants to advise us on cybersecurity and data protection requirements, if needed; and (d) communicate with the local branches of CAC and apply for cybersecurity review if and when required. Based on the foregoing analysis, our PRC Legal Advisors are of the view that we are in compliance with the existing PRC laws and regulations on cybersecurity, data security and personal data protection in all material aspects.

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Based on the foregoing analysis and with the advice of our PRC Legal Advisors, if the Draft Data Security Regulations were implemented in the current form, our Directors do not foresee any material impediments for us to comply with the requirements under the Draft Data Security Regulations in all material aspects, and therefore the Draft Data Security Regulations, if becoming effective in the current form, would not have a material adverse impact on our business operation, financial condition or the proposed [REDACTED] and the [REDACTED]. Furthermore, our PRC Legal Advisors also do not foresee any material impediments for our Group to comply with the relevant requirements in all material aspects if the Draft Data Security Regulations are implemented in their current form considering that (i) most of the regulatory requirements under the Draft Data Security Regulations have already been provided in existing PRC laws and regulations on cybersecurity, data security and personal data protection which our Group had already been in compliance with in all material aspects as of the Latest Practicable Date, with the remaining newly proposed rules under the Draft Data Security Regulations mostly being procedural requirements, such as filing records and submitting reports to relevant authorities, which would not constitute a substantial obstacle for us to comply with; and (ii) our Group is committed to adjusting and optimizing our practice in data protection in a timely manner to comply with new requirements imposed by new laws and regulations regarding cybersecurity and data protection.

Having taken into account the views and analysis of our Directors and the PRC Legal Advisors as described above as well as the due diligence conducted, nothing has come to the attention of the Sole Sponsor which would cause them to disagree with the reasonableness of our Directors’ view that (i) our Directors do not foresee any material impediments for us to comply with the requirements under the Draft Data Security Regulations in all material aspects; and (ii) the Draft Data Security Regulations, if becoming effective in the current form, would not have a material adverse impact on our business operation, financial condition or the proposed [REDACTED] and the [REDACTED].

Regulatory Developments on [REDACTED]

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of Overseas Securities [REDACTED] by Domestic Companies (《境內企業境外[REDACTED]管理試行辦法》) (the “**Trial Measures**”) and five supporting guidelines, which will come into effect on March 31, 2023. According to the Trial Measures, PRC domestic companies that seek to [REDACTED] securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas [REDACTED] by Domestic Companies (《關於境內企業境外[REDACTED]備案管理安排的通知》), which, among others, clarifies that (i) on or prior to the effective date of the Trial Measures, domestic companies that have already submitted valid applications for overseas [REDACTED] but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas [REDACTED]; and (ii) where, before March

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31, 2023, a PRC domestic enterprise’s application for its indirect overseas [REDACTED] has been approved by the overseas regulatory authorities or overseas stock exchanges (for example, a hearing has been passed by the Stock Exchange) but has not completed indirect overseas [REDACTED], a six-month transition period from March 31, 2023 (the “**Transition Period**”) shall be allowed. If the PRC domestic enterprise does not need to re-perform the regulatory procedures for [REDACTED] with the overseas regulatory authorities or overseas stock exchanges and the PRC domestic enterprise completes the overseas [REDACTED] within the Transition Period, it will not be required to file with CSRC for this overseas [REDACTED] immediately until subsequent filing is required to be made such as for refinancing and such an applicant is referred to as a “stock enterprise” (存量企業); if the PRC domestic enterprise needs to re-perform the regulatory procedures for [REDACTED] with the overseas regulatory authorities or overseas stock exchanges (for example, a new [REDACTED] required by the Stock Exchange) or fails to complete overseas [REDACTED] within the Transition Period, it shall file with the CSRC for this overseas [REDACTED].

As advised by our PRC Legal Advisors, we shall be deemed as a stock enterprise and are not required to perform the relevant filing procedures with the CSRC with respect to the [REDACTED] and the [REDACTED] considering that (i) we had passed the [REDACTED] of the Stock Exchange by [REDACTED], and (ii) we had not been required to attend [REDACTED] by the Stock Exchange as of the Latest Practicable Date and expect to complete the [REDACTED] and the [REDACTED] within the Transition Period.

Furthermore, based on legal due diligence and public searches conducted by our PRC Legal Advisors against our PRC subsidiaries, Controlling Shareholders and actual controllers, Directors and senior executives, to the best of our knowledge and as advised by our PRC Legal Advisors, we do not fall within any of the circumstances clearly described and specified in the Trial Measures in which overseas [REDACTED] are prohibited. As of the Latest Practicable Date, we had not received any inquiry, notice, warning, or sanctions regarding the [REDACTED] and the [REDACTED] from the CSRC or any other PRC government authorities with respect to the filing requirement under the Trial Measures.

For more details, see “Regulatory Overview – PRC Regulatory Overview – M&A rules and [REDACTED]” and “Risk Factors – Risks Relating to Conducting Business in China – The approval and/or other requirements of the CSRC or other PRC governmental authorities may be required in connection with the [REDACTED] and the [REDACTED] under PRC rules, regulations or policies.”

Based on the foregoing analysis and with the advice of our PRC Legal Advisors, the Directors do not foresee the Trial Measures to have a material adverse impact on our business operation, financial condition or the proposed [REDACTED] and the [REDACTED].

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Having taken into account the views and analysis of our Directors and the PRC Legal Advisors as disclosed above as well as the due diligence conducted, nothing has come to the attention of the Sole Sponsor that would cause them to cast doubt on the reasonableness of our Directors’ and the PRC Legal Advisors’ views that they do not foresee the Trial Measures to have a material adverse impact on our business operation, financial condition or the proposed [REDACTED] and the [REDACTED].

DIVIDENDS

We declared a dividend of US\$6.0 million in the second half of 2021 and a dividend of US\$7.8 million in January 2022 whereby (i) the dividend payables of US\$10.9 million had been settled in the first half of 2022 by way of a set-off against the other receivables due from Mr. Li in connection with our advances to him pursuant to a set-off arrangement as agreed by our Company and our Controlling Shareholders, and (ii) the dividend payables of US\$1.6 million were settled in the first half of 2022 in cash. The remaining dividend payables of US\$1.3 million as of September 30, 2022 will be settled prior to the [REDACTED]. Other than that, no dividend was declared or distributed by our Company since its incorporation, during the Track Record Period and up to the Latest Practicable Date. Our 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 us in the future. For more information, see “Financial Information – Dividends.”

[REDACTED] STATISTICS

The statistics below are based on the assumption that [REDACTED] are issued under the [REDACTED]:

	Based on the low end of the indicative [REDACTED] of HK\$[REDACTED] per Share	Based on the high end of the indicative [REDACTED] of HK\$[REDACTED] per Share
[REDACTED] of our Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of [REDACTED] is based on [REDACTED] Shares will be in issue immediately following the completion of the [REDACTED] assuming the [REDACTED] is not exercised.
- (2) The unaudited [REDACTED] adjusted net tangible assets per Share is calculated after the adjustments referred to in Part A of Appendix II to this document and on the basis that a total of [REDACTED] Shares are expected to be in issue immediately after the [REDACTED] and the [REDACTED] assuming the [REDACTED] is not exercised and excluding any Shares which may be issued or repurchased by the Company pursuant to the general mandates.

SUMMARY

[REDACTED]

The total [REDACTED] in connection with the [REDACTED] are estimated to be approximately HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] and not taking into account the [REDACTED]), among which, (a) approximately HK\$[REDACTED] is directly attributable to the issuance of Shares and will be charged to equity upon completion of the [REDACTED], (b) approximately US\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) and US\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) had been charged to our consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2021 and the nine months ended September 30, 2022, respectively, and (c) approximately US\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) will be charged to our consolidated statement of profit or loss and other comprehensive income subsequent to the end of the Track Record Period. Our total [REDACTED] account for approximately [REDACTED]% of our [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] and not taking into account the [REDACTED]). The aforementioned estimated [REDACTED] of approximately HK\$[REDACTED] include: (i) [REDACTED]-related expenses (including but not limited to commissions and fees) of approximately HK\$[REDACTED], and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED], which consist of fees and expenses of legal advisors and accountants of approximately HK\$[REDACTED] and other fees and expenses of approximately HK\$[REDACTED]. We believe that the level of such fees and expenses are in line with market level and are not unusually high. The aforementioned [REDACTED] are the latest practicable estimates by us and are provided for reference only and the actual amounts may differ. Based on such an estimate, our Directors expect that the aforementioned [REDACTED] will have an adverse impact on our results of operations for the year ended December 31, 2022.

[REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this document), will be approximately HK\$[REDACTED], after deduction of [REDACTED] fees and commissions and estimated expenses paid and payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised. We intend to use the [REDACTED] of the [REDACTED] for the following purposes assuming the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]): (i) approximately [REDACTED]%, or HK\$[REDACTED], will be used to strengthen our research and development capabilities, in particular AI technology capabilities, data analytics capabilities and improve our information technology infrastructure in connection with the update and iteration of our Adorado and Powershop platforms; (ii) approximately [REDACTED]%, or HK\$[REDACTED], will be used to market our cross-border online-shop SaaS solutions business; (iii) approximately [REDACTED]%, or HK\$[REDACTED], will be used to upgrade our business and internal management systems to cater to our increasing business scale; (iv) approximately [REDACTED]%, or HK\$[REDACTED], will be used to strengthen our capabilities in providing localized services in overseas countries and regions to meet customers’ growing demand for overseas presence and expansion and deepen our global footprint; (v)

SUMMARY

approximately [REDACTED]%, or HK\$[REDACTED], will be used to pursue strategic cooperation or investment opportunities; and (vi) approximately [REDACTED]%, or HK\$[REDACTED], will be used for working capital and general corporate purposes. For more information, see “Future Plans and [REDACTED] – [REDACTED].”

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the following meanings.

“Able Best”	Able Best Investment Group Limited (佳成投資集團有限公司), a company with limited liability incorporated under the laws of BVI on July 8, 2019 and a direct wholly-owned subsidiary of our Company
“affiliate”	with respect to any person, any other person, directly or indirectly, controlling, controlled by or under common control with such person
“AFRC”	Accounting and Financial Reporting Council
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, which was conditionally adopted on March 3, 2023 with effect from the [REDACTED], as amended, supplemented or restated from time to time; see the section headed “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix IV for a summary of the Articles
“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Dingli”	Beijing Dingli Information Technology Co., Ltd.* (北京鼎勵信息技術有限公司), a limited liability company incorporated under the laws of the PRC on December 12, 2018 and an indirect wholly-owned subsidiary of our Company
“Beijing Yingli”	Beijing Yingli Information Consulting Co., Ltd.* (北京贏力信息諮詢有限公司), a limited liability company incorporated under the laws of the PRC on December 9, 2021 and an indirectly wholly-owned subsidiary of our Company
“Board” or “Board of Directors”	the board of directors of our Company
“business day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands

DEFINITIONS

“CAC” Cyberspace Administration of China (國家互聯網信息辦公室)

“CAGR” compound annual growth rate

[REDACTED]

“Cayman Companies Act” or “Companies Act” the Companies Act (As Revised) of the Cayman Islands (Chapter 22, Law 3 of 1961), as consolidated and revised 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

[REDACTED]

DEFINITIONS

“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
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this document only, Hong Kong, Macau and Taiwan
“close associate”	has the meaning ascribed to it under the Listing Rules
“Common Excellence”	Common Excellence International Group Limited, a company with limited liability incorporated under the laws of BVI on October 27, 2021 and one of our Controlling Shareholders
“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”	Powerwin Tech Group Limited (力盟科技集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on June 7, 2019
“Company C”	the third largest cross-border digital marketing service provider in China in terms of gross billing in 2021 according to Frost & Sullivan, and an Independent Third Party of our Group from whom we purchased media resources of media publisher(s) during the Track Record Period
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, with respect to our Company, refers to any of Mr. Li, Ms. Yu, Lucky Linkage, Total Best, Wealth Express, Total Mice, Common Excellence, Honest Beauty and Into One
“core connected person”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	coronavirus disease 2019, a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2 virus)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Deed of Indemnity”	the deed of indemnity dated March 6, 2023 executed by our Controlling Shareholders in favor of our Company (for itself and as trustee for each of its subsidiaries), details of which are set forth in “Statutory and General Information – D. Other information – 2. Tax and other indemnities” in Appendix V
“Deed of Non-competition”	the deed of non-competition dated March 6, 2023 executed by our Controlling Shareholders in favor of our Company (for itself and as trustee for each of its subsidiaries), details of which are set forth in “Relationship with Controlling Shareholders – Deed of Non-Competition”
“Director”	a director of our Company
“EIT”	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》)
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“Family Trusts”	collectively, the Imperial Trust and the Tranquil Trust
“Frost & Sullivan”	Frost & Sullivan International Limited, a market research and consulting company and an Independent Third Party

DEFINITIONS

“Frost & Sullivan Report” a market research report prepared by Frost & Sullivan as commissioned by us for the purpose of this document

“GDP” gross domestic product

[REDACTED]

“Group,” “we,” “our” or “us” our Company and, where appropriate, its subsidiaries or, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors, as the case may be

[REDACTED]

“HKD” or “HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“HKFRSs” Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, amendments and the related interpretations issued by the 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

DEFINITIONS

“Honest Beauty”	Honest Beauty International Group Company Limited, a company with limited liability incorporated under the laws of BVI on September 1, 2021 and one of our Controlling Shareholders
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
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[REDACTED]

DEFINITIONS

“Imperial Trust” the family trust established by Mr. Li as settlor and constituted by the trust deed dated January 4, 2022 and entered into between Mr. Li and the Trustee pursuant to the Reorganization

“Independent Third Party” any entity or person who, to the best knowledge of our Directors, is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

[REDACTED]

“Into One” Into One International Group Limited, a company with limited liability incorporated under the laws of BVI on October 27, 2021 and one of our Controlling Shareholders

[REDACTED]

DEFINITIONS

[REDACTED]

“Latest Practicable Date” March 13, 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

“Legal Counsel” Mr. Lam Vincent C.W., barrister-at-law of Hong Kong

[REDACTED]

“Listing Committee” the listing sub-committee of the board of directors of the Stock Exchange

[REDACTED]

“Listing Rules” the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“Lucky Linkage” Lucky Linkage International Holdings Limited (福聯國際控股有限公司), a company with limited liability incorporated under the laws of BVI on September 18, 2018 and one of our Controlling Shareholders

“Macau” the Macau Special Administrative Region of the PRC

“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 amended and restated memorandum of association of our Company, which was conditionally adopted on March 3, 2023 with effect from the [REDACTED], as amended, supplemented or restated from time to time; see “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix IV to this document for a summary of the Memorandum

DEFINITIONS

“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)
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Li”	Mr. Li Xiang, chairman of the Board, an executive Director and the chief executive officer of our Company, and one of our Controlling Shareholders
“Ms. Yu”	Ms. Yu Lu, an executive Director and the deputy chief operating officer of our Company, and one of our Controlling Shareholders
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

DEFINITIONS

[REDACTED]

“PBOC”	the People’s Bank of China (中国人民银行), the central bank of the PRC
“Powerwin E-commerce”	Powerwin E-commerce Group Limited (力盟跨境電商集團有限公司), a company with limited liability incorporated under the laws of Hong Kong on November 9, 2021 and an indirect wholly-owned subsidiary of our Company
“Powerwin Media”	Powerwin Media Group Co., Limited (力盟傳媒集團有限公司), a company with limited liability incorporated under the laws of Hong Kong on August 26, 2013 and an indirect wholly-owned subsidiary of our Company
“Powerwin Shenzhen”	Powerwin Media (Shenzhen) Co., Ltd.* (力盟傳媒(深圳)有限公司), a limited liability company incorporated under the laws of the PRC on July 9, 2018 and an indirect wholly-owned subsidiary of our Company
“PRC government”	the government of the PRC, including all governmental sub-divisions such as provincial, municipal and other regional or local government entities
“PRC Legal Advisors”	Jingtian & Gongcheng, the PRC legal advisors of our Company

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act
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DEFINITIONS

“Renminbi” or “RMB”	Renminbi yuan, the lawful currency of the PRC
“Reorganization”	the reorganization arrangements undergone by us in preparation for the [REDACTED], details of which are set forth in “History, Reorganization and Corporate Structure – Reorganization”
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), formerly known as the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SCNPC”	the Standing Committee of the National People’s Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
“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”	an ordinary share in the share capital of our Company with a nominal value of US\$0.01 each
“Share Subdivision”	the subdivision of issued and unissued Shares of our Company with nominal value of US\$1.00 each into 100 Shares of US\$0.01 each, the details of which are set out in “History, Reorganization and Corporate Structure – Our corporate history – Our Company”
“Shareholder”	a holder of our Shares
“Sole Sponsor”	GF Capital (Hong Kong) Limited, a licensed corporation under the SFO permitted to conduct type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
“STA”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)

DEFINITIONS

[REDACTED]

“State Council” the State Council of the PRC (中華人民共和國國務院)

[REDACTED]

“subsidiary” has the meaning ascribed to it under the Listing Rules

“substantial shareholder” has the meaning ascribed to it under the Listing Rules

“Total Best” Total Best International Group Limited (匯好國際集團有限公司), a company with limited liability incorporated under the laws of BVI on September 18, 2018 and one of our Controlling Shareholders

“Total Mice” Total Mice International Group Company Limited, a company with limited liability incorporated under the laws of BVI on September 1, 2021 and one of our Controlling Shareholders

“Track Record Period” the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022

“Tranquil Trust” the family trust established by Ms. Yu as settlor and constituted by the trust deed dated January 4, 2022 and entered into between Ms. Yu and the Trustee pursuant to the Reorganization

“Trustee” HSBC International Trustee Limited, a company with limited liability incorporated under the laws of BVI, being the trustee of each of the Imperial Trust and the Tranquil Trust

“USD”, “U.S. dollars” or “US\$” United States dollars, the lawful currency of the United States

“U.S. Securities Act” the U.S. Securities Act of 1933, as amended

DEFINITIONS

[REDACTED]

“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
“VAT”	value-added tax
“Wealth Express”	Wealth Express International Investment Limited (向財國際投資有限公司), a company with limited liability incorporated under the laws of BVI on July 10, 2018 and one of our Controlling Shareholders

The English translation of PRC laws, regulations, governmental authorities, enterprises, natural persons or other entities in Chinese included in this document is for identification purposes only. To the extent there is any inconsistency between the Chinese language and the English translation of the foregoing, the Chinese language shall prevail.

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

“3C”	computer, communications and consumer electronics
“ad inventory” or “advertisement inventory”	traffic available on online media for advertising and online marketing
“AI”	artificial intelligence
“Android”	an operating system developed and maintained by Google Inc. used in touchscreen technology including smartphones and tablets
“API”	application programming interface, a set of routines, protocols and tools for building software applications
“App” or “app”	application software designed to run on smartphones and other mobile devices
“AR”	augmented reality
“B2B”	business-to-business
“B2C”	business-to-consumer
“cloud”	applications, services or resources made available to users on demand via the internet from a cloud computing provider’s server with access to shared pools of configurable resources
“conversion rate”	the percentage of users who complete a desired action such as signing up a new account or making a purchase
“CPC”	cost per click, a pricing model where marketers are charged on the basis of each click of the advertisement or marketing content
“CPM”	cost per mille, a pricing model where marketers are charged on the basis of thousand impressions of the advertisement or marketing content

GLOSSARY OF TECHNICAL TERMS

“CRM”	customer relationship management
“DTC”	direct to customer
“e-commerce”	electronic commerce, the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet, whose business transactions occur either as business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business
“ERP”	enterprise resource planning, business process management software that allows an organization to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources
“feeds ads”	a form of marketing campaign inserted seamlessly into the feed of the media publisher’s platform, which matches the form and function of such platform and takes the appearance of posts without disrupting the user experience
“GMV”	gross merchandise volume, the total value of merchandise sold through an e-commerce platform over a given period of time
“impression(s)”	the number of advertisement or marketing content views, representing the total number of times the advertisement or marketing content is viewed by a user or displayed on a web page during a certain period of time
“industry vertical”	a specific industry in which vendors offer goods and services to group(s) of customers with specialized needs
“iOS”	a mobile operating system developed and maintained by Apple Inc. and used exclusively in Apple touchscreen technology including iPhones, iPods and iPads, etc
“IT”	information technology, the use of any computers, storage, networking and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data

GLOSSARY OF TECHNICAL TERMS

“KOL”	key opinion leader, a person or an organization who has expert knowledge and influence in a particular field, who is trusted by relevant interest groups and has significant effects on consumer behavior
“KPI”	key performance indicator, which, in the context of digital marketing, means the indicator that reflects the effectiveness and performance of the marketing campaign such as the number of clicks, impressions, new installations, downloads, sign-ups or sales
“KYC”	know your customer
“machine learning”	the study of computer algorithms that improves automatically through experience which is seen as a subset of artificial intelligence
“marketer”	any person, company or organization which markets its brand(s), product(s) and service(s) through marketing campaigns or advertisements
“marketing creative”	the specific rendering of the marketing content
“media publisher”	a media platform operator such as social media, search engines, news or web portals operator which provides ad inventories for marketers to launch online marketing campaigns
“online-shop SaaS solutions”	web page establishment for online shops, product and order management, payment collection, logistics management and customer management services and other value-added services primarily including marketing, payment channels, logistics, warehousing, financing, etc. integrated on a specific SaaS-based online platform for e-commerce
“R&D”	research and development
“reseller”	first tier agent of a media publisher for digital marketing
“ROI”	return on investment
“RPA”	robotic process automation

GLOSSARY OF TECHNICAL TERMS

“SaaS”	software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
“server”	a computer system that provides services to other computing systems over a computer network
“SKU”	stock keeping unit, which is a unique code consisting of letters and numbers that identify characteristics about each product, such as manufacturer, brand, style, color, and size, and is used to identify and track inventory or stock
“SMB”	small and medium-sized business
“standalone online shops”	e-commerce merchants’ own official online platforms (as opposed to online shops operated on third-party platforms) for releasing and offering products and providing a series of services to consumers such as order placement, payment and logistics and order fulfillment
“traffic”	in terms of traffic in digital marketing, the flow of audience on media publishers’ platforms
“visitor”	a user who visits a site or an app or web page
“XGBoost”	Extreme Gradient Boosting, an open-source software library providing regularizing gradient boosting framework to implement machine learning algorithms

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. In some cases, these forward-looking statements can be identified by words or phrases such as “anticipate,” “believe,” “likely,” “could,” “should,” “ought to,” “estimate,” “expect,” “intend,” “may,” “might,” “aim,” “plan,” “seek,” “will,” “would,” “assume,” “aspire,” “going forward,” “continue,” “project,” “propose,” “potential,” “predict” and other similar expressions. These forward-looking statements relate to, among others:

- our operations and business prospects;
- our future business development, financial condition and results of operations;
- our ability to successfully implement our business plans and strategies;
- the competitive landscape for our business and the development and actions of our existing and future competitors;
- consumer behavior and preferences and market trends for our industries;
- the regulatory environment and industry outlook for our business and industries;
- general political, economic, legal and social conditions and government policies in China and overseas markets;
- our proposed [REDACTED] from the [REDACTED];
- our future capital needs and capital expenditure plans;
- our dividend payout;
- other statements in this document that are not historical facts; and
- other factors beyond our control.

The forward-looking statements contained in this document relate only to events or information as of the date of on which the statements are made in this document. We do not undertake to update or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any forward-looking statements.

All forward-looking statements contained in this document are qualified by reference to the cautionary statements set forth in this section.

RISK FACTORS

You should carefully consider all of the information in this document including the risks and uncertainties described below before making an [REDACTED] in our Shares. Our business, financial position and results of operations could be materially and adversely affected by any of these risks and uncertainties. The [REDACTED] of our Shares could decline due to any of these risks, and you may lose all or part of your [REDACTED].

RISKS RELATING TO OUR BUSINESS AND INDUSTRIES

If we fail to retain existing marketers and media publishers, deepen or expand our relationships with them, attract new marketers and media publishers, or provide up-to-standard and quality services to our marketers or monetization opportunities to our media publishers, our brand and reputation, financial condition, results of operations and prospects may be materially and adversely affected.

Our success depends on our ability to retain existing marketers and media publishers, deepen or expand our relationships with them and attract new marketers and media publishers in the future. In doing so, we need to continue to provide high-quality and effective services that maximize marketers' return on marketing investment. If our marketers determine that their expenditures on our services do not generate sufficient returns, they may reduce their marketing budgets or terminate business relationships with us. For instance, we typically enter into agreements with marketers for a term of one year for our cross-border digital marketing services, and our marketers are generally not bound by long-term contracts with us. Failure to retain existing marketers or attract new marketers for our services may materially and adversely affect our business, financial condition, results of operations and prospects. To retain existing media publishers and attract new media publishers, we need to continue to improve the monetization efficiency for such media publishers. If our media publishers are no longer satisfied with the monetization efficiency generated through us, they may reduce or discontinue cooperation with us and we would suffer loss of online traffic or other media resources through which we deliver advertisements or conduct marketing campaigns for our marketers, as our media publishers are typically not bound by long-term contracts. Media publishers, in particular top media publishers that we work with, control the supply of media resources to a large extent, and their processes may not always work in our favor. For example, media publishers may impose additional restrictions on the use of their media resources from time to time, including prohibiting the placement of advertisements or marketing materials of specific marketers or industries. Further, since certain of our existing marketers and media publishers have strong market positions, we may have limited bargaining power with them, rendering it more difficult for us to obtain favorable commercial terms, and we may lose our business to these marketers and media publishers as a result. In the event that we lose media publishers or access to their media resources or there has been any deterioration of our relationships with them, we may not be able to serve our marketers in a timely and adequate manner or at all, and may incur significant costs in finding new media publishers, which may materially and adversely affect our business, financial condition, results of operations and prospects.

RISK FACTORS

Moreover, both marketers and media publishers are concerned about being associated with marketing content and materials they consider inappropriate or inconsistent with their brands, or illegal. There is no assurance that we will be able to effectively monitor issues related to marketing content or to block fraudulent or inappropriate media resources. Despite our efforts, we may provide access to media resources that is objectionable to our marketers or we may serve marketing content that contains malware or objectionable content to our media publishers. If we fail to provide services that our marketers and media publishers trust, it could harm our brand and reputation and those of our marketers and media publishers, and negatively impact our business, financial condition, results of operations and prospects.

Media Publisher A was our single largest media publisher during the Track Record Period. If we fail to maintain our business relationship with Media Publisher A or develop relationships with new media publishers, or if we violate the policies of Media Publisher A and are suspended from conducting business with them, or if Media Publisher A fails to develop at a desired pace or loses its leading market position or popularity, our business operations and financial results would be materially and adversely affected.

During the Track Record Period, Media Publisher A was our single largest media publisher with whom our gross spending accounted for 99.6%, 99.2%, 99.6% and 99.6% of our total gross spending for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively. We enter into an annual framework agreement with Media Publisher A, which has been renewed on an annual basis since we became its reseller in China in 2017. According to Frost & Sullivan, the gross billing attributable to China-based marketers on Media Publisher A’s platforms accounted for a market share of 46.6% of the total gross billing of China’s cross-border digital marketing industry in 2021. Due to Media Publisher A’s leading industry position and popularity among online users, we are able to serve our marketers in an effective and efficient manner by cooperating with Media Publisher A. For details regarding our relationship with Media Publisher A, see “Business – Business Model of Cross-border Digital Marketing – Media Publishers – Our Relationship with Media Publisher A.” Media Publisher A may change any of its terms under our annual framework agreements, or decide to collaborate with our competitors for more favorable economic terms. According to the terms of our agreement with Media Publisher A, it can terminate our agreement for any or without any cause upon 30 days’ prior written notice. To the extent Media Publisher A reduces its business with us or ceases to cooperate with us or we fail to maintain our business relationship with Media Publisher A on comparable contract terms or at all, or we violate the policies of Media Publisher A and are suspended from conducting business with them, we may not be able to find replacement from other media publishers in a timely and cost-effective manner, or at all.

Media Publisher A also grants us rebates calculated primarily based on our gross spending with it. Such rebates as a percentage of our gross spending may fluctuate and are reviewed and adjusted on a regular basis by Media Publisher A. If Media Publisher A ceases to offer rebates to us or offers reduced rebate rates, our business, results of operations, financial condition, liquidity and prospect may be materially and adversely affected.

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In the event Media Publisher A fails to develop at a desired pace or loses its leading market positions, or becomes less attractive to its audiences, it may lead to a significant decrease in number and/or deterioration in quality of its user base, which in turn, would affect the reach, popularity and effect of the marketing campaigns we place with Media Publisher A and further affect its attractiveness to our marketers. For instance, Media Publisher A experienced a slowdown on the increase in its advertising revenue in 2022 and it also announced a laying-off of more than 11,000 employees in November 2022. Our performance may be affected by the performance of Media Publisher A. If any negative impact on the business and financial performance of Media Publisher A had negatively affected the development of its advertising business, especially that in relation to China-based marketers, it would hinder our business relationship with Media Publisher A and we may fail to retain existing marketers or attract new ones as a result and our business, financial condition, and results of operations could in turn be adversely affected.

Media Publisher A accounted for the largest market share of 46.6% in China’s cross-border digital marketing market in terms of gross billing in 2021 with a dominant market leadership. However, we cannot assure you that Media Publisher A will always maintain its popularity among marketers in the future. For instance, according to Frost & Sullivan, Media Publisher A generally has a higher user acquisition cost for marketers than other major media publishers with respect to online marketing campaigns targeting major global markets in China’s cross-border digital marketing industry. If marketers switch from Media Publisher A to other media publishers purely out of cost concern without considering the marketing effects, our cooperation with Media Publisher A would be adversely affected which may, in turn, have a material adverse effect on our business, financial condition and results of operations.

Additionally, any negative publicity associated with Media Publisher A, or any negative development with respect to its brand, market positions, financial condition, maintenance of its platform infrastructure or compliance with applicable legal or regulatory requirements, would have an adverse impact on the attractiveness of its platforms and subsequently the effectiveness of our services, which would in turn materially and adversely affect our reputation, business, financial condition and results of operations.

We currently serve as a first-tier authorized agent, i.e., a reseller, to Media Publisher A. If we failed to maintain our business relationship with Media Publisher A as a reseller, our business operations, financial position and prospects may be negatively affected even if we continue to indirectly work with, and procure media resources from, Media Publisher A through its other resellers or agents. For instance, as a reseller, we can have direct connection to Media Publisher A’s platforms for management and topping-up of media accounts on behalf of our marketers. As a non-reseller agent, however, we would need to launch and undertake marketing campaigns with Media Publisher A indirectly through its other resellers and agents, which may prolong the service process with the marketers or cause unnecessary delays in rendering our services if we do not coordinate well with the relevant resellers or agents. In such cases, we may need to deploy more manpower in our business operations to ensure a smooth coordination with other resellers and agents which may lead to an increase in the staff costs for

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our digital marketing business. In addition, if we work indirectly as a non-reseller agent for Media Publisher A, we may not be able to secure a rebate from the relevant resellers or agents at a comparative level as what we directly receive from Media Publisher A as a reseller, if at all. Accordingly, the profitability of our standardized digital marketing services would be negatively impacted. Moreover, if we no longer serve as a reseller to Media Publisher A, our efforts in acquisition of certain new marketers may be hindered, especially with brand owner marketers which have a large business scale and/or a state-owned or state-investee background and would normally work with digital marketing service providers with a reseller qualification. For more information, see “Business – Business Model of Cross-border Digital Marketing – Media Publishers – Our Relationship with Media Publisher A – Ongoing Relationship with Media Publisher A.”

If we fail to introduce new services or improve and enhance the functionality, performance, reliability, design, security and scalability of our existing services and platforms to keep up with the changing requirements of customers and media publishers, or new business models of our industries, our business, financial condition and results of operations could be materially and adversely affected.

The industries in which we operate are rapidly evolving and are subject to continuous technological developments and changing demands from our customers and media publishers. We believe our future success depends in part upon our ability to enhance and to introduce new, competitively priced services with functionality, performance, reliability, design, security and scalability that meet the evolving requirements of customers and media publishers, as well as the technological developments, all in a timely and cost-effective manner. If we do not adapt our services to such changes in an effective and timely manner, we may lose existing customers and media publishers and our competitive position.

We may experience difficulties that could delay or prevent the development, introduction or implementation of new services and enhancements. Improvement and enhancement of our services and platforms, new technological development or new business models may require substantial investments in technologies and product development, 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, a lack of necessary resources or a prolonged product development process. Failure to keep up with the changing requirements of customers and media publishers, technological development or new business models or market trends of our industries may result in our services being less attractive to existing or potential customers and media publishers, which in turn, may materially and adversely affect our business, results of operations and prospects.

For instance, we launched our Adorado SaaS platform in 2018, which we primarily use to support the entire business stream for our cross-border digital marketing services. We also developed and launched Powershopy in 2021, a one-stop SaaS platform for cross-border e-commerce merchants to set-up, operate and market their own standalone online shops. We are constantly innovating and enhancing our SaaS platforms, with our continuous product development, upgrade of IT infrastructure and plan to expand Adorado and Powershopy to

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reach a larger customer base in the future. The utilization of SaaS products and platforms in cross-border digital marketing and online-shop SaaS solutions markets is relatively new in China, and our current and potential customers may not fully recognize the need for, or the benefits of, our SaaS products and platforms, or may not shift quickly enough to SaaS products and platform offerings, which may hinder our growth potential. We intend to educate our existing and prospective customers about the benefits of our Adorado and Powershopify platforms and continuously enhance and innovate the features of our SaaS based services. However, we cannot assure you that these services will gain market acceptance and generate expected returns. Moreover, development and enhancements of our SaaS platforms may contain errors or defects, have interoperability difficulties, or causing delays or difficulties in integrating or customizing of new services. If our SaaS products and platforms fail to develop in a way that satisfies the growing demands of the markets, or develop at a slower pace than our anticipation, it could materially and adversely affect our business and prospects.

If we fail to maintain the technical competitive edge of our technologies in integrating AI algorithms, machine learning and data analytics, our business may be materially and adversely affected.

We must stay abreast of the constantly evolving industry trends and technical standards, and continue to enhance and improve the functionality of our technologies. In order to remain competitive and to attract and retain customers and media publishers, we must continue to invest significant resources in research and development to enhance our data analytics and AI capabilities. Our success in the future is dependent on our ability to respond to technological advances in the fields including data analytics, data processing, machine learning and algorithms, in a timely and cost-effective manner.

The maintenance and improvement of our technological capabilities through continued refinement of algorithms and analysis of data are subject to a number of factors, many of which are beyond our control, such as changes in user requirements and preferences, emergence of new industry standards and practices, amendment of laws and regulations in relation to access to and processing of data as well as introduction of new technical solutions embodying new technologies. As a result, we cannot assure you that we will remain successful as our competitors create or adopt technologies similar to ours and develop these technologies to achieve capabilities that are superior to ours. If we are unable to adopt and retain our technological competitive edge in a cost-effective and timely manner, our business, results of operations, financial condition and prospects may be materially and adversely affected.

In addition, as with many developing technologies, AI technologies present risks and challenges that could affect its further development, adoption, and use, and therefore our business. Our application of AI technologies and AI-empowered algorithms may produce biased analysis and discrimination against certain stereotypes, such as racial or cultural background or gender, which may subject us under potential ethical or reputational harm. If our AI-empowered technologies are controversial because of their purported or real impact on human rights, privacy, employment, or other social issues, we may experience ethical or reputational harm or regulatory compliance issues.

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We expect to continue to experience intense competition. If we fail to compete effectively against other market participants, we could lose marketers, media publishers or other business partners and our revenue and profits may decline.

The cross-border digital marketing industry is subject to rapid and frequent changes in technology, evolving marketer needs and introduction by our competitors of new and enhanced services. We must constantly improve the performance and reliability of our services to meet marketers’ demands and the evolving industry standards. If we fail to adapt to our rapidly changing industry or the evolving needs of marketers, demand for our services could reduce and our business, financial condition and results of operations may be adversely affected. We face competitive pressure from competitors that may have established stronger and broader presence across the industry and may have significantly more financial, technical, marketing and other resources, more extensive marketer and media publisher base, and longer operating histories and greater brand recognition than we do. These competitors may have access to more user information and have the technology designed for use in conjunction with information that they have collected or have technologies to develop more advanced products or services (such as the AI-content generation software, ChatGPT) that can be applied in digital marketing business and may threaten to compete or in the long run, replace our cross-border SaaS-based digital marketing services. They may also leverage their positions to make changes to their systems, platforms, exchanges, networks or other products or services that could be adversely affect our business and results of operations. They may engage in more extensive research and development, marketing campaigns and sales efforts than we do and develop or promote services that are similar to or more attractive than ours or with more competitive pricing.

In addition to existing competitors and their existing service offerings, we expect to face competition from new entrants to the industry and new service offerings from existing competitors. If existing or new competitors develop, market or offer competitive high-value services, acquire one of our competitors or strategic partners, form a strategic alliance or enter into exclusivity arrangement with one of our competitors or strategic partners, our ability to compete effectively could be significantly compromised and our business, results of operations and prospects could be materially and adversely affected. With the introduction of new technologies and the influx of new entrants, we expect competition to continue and intensify, which could limit our ability to increase revenue and attain or sustain profitability. Moreover, if big players invest into our industry or 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 services. New and increased competition is likely to result in price reductions, reduced margins or a loss of our industry position, any of which could cause us to lose marketers, media publishers or other business partners, or decrease our business scale or volume in a manner that causes our revenue to decline, which may materially and adversely affect our business, results of operations and financial condition.

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If the cross-border digital marketing industry and/or related segment industries fail to continue to develop and grow or develop or grow at a slower pace than expected, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our business and prospects depend on the continuing development of the cross-border digital marketing industry and related segment industries in which marketers operate in, such as e-commerce and online games, and the continuing growth of demands of our customers to expand their business into the global markets and their needs for our services, which may be affected by a number of factors, many of which are beyond our control, including:

- technological innovation or new business models of the cross-border digital marketing industry and related segment industries;
- the changing requirements of our customers, their acceptance of cross-border digital marketing as an effective marketing channel and the emergence of other alternative marketing channels;
- the growth and development of the vertical industries in which our customers operate in, such as e-commerce, online games and apps;
- changes in the target audience base and target audiences' habits;
- changes in government regulations or policies affecting the cross-border digital marketing industry and related segment industries; and
- the growth of cross-border digital marketing industry, related segment industries and the internet industry in general.

There can be no assurance as to the development and growth of the cross-border digital marketing industry or related segment industries such as cross-border e-commerce and online games. Our business, financial condition, results of operations and prospects may be materially and adversely affected if any of these industries fails to continuously develop or grow, or develops or grows at a pace slower than expected, or our customers' businesses and global expansion fail to develop at a desired pace.

We have experienced rapid growth in recent years. However, our historical growth may not be indicative of our future performance and we are subject to risks and uncertainties associated with rapidly developing and evolving industries. Failure to effectively manage our growth and maintain profitability, could harm our business and prospects.

We have experienced rapid growth in recent years in terms of our revenue and business scale. We expect to continue to expand as our industries evolve and as we further expand our customer and media publisher base and explore new market opportunities. Furthermore, our expansion has placed, and will continue to place, substantial demands on our managerial, operational, technological and other resources. Our planned expansion will also require us to

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maintain the consistency of our service offerings to ensure that our market reputation and position do not suffer as a result of any deviations, whether actual or perceived, in the quality of our service offerings. Our future results of operations depend to a large extent on our ability to manage this expansion and growth successfully. Although we have achieved rapid growth in recent years, our historical growth rate may not be indicative of our future performance and we may not be able to sustain our historical growth in rapidly evolving industries. Our future performance may be susceptible to certain risks discussed below and elsewhere in this section, which could adversely affect our business, results of operations, financial condition, prospects and future performance:

- the continued growth and development of the industries for cross-border digital marketing and cross-border e-commerce and our ability to respond to evolving industry standards;
- choice and preferences of marketers to conduct marketing campaigns and of media publishers to monetize their media resources;
- our ability to maintain, expand and further develop our relationships with marketers, media publishers and other business partners to meet their increasing needs and demands;
- our ability to improve our technological capabilities to achieve better marketing performance or develop new technology in time to stay ahead or abreast of market advances;
- our ability to conduct digital marketing targeting overseas markets where we have limited or no localized experience;
- our ability to introduce and manage the development of new services to effectively address the disparate needs of customers from different industry verticals;
- our ability to understand and adapt to the changing regulatory environment;
- our ability to compete effectively with our existing and new competitors; and
- our ability to attract and retain qualified and skilled employees, including business operation, research and development specialists for our growing operations.

You should consider our results of operations, financial condition, business and prospects in light of the risks and uncertainties we face in rapidly developing and evolving industries. We may not be successful in addressing the risks and uncertainties listed above, among others, or managing our growth effectively, which may materially and adversely affect our business, results of operations, financial condition and prospects.

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If media publishers, or their resellers or agents, reduce the rebates offered to us, or otherwise adjust the rebates policies in any way that is unfavorable to us, or if we are compelled to increase the incentives to marketers, our results of operations and profitability may be materially and adversely affected.

We receive rebates from our media publishers, or their resellers or agents, which is in line with industry practice according to Frost & Sullivan. The amount of rebates is determined based on our gross spending on the media publishers’ platforms and the rates of rebates as set by the media publishers themselves or, as the case maybe, their resellers and agents by taking into account a combination of factors. We may incentivize our marketers by offering a portion of these rebates to them and our revenue recognized for our standardized digital marketing services represents the difference between our (i) net gross billing, being the difference between gross billing and marketer incentives, and (ii) net spending, being the difference between gross spending and rebates from media publishers. See “Business – Business Model of Cross-border Digital Marketing – Revenue Models – Revenue Model of Standardized Digital Marketing.” As a result, we will generate lower revenue from standardized digital marketing services if our media publishers cease to offer or reduce the rebates to us or otherwise adjust their rebates policies and mechanisms in any way that is unfavorable to us. Moreover, if we are compelled to increase the incentive rates for our marketers under an imperative to retain such customers or to maintain a competitive pricing, our profitability for standardized digital marketing services could be in turn adversely impacted. Under any of the aforementioned circumstances, our results of operations and profitability could be materially and adversely affected.

If our marketers decide to work with other third-party cross-border digital marketing service providers who are resellers or agents of media publishers or, directly with media publishers themselves, we may be exposed to the risk of disintermediation and our profitability and prospects may be materially and adversely affected.

We connect our marketers to media publishers for promoting their products and services to global markets. We may do so by directly contracting with media publishers or their resellers or agents. Our business and prospects depend to a large extent on our capabilities to optimize marketing performance and generate competitive return on marketers’ investment, which would enable us to attract and retain marketers to work with us instead of our competitors who are resellers or agents of media publishers, or even with media publishers directly. As competition in the cross-border digital marketing industry continues to intensify, media publishers may partner with more and more cross-border digital marketing service providers. As is common in the industry, we do not have long-term marketing service contracts with our marketers, and a majority of our marketing service contracts have a term of one year, which exposes us to the risks of uncertainty and potential volatility with respect to our revenue. Marketers are not obligated to engage with us on an exclusive basis and they generally use multiple marketing channels to carry out their cross-border marketing campaigns. There is no assurance that marketers will continue to work with us as they may decide to allocate a portion or all their marketing spending to other industry participants. Certain media publishers may also allow marketers to open accounts and conduct cross-border digital marketing campaigns

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directly on their proprietary platforms, and we cannot assure you that marketers will continue utilizing our services instead of working directly with media publishers. Such decisions may be beyond our control. We may not be able to timely replace marketers which reduce or cease their engagement of our services with new marketers that spend at similar levels or more on our services. Our business, results of operations and prospects could be materially and adversely affected if marketers decide to engage other cross-border digital marketing service providers or, in certain cases, with media publishers directly.

Limitations on or challenges to our right to use and analyze the data we have access to for conducting our business could significantly diminish the value of our technologies and services and cause us to lose customers and media publishers, and adversely affect our business and results of operations.

For our cross-border digital marketing business, we have access to certain marketing performance and other data from media publishers, and in some cases, from marketers, for purposes including settlement and big data analytical and optimization. Such data includes, among others, the number of clicks, impressions and other data indicating the marketing performance, user acquisition and engagement as a whole following the marketing campaigns. For our cross-border online-shop SaaS solutions business, certain user data of consumers collected by our merchant customers for the online shops we help establish and/or operate are stored in the cloud servers of third-party cloud service providers engaged by us. We may, upon requests by our merchant customers together with their authorization, process such user data to the extent within the service scope of online-shop SaaS solutions we provide.

Restrictions on our media publishers’ or customers’ ability to legally collect, process and allow access to data, or interruptions, failures or defects in their data collection systems, as well as privacy concerns, could limit our ability to access and analyze such data for conducting our business, which could in turn adversely affect the demand for or effectiveness and value of our services. In addition, there is no assurance that the government will not adopt more stringent legislation that prohibits or limits the collection and use of certain data on the Internet, or that third parties will not bring lawsuits against our media publishers or customers relating to Internet privacy and data protection, which would in turn affect our business cooperation with them. Due to the recent development of laws and regulations on data protection and privacy, industry players may be subject to more stringent requirements on data sharing with third-parties, which may in turn limit our ability to conduct business involving data collected by our business partners. If any of the above happens, we may be unable to provide effective services, lose customers and media publishers, and our business, financial condition and results of operations would be adversely affected. Lawsuits or administrative inquiries could also be costly and divert management resources, and the outcome of such lawsuits or inquiries may be uncertain and may adversely affect our business, reputation and prospects.

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In April 2021, Apple introduced a new app tracking transparency feature in its iOS software which requires explicit permission from iOS device users before tracking them across other apps for cross-selling and other marketing activities among the apps (the “ATT Policy”). This policy affects how consumers using iOS devices receive targeted digital marketing content on the platforms of media publishers, as consumers may opt to share less information with media publishers about their off-site user behaviours in other apps. This may lead to less accuracy and more difficulties in the measurement of targeted online marketing, together with a higher cost in driving outcomes from marketing campaigns. Following the introduction of the ATT Policy, many of the media publishers (including Media Publisher A) engaging in digital marketing had seen fluctuations in their online marketing activities in the short term following the implementation of the ATT Policy, particularly in the third and the fourth quarters of 2021 and likewise for marketers, especially those in the app and online games industries, which had accordingly slowed down their pace in marketing spending by that time, according to Frost & Sullivan. The impact of the ATT Policy on our business was reflected in the reduced marketing spending of some of our marketers (mainly in the online games industry) which had experienced a visible decrease in gross billing in the fourth quarter of 2021 compared to the previous quarter, as well as a relatively low level of gross billing of these online games marketers in the first three quarters of 2022. For more details, see “Business – Data Protection Privacy – App Tracking Transparency.” We cannot guarantee whether the ATT Policy or similar policies (such as similar cross-app tracking restrictions expected to be applied on Android devices) will continue to affect the industry participants in general, including market spending of our marketers in the future. Moreover, if the media publishers and customers we work with obtain user data in breach of the ATT Policy, or similar policies or requirements, our ability to conduct our business involving these marketing performance or other data from business partners may be indirectly impacted. We cannot assure you that our sources of data for business operation will remain as accessible at all times or at all due to regulatory, industry or other changes in the future which are beyond our control.

Misappropriation or misuse of privacy information could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or a decline in customers and media publishers, or otherwise harm our business and reputation.

We face risks inherent in handling and protecting data involved in conducting our cross-border digital marketing and online-shop SaaS solutions businesses, including: (i) protecting data received by and analyzed on our system, including against attacks on our system by outside parties or fraudulent behavior or improper use by our employees; (ii) addressing data privacy, security and other concerns; and (iii) complying with applicable laws, rules and regulations relating to any collection, use, disclosure or security of personal information, including any requests from regulatory and government authorities relating to such data. In particular, we may not be able to prevent third parties, such as hackers or other individuals or entities engaging in similar activities, from illegally obtaining any confidential or private information from us. Such individuals or entities obtaining data from us may further engage in various other illegal activities using such information. Such information may also be improperly accessed, tampered with or distributed by our employees due to non-compliance with our internal control policy. In addition, we have limited control or influence over the security policies or measures adopted by third-party providers such as online payment services through which some of our marketers may elect to make payment for our services. During the Track Record Period and up to the Latest Practicable Date, we had not received any claims

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related to breach of confidential information nor suffered any material adverse impact arisen therefrom. However, we cannot assure you that in the future, we will not be required to allot significant resources and incur material expenses regarding such claims. Any negative publicity on the safety or privacy protection mechanisms and policies of our services and platforms, and any claims asserted against us or fines imposed upon us as a result of actual or perceived failures, could have a material and adverse effect on our public image, reputation, financial condition and results of operations.

Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy-related legal obligations. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Although we endeavor to observe security measures throughout our operations and limit access to such information, we cannot assure you that we will be able to prevent unauthorized individuals from gaining access to such data. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of user data, could cause harm to our reputation and trust with business partners, and may even expose us to legal claims, which may in turn materially and adversely affect our reputation, business, financial condition and results of operations.

Our business is subject to complex and evolving laws and regulations, in particular with respect to cybersecurity, data privacy and information security. 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 and reputation.

We are subject to a variety of laws and regulations that involve matters central to our business, including cybersecurity, privacy, data protection, rights of publicity, content, intellectual property, advertising, marketing, distribution, data security, consumer protection and product liability and taxation. The introduction of new services, or other actions that we may take may subject us to additional laws, regulations, or other government scrutiny. These laws and regulations are constantly evolving and can be subject to significant changes. There may be from time to time proposals pending before legislative and regulatory bodies that could impose new obligations in areas affecting our business. The application, interpretation, and enforcement of these laws and regulations may be uncertain and interpreted and applied inconsistently, particularly in the rapidly evolving industries in which we operate.

Governments across the world are gradually enacting legislation relating to online businesses. There may be an increase in legislation and regulation related to cross-border digital marketing and cross-border e-commerce regarding the collection and use of user data. These laws and regulations could adversely affect the demand for or effectiveness and value of our services, force us to incur substantial costs or require us to change our business practices in a manner that could adversely affect our business and results of operations or compromise our ability to effectively pursue our growth strategies.

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We have placed great emphasis on data protection and privacy and strive to comply with all applicable laws and regulations relating to privacy and data collection, processing, use, and disclosure. These laws and regulations are continually evolving and may not be always clear or consistent across the jurisdictions in which we do business, and the measures we take to comply with these laws, regulations and industry standards may not always be effective.

Furthermore, the PRC regulatory and enforcement regime with regard to data security and data protection is still evolving. PRC regulators have been increasingly focused on regulation in the areas of data security and data protection. For example, on June 10, 2021, the SCNPC issued the Data Security Law of the PRC (《中華人民共和國數據安全法》) to regulate data processing activities and security supervision in the PRC, which came into effect on September 1, 2021. Moreover, on August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), effective on November 1, 2021, which further detailed the general rules and principles on personal data processing and further increase the potential liability of personal data processor. See “Regulatory Overview – PRC Regulatory Overview – Regulations Relating to Privacy Protection.” We expect that these areas will receive greater attention and focus from regulators and attract continued or greater public scrutiny and attention going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. And any failure, or perceived failure, by us, or by our employees or partners, to maintain the security of data or to comply with applicable PRC or foreign privacy, data security and personal information protection laws, regulations, policies, contractual provisions, industry requirements and other requirements may result in civil or regulatory liability, including governmental or data protection authority enforcement actions and investigations, fines, penalties, enforcement orders requiring us to cease operating in a certain way, revoking our licenses, litigation or adverse publicity, and may require us to expend significant resources in responding to and defending allegations and claims.

In addition, the CAC published the Draft Data Security Regulations (《網絡數據安全管理條例(徵求意見稿)》) in November 2021, which specified that data processor [REDACTED] in Hong Kong, which affects or may affect the national security, shall apply for cybersecurity review. However, the criteria for determining “affect or may affect the national security” as stipulated therein remain unclear and is still subject to further explanation and elaboration, and substantial uncertainties exist with respect to the enactment date, final content, interpretation and implementation of the Draft Data Security Regulations. On December 28, 2021, the CAC and twelve other PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), or the Cybersecurity Review Measures, which came into effect on February 15, 2022. In accordance with the Cybersecurity Review Measures, the network platform operators with personal information data of more than one million users that [REDACTED] in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office. However, the Cybersecurity Review Measures provide no further explanation or interpretation for “[REDACTED] in a foreign country.” As of the Latest Practicable Date, we had not been involved in any investigations or cybersecurity reviews by the CAC, and we had not received any inquiry, notice, warning, or sanction in such respect. If a cybersecurity review for any of our activities including this [REDACTED] is required, we

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will actively cooperate with the CAC to conduct such cybersecurity review, but there can be no assurance that we will be able to obtain approval from the regulatory authorities in a timely manner, or at all. Any failure to obtain such approval or clearance from the regulatory authorities could materially constrain our liquidity and have a material adverse impact on our business operations and financial results, especially if we need additional capital or financing.

As we expand our operations, we will be subject to additional laws in other jurisdictions where our business is targeted or where our media publishers are located or operate. These laws and regulations, as well as any associated inquiries or investigations or any other government actions, may be costly to comply with and may delay or impede our business development, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to remedies that may harm our business, including fines or demands or orders that we modify or cease existing business practices.

If we are provided with data that is inaccurate, inappropriate or otherwise tampered with, it may have an adverse impact on the marketing performance of our marketers, and could in turn adversely affect our business, results of operations and reputation.

We depend on the accuracy and genuineness of marketing performance and other data provided by our media publishers and marketers in evaluating the effectiveness of the marketing campaigns we help deliver and calculating the corresponding return on investment for our marketers. However, if such data provided by media publishers or others is inaccurate, inappropriate or otherwise tampered with, we will not be able to improve precision of our cross-border digital marketing services, achieve better marketing performance for our marketers and acquire and maintain marketers’ marketing spending for our media publishers. As a result, our reputation could suffer and we may lose our marketers and our business, results of operations and financial condition could be materially and adversely affected. Moreover, we also rely on the marketing performance data from media publishers as a basis for determining the gross spending with and rebates from such media publishers, and consequently any incentives to the marketers. If we fail to detect inaccurate marketing performance data, it may lead to disputes with our media publishers or marketers in payment settlement, harm to our reputation and loss of our media publishers and marketers, and adversely affect our business, results of operations and financial condition.

We face potential liability and harm to our business based on the nature of our business and in connection with false, fraudulent, misleading, or otherwise illegal content of advertisements or marketing materials and business activities of customers for which we provide our services.

Advertising and marketing activities may result in dispute relating to copyright or trademark infringements, public performance royalties or other claims based on the nature and content of advertising or marketing campaigns that is delivered through us. We contractually require marketers to represent to us that they shall be responsible for the veracity of the marketing content and ensure that their marketing campaigns comply with applicable laws and regulations and we do not conduct an independent verification of the content of such marketing materials. However, there can be no assurance that (i) the marketing campaigns and marketing

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materials we help deliver on media publishers' platforms comply with all laws and regulations relevant to such marketing activities; (ii) representations made by, or supporting documentation of, our marketers are authentic and complete; (iii) we would not be deemed by a regulatory authority under applicable laws and regulations as having the knowledge that the marketer's content delivered through us is fraudulent, misleading or otherwise illegal, or (iv) we are able to identify and rectify all related non-compliances in a timely manner, if at all. As such, we may be exposed to potential liability and our reputation may be damaged. While our marketers are typically obligated to indemnify us, such indemnification may not fully cover our losses, including any reputation damages, or we may not be able to collect such payments from the marketers at all. In addition to settlement of costs, we may be responsible for any of our own litigations costs, which can be expensive.

Any negative publicity with respect to us, our industries in general or our business partners may materially and adversely affect our reputation, business and results of operations. Any harm to our brand or failure to maintain our reputation may materially and adversely affect our business and growth prospects.

Complaints, disputes, litigation, regulatory actions or other negative publicity that arise about our industries in general or us in particular, including on the quality, effectiveness and reliability of our services, our platforms, privacy, security practices, marketing content, even if groundless, could adversely affect our reputation and the trust and confidence customers, media publishers and other business partners have in us. Damage to our reputation and relationships with customers, media publishers and other business partners can also arise for many other reasons, including employee misconduct, misconduct of media publishers whom we partner with or other counterparties, failure by these persons or entities to meet minimum quality standards or otherwise fulfill their contractual obligations or to comply with applicable laws and regulations. Additionally, negative publicity with respect to our media publishers and customers could also affect our business and operations. Moreover, we are vulnerable to adverse market perception as we operate in an industry where integrity, customer trust, and confidence are critical. Litigation and disputes, misconduct of our personnel, changes in senior personnel, complaints, and outcome of regulatory investigations or penalties on us may harm our reputation. Any damage to our reputation may cause our existing and potential customers and media publishers to be reluctant to work with us in the future and therefore may have a material adverse impact on our business, results of operations, financial condition and prospects.

We believe that the recognition and reputation of our brand among our customers and media publishers have significantly contributed to the growth of our business. Maintaining and enhancing the recognition and reputation of our brand are critical to our business and competitiveness. Many factors, some of which are beyond our control, are important to maintaining and enhancing our brand and may negatively impact our brand and reputation if not properly managed. These factors include our ability to:

- provide satisfactory user experience as marketer preferences evolve and as we expand into new markets and service offerings;

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- increase brand awareness among existing and potential customers and media publishers through various marketing and promotional activities;
- maintain the variety, popularity, attractiveness and quality of the services we offer;
- maintain the efficiency, reliability and quality of our communication channels with customers and media publishers; and
- preserve our reputation and goodwill in the event of any negative media publicity on privacy, internet security, product quality and liability, or authenticity or intellectual property issues affecting us or businesses of industry participants of a similar virtue.

If we are unable to maintain our reputation, enhance our brand recognition or increase positive awareness of our services, it may be difficult to maintain and grow our customer and media publisher base, and our business and growth prospects may be materially and adversely affected.

Our risk management and internal control systems may not be adequate or effective in all respects, which may materially and adversely affect our business and results of operations.

We seek to establish and continuously improve risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations. See “Business – Risk Management and Internal Control.” Due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks in a timely manner, or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

Our risk management and internal controls also depend on the effective implementation by our employees. However, we cannot assure you that such implementation will not be subject to any human errors or mistakes, which may materially and adversely affect our business and results of operations. As we are likely to offer a broader and more diverse range of solutions, products and services in the future, the diversification of our offerings will require us to continue to enhance our risk management and internal control capabilities. If we fail to timely adapt our risk management and internal control policies and procedures to our changing business, our business, results of operations and financial condition could be materially and adversely affected.

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If our online platforms and/or our IT infrastructure are interrupted or contain material undetected errors, defects or security breaches or issues, it may impair our ability to effectively provide our services and our business, reputation and results of operations could be adversely affected.

Our operations, cross-border digital marketing and online-shop SaaS solutions businesses primarily rely on our online platforms and our IT infrastructure. Our online platforms and IT infrastructure depend on software to retrieve, process and manage immense amounts of data. The software on which we rely may contain undetected errors or bugs now or in the future. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software on which we rely may result in a negative experience for our customers and media publishers, delay introduction of new features or enhancements, result in errors or compromise our ability to protect data security or our intellectual property. Any errors, bugs or defects discovered in the software on which we rely could damage reputation and cause losses of our customers or media publishers, or incur liability for damages, any of which could adversely affect our business, results of operations and financial condition.

We are vulnerable to cyberattacks, computer viruses, physical or electronic break-ins or similar disruptions. While we have established mechanisms to protect our systems, our security measures could be breached. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate and timely preventative measures. Any accidental or willful security breaches or other unauthorized access to our systems could cause confidential information to be stolen and used for illegal purposes. Security breaches or unauthorized access to confidential information could also expose us to liability relating 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, malfeasance or otherwise, or if design flaws in our information technology infrastructure are exposed and exploited, our relationships with customers and media publishers could be severely damaged, we could incur significant liability and our business and operations could be materially and adversely affected.

We may face certain risks in collecting our trade receivables, and the failure to collect could have a material adverse effect on our business, financial condition, results of operations and operating cash flow.

We are exposed to credit risks in relation to our trade receivables. As of December 31, 2019, 2020 and 2021 and September 30, 2022, our trade receivables were US\$96.4 million, US\$91.2 million, US\$125.6 million and US\$91.1 million, respectively. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, we recorded expected credit losses on trade receivables of US\$44,000, US\$0.8 million, US\$0.2 million and US\$0.3 million, respectively. Our average trade receivables turnover days were 73 days, 77 days, 70 days and 94 days, respectively, for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022. During the Track Record Period, we typically granted a credit term of 30 to 90 days to our customers from date of invoice, which

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is interest free and with no collateral. As our business continues to grow, our trade receivables balance may continue to grow, which may increase our risks for uncollectible receivables, especially from major customers with outstanding trade receivables. As of December 31, 2019, 2020 and 2021 and September 30, 2022, we had a concentration of credit risk as 67%, 62%, 63% and 53% of our trade receivables were due from our top five customers for the Track Record Period, respectively. In particular, we had in 2021 extended the credit term we grant to Marketer A, one of our major customers, which, along with its increased purchase of our services, partially attributed to the increase in trade receivable balances as of December 31, 2021 as compared to those as of December 31, 2020. Additionally, as of December 31, 2019, 2020 and 2021 and September 30, 2022, our trade receivables that were outstanding for more than 12 months amounted to US\$6.1 million, US\$8.3 million, US\$8.9 million and US\$12.3 million, respectively, accounting for 6.3%, 9.1%, 7.1% and 13.5% of our trade receivables before allowance for impairment as of the respective dates. Although we perform credit evaluation of the financial conditions of our customers from time to time and have adopted an internal policy to manage and control the level of trade receivables due from our major customers in order to help monitor our credit risk, we cannot, however, assure you that our credit evaluation and implementations of credit risk control policy will be fruitful nor can we guarantee that customers will settle our trade receivables within the credit period, and our trade receivable balances and average turnover days may increase in the future. Moreover, macroeconomic conditions could also result in financial difficulties for our customers, including operational and liquidity difficulties, limited access to the credit markets, insolvency or bankruptcy, and as a result could cause our customers to delay payments to us, request modifications to their payment arrangements or default on their payment obligations to us. If any of our customers, in particular major customers, with significant outstanding trade receivable balances were to become insolvent or otherwise unable to make payments in a timely manner, or at all, we would have to make further provisions against such trade receivables, or write off the relevant amounts, either of which could adversely affect our profitability and liquidity position. Actual losses on trade receivables balance could differ from those that we anticipate and provide as impairment, as a result we might need to adjust our provision of impairment. Under certain circumstances, we may have to sue our customers for outstanding payments, which may cost our additional resources for the litigations. If we are unable to collect trade receivables from customers, our business, financial condition and results of operations may be materially and adversely affected.

We had recorded negative cash flow from operating activities and may be subject to liquidity risks, which could, together with a relatively high debt to equity ratio, constrain our operational flexibility and working capital sufficiency and materially and adversely affect our business, financial condition and results of operations.

We recorded net cash used in operating activities of US\$5.4 million and US\$28.1 million for the years ended December 31, 2019 and 2021, respectively, and may experience operating cash outflows in the future. Our operating cash outflow was primarily due to the relatively longer credit terms we granted to our marketers than those granted by media publishers to us. We have the obligation to pay the media publishers with respect to the gross spending for marketing campaigns already implemented regardless whether the relevant marketers honor their payment obligation to us or not. Our operating cash outflow for the year ended December

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31, 2021 was also due to an increase in trade receivables, primarily reflecting our business expansion and the extended credit term we granted in 2021 to Marketer A, one of our major customers, from 60 days to 90 days from date of invoice. For details, see “Financial Information – Description of Selected Consolidated Statements of Financial Position Items – Trade and Other Receivables” and “Financial Information – Liquidity and Capital Resources – Working Capital Sufficiency.” Although we seek to manage our working capital, we cannot assure you that we will be able to match the timing and amounts of our cash inflows with the timing and amounts of our payment obligations and other cash outflows. As a result, we cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing such as [REDACTED], and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. Thus, our business, financial condition and results of operations may be materially and adversely affected.

Moreover, we had relatively high debt to equity ratios for most part of the Track Record Period. For instance, our debt to equity ratio was 338.7%, 350.7% and 290.6% as of December 31, 2019 and 2021 and September 30, 2022, respectively, which were mainly attributable to (i) the higher balances of bank loans, in particular as of December 31, 2020 and 2021, as we obtained bank borrowings in support of our business development, (ii) a decrease in cash and cash equivalents as of December 31, 2020 to September 30, 2022, and (iii) the decreases in total equity resulting from our declarations of dividends in the second half of 2021 and January 2022. For details, see “Financial Information – Key Financial Ratios – Debt to Equity Ratio.” Any further declaration of dividends will adversely affect our debt to equity ratio in the future.

We may not be able to fulfill our obligations in respect of contract liabilities which may in turn expose us to liquidity risks.

Our contract liabilities mainly arise from the advance payments made by customers for our cross-border digital marketing services while the underlying services are yet to be provided. As of December 31, 2019, 2020 and 2021 and September 30, 2022, we had contract liabilities of US\$1.9 million, US\$3.8 million, US\$4.0 million and US\$3.8 million, respectively. See “Financial Information – Description of Selected Consolidated Statements of Financial Position Items – Contract Liabilities.” If in the unlikely event that we are unable to fulfill our obligations in respect of our contract liabilities, we may not be able to convert such contract liabilities into revenue, and we may have to refund to customers the relevant prepayments received by us and our cash and/or liquidity position may be negatively impacted. Our future liquidity, the payment of trade and other payables and repayment of debt financing, if any, will primarily depend on our ability to generate adequate cash inflows from our operating activities. If we are unable to maintain sufficient working capital, our business, financial position, results of operation and prospects would be materially and adversely affected.

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Seasonal fluctuations in our industry could have impact on our revenue, cash flow and operating results.

For cross-border digital marketing industry, the fourth quarter of the year is typically a peak season for marketers from the e-commerce industry which customarily allocate a significant portion of their marketing budgets around the holiday seasons (such as Christmas and New Year) and on special promotional occasions (such as Black Fridays) when increased consumer spending is expected. Meanwhile, marketers in online games industries as a general market practice tend to allocate the larger portion of their marketing budgets in the second and third quarters of the year during the summer vacations and ahead of the holiday seasons starting from the fourth quarter. See “Business – Seasonality.” You may not be able to predict our annual results of operations based on a quarter-to-quarter comparison of our results of operations. As we have established a marketer base which comprises marketers from different industries and as we actively approach our marketers with marketing proposals throughout the year, our historical revenue growth had generally masked the impact of seasonality with respect to marketers from different industries and our Directors believe that we did not experience material fluctuations in our operations due to seasonality during the Track Record Period. However, if our growth rate declines or seasonal spending becomes more pronounced from certain marketer industries than the others, seasonality could have an adverse impact on our revenue, cash flow and operating results from period to period.

If we do not effectively manage our costs and expenses, we may not be able to sustain our profitability, and our financial results will be materially and adversely affected.

During the Track Record Period, our largest cost component was our staff cost. We rely on an experienced team of optimizers, integrated marketing experts, creative designers for business operation and research and development staff for product development and technical support to deliver cross-border digital marketing services and online-shop SaaS solutions for our customers. Expenses of other staff also took up a substantial part of our marketing and administrative expenses during the Track Record Period. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our staff cost included in cost of sales amounted to US\$0.5 million, US\$0.8 million, US\$1.8 million, US\$1.4 million and US\$1.8 million, respectively, which accounted for 47.9%, 53.3%, 82.8%, 82.0% and 88.4% of our total cost of sales for the respective periods; our expenses of other staff in aggregate amounted to US\$0.5 million, US\$0.9 million, US\$1.8 million, US\$1.2 million and US\$1.3 million, respectively, which accounted for 25.9%, 52.1%, 45.5%, 55.3% and 37.1% of our total marketing and administrative expenses for the respective periods. Increase in costs for the recruitment, cultivation and retain of talents may impact our profitability, results of operations and business.

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In addition, we have expended significant resources to grow our business in recent years by enhancing our technology capabilities and infrastructure and growing our number of employees. Specifically, costs related to our product development and IT infrastructure have accounted for an increasing amount of our total cost of sales. As our business continues to grow, we anticipate continued growth that could require substantial financial and other resources to, among others:

- invest in the development of our technology platforms, IT infrastructure and improve our technology and data analysis capabilities;
- expand the product portfolio for cross-border online-shop SaaS solutions;
- expand our team of marketing optimization, data analysis, business operation and research and development personnel;
- pursue strategic cooperation, investment, partnership and suitable acquisition opportunities to expand our businesses; and
- cover administrative expenses and expenses relating to data protection and other compliance matters.

Our expenditures may not yield the anticipated returns or benefits to our business, and if we fail to effectively manage our costs and expenses, we may not be able to sustain profitability.

If we fail to comply with legal or regulatory requirements or obtain the requisite approvals, licenses or permits applicable to our business, it may have a material adverse effect on our business and results of operations.

The laws and regulations on the internet-related businesses, and the licensing and permit requirements pertaining to, companies engaged in connection with such online businesses and industries, are relatively new and evolving. The interpretation and enforcement of these laws and regulations also involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what may be deemed to be in violation of applicable laws and regulations. There can be no assurance that we have obtained all the permits or licenses required for conducting our business in the jurisdictions where we operate or will be able to maintain our existing licenses or obtain new ones in the future.

If any government authority considers that we were operating without the proper approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by such government authority may have a material adverse effect on our business and results of operations.

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Failure to make adequate social insurance and housing provident fund contributions as required by the PRC laws and regulations may subject us to penalties.

Pursuant to the relevant PRC laws and regulations, employers in the PRC are required to make, among other things, social insurance and housing provident fund contributions for their employees, and entities failing to make such contributions may be ordered to settle the outstanding contributions within a prescribed time limit and/or subject to penalties. During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to the social insurance and housing provident funds for all of our employees in the PRC. We estimate that the shortfall in social insurance fund and housing provident fund contributions amounted to in aggregate RMB3.0 million for the Track Record Period. As advised by our PRC Legal Advisors, the adjustment of the contribution base is typically made with the PRC authorities in a designated time each year, according to the relevant local governmental policies. Based on our previous practical experience processed with the relevant governmental authorities where our PRC subsidiaries are located, we expect to make full contributions of social insurance and housing provident funds for all of our eligible employees based in PRC on an adjusted contribution base by the third quarter of 2023. There is no assurance that there will not be any employee complaint against us in relation to our failure to make full social insurance and housing provident fund contributions. There is also no assurance that we will not be ordered to rectify for the outstanding amount or subject to penalties imposed by the relevant PRC authorities as a result thereof. Any such complaints, orders or penalties may have an adverse effect on our financial condition and results of operations. For further details, see “Business – Employees – Social Insurance and Housing Provident Fund Contributions.”

We did not register our lease agreements.

As of the Latest Practicable Date, we leased eight properties in the PRC with an aggregate gross floor area of approximately 1,578.2 square meters from Independent Third Parties. As of the Latest Practicable Date, we had not registered four of the lease agreements with the relevant government authorities in accordance with PRC laws and regulations and may be subject to fines ranging from RMB1,000 to RMB10,000 for each non-registered lease should we and our landlords fail to register the lease agreement upon request by the relevant authority. We are in the process of further liaising with the landlords and will take all practicable and reasonable steps to ensure that the unregistered leases are registered. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. As of the Latest Practicable Date, we were not aware of any action, claim or investigation being conducted or threatened by the competent government authorities with respect to the defects in our leased properties.

Our variety of accepted payment methods subjects us to third-party payment processing-related risks.

We accept payments using a variety of methods, including online payments with credit cards and debit cards, payment through third-party online payment platforms such as PayPal and Alipay. We generally engage payment gateway companies to process transactions between

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us and counterparties. Our business may be disrupted if the payment gateway companies become unwilling or unable to provide these services to us. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profitability. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including online payment options. We are also subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments, process electronic funds transfers or facilitate other types of online payments, and our business, financial condition and results of operations could be materially and adversely affected.

We face exposure to fair value change for financial assets at fair value through profit or loss which would affect our financial performance and valuation uncertainty due to the use of unobservable inputs.

As of December 31, 2019, 2020 and 2021 and September 30, 2022, we had financial assets measured at fair value through profit or loss of US\$0.6 million, US\$1.4 million, US\$1.5 million and US\$1.5 million, respectively, representing the fair value of the deposit component of certain life insurance products we purchased from a licensed insurance company in Hong Kong which are measured under Level 3 valuation using unobservable inputs. We recorded gain from changes in fair value of financial assets of US\$28,000, US\$60,000, US\$56,000 and US\$43,000 for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively. For further details, see Note 16 and Note 25(e) of Appendix I to this document. We face exposure to fair value change for financial assets at fair value through profit or loss. We cannot assure you that we can recognize comparable changes in fair value of financial assets in the future and we may on the contrary recognize fair value losses, which would affect our result of operations. In addition, the valuation of fair value changes of financial assets at fair value through profit or loss are subject to uncertainties in estimations. Such estimated changes in fair values involve the exercise of professional judgment and the use of certain bases, assumptions and at times unobservable inputs, which, by their nature, are subjective and uncertain. As such, the valuation of the financial assets at fair value through profit or loss has been, and will continue to be, subject to uncertainties in estimations, which may result in significant fluctuations in profit or loss from period to period.

We are exposed to foreign exchange risks arising from our business operations.

During the Track Record Period and up to the Latest Practicable Date, we generated substantially all of our revenue in U.S. dollars. We settle with our customers and media publishers mainly in U.S. dollars and a significant portion of our operating expenses were denominated in Renminbi. The [REDACTED] from the [REDACTED] are in Hong Kong dollars. The value of Renminbi against U.S. dollars and Hong Kong dollars, may fluctuate and is affected by, among other things, changes in global political and economic conditions, which are out of our control. Therefore, any fluctuations in the exchange rate of Renminbi against

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other currencies may expose us to exchange rate risks, and our results of operations may be adversely affected. In addition, we normally do not have a foreign currency hedging policy and our use of derivatives markets or foreign exchange hedging measures to minimize foreign exchange rate risk may fail. Accordingly, we are exposed to exchange rate fluctuations and such exposure may adversely affect our financial position and the performance of our business.

We may not be able to prevent others from making unauthorized use of our intellectual property.

We regard our trademarks, copyrights, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees and others to protect our proprietary rights. See “Business – Intellectual Property.” Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages.

It may be difficult to maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently. Confidentiality, invention assignment and non-compete provisions may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in all jurisdictions. Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. To the extent that our employees use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

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 be from time to time in the future 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 awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in various jurisdictions. If any third party

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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. We believe that we have taken all reasonable measures to prevent any infringement of intellectual property rights of third parties. However, we cannot assure you that in the future, we will not be threatened or sued upon in relation to intellectual property rights of others. Any such claims, if arise and regardless of their merits, could be time-consuming and costly to defend, and may result in litigation and divert management's attention and resources. Furthermore, an adverse determination in any such litigation or proceedings to which we may become a party could cause us to pay substantial damages, may result in harm to our reputation or may require us to pay ongoing royalties or may subject us to injunctions, requiring us to remove content or take other steps to prevent infringement, each of which could prevent us from pursuing some or all of our business and result in our customers and media publishers deferring or limiting their cooperation with us or use of our services, which could materially adversely affect our financial condition and results of operations.

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. As some third parties may have registered the trademarks which are similar to the marks we used in our business, infringement claims may be asserted against us, and we cannot assure you that a government authority or a court will hold the view that such similarity will not cause confusion in the market. 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.

Non-compliance on the part of third parties with whom we conduct business could adversely affect our business.

Our business partners such as our customers, media publishers and other third-party service providers who entered into business relationships with us, may be subject to regulatory penalties or punishments because of their regulatory non-compliance, which may, directly or indirectly, disrupt our business. We cannot be certain whether such third party has infringed or will infringe on any other parties' legal rights or violate any regulatory requirements. We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties.

We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner, or at all. The legal liabilities and regulatory actions on our business partners or other third-parties may affect our business activities and reputation, and may in turn affect our results of operations.

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We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are against us, it could have a material adverse effect on our business, results of operations and financial condition.

We may be subject to legal proceedings from time to time in the ordinary course of our business, which could have a material adverse effect on our business, results of operations and financial condition. We may receive formal and/or informal inquiries from government authorities and regulators regarding our compliance with laws and regulations, many of which are evolving and subject to interpretation. Claims arising out of actual or alleged violations of law could be asserted against us by business partners, by competitors, or by governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws and regulations in different jurisdictions, including but not limited to advertising laws, laws on internet related business, intellectual property laws, unfair competition laws, data protection and privacy laws, labor and employment laws, tort laws, contract laws, property laws and employee benefit laws. We may also be subject to lawsuits due to actions by our customers, media publishers or other business partners.

During the Track Record Period, some of our customers as China-based marketers settled their outstanding payments to us through third parties primarily out of the need to settle payments in U.S. dollars, which, according to Frost & Sullivan, is a general market practice for China's cross-border digital marketing industry as settlement with overseas media publishers generally needs to be made in U.S. dollars. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, the aforementioned third-party payments were US\$6.9 million, US\$10.8 million, US\$9.1 million and US\$3.8 million which accounted for 1.9%, 2.3%, 1.5% and 1.1% of our gross billing, respectively. We had ceased such third-party payment arrangements since the end of May 2022. As of the Latest Practicable Date, we had implemented enhanced internal control measures to avoid recurrence of such events in the future, which include adding clauses prohibiting the relevant third-party payment arrangements in the business contracts with counterparties and setting protocols for our business and financial staff to regularly monitor counterparty transactions and to follow up with counterparties with respect to circumstances that may give rise to such third-party payments. We are, nonetheless, exposed to possible money laundering risks in connection with such third-party payments as we only possess limited background knowledge of the parties involved in the payment arrangement and the source of such third-party payments. In addition, we may be subject to potential claims from the third-party payors or their liquidators for return of funds. In the event of any claims or legal proceedings (whether civil or criminal) instituted or brought against us in respect of the third-party payments, we will have to spend financial and managerial resources to defend against such claims and legal proceedings. Even if we have good defenses to the allegations and the court rules in our favor, our reputation as a trustworthy business may still be tarnished by our mere presence in the proceedings. Moreover, if there is any claim brought by a third-party payor or its liquidators against us demanding the return of the relevant third-party payment, we may be forced to comply with the court ruling and return the payment which was paid for the services that we provided. As such, we cannot assure you that our business, financial condition and results of operations will not be adversely affected.

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There is no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. Even if we are successful in our attempt to defend ourselves in legal and administrative actions or to assert our rights under various laws, enforcing our rights against various parties involved may be expensive, time-consuming and ultimately futile. These actions could expose us to negative publicity and to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business.

We are subject to anti-bribery, anti-corruption and similar laws and non-compliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.

We are subject to anti-bribery, anti-corruption and anti-money laundering laws in jurisdictions in which we conduct business activities. Anti-bribery and anti-corruption laws have been enforced with great rigor in recent years and are interpreted broadly and prohibit companies and their employees and their agents from making or offering improper payments or other benefits to government officials and others in the private sector. Non-compliance with these laws could subject us to investigations, sanctions, settlements, prosecution, and disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with specified persons, reputational harm, negative publicity and other collateral consequences. Any investigations, actions and/or sanctions could have a material negative impact on our business, results of operations and financial condition.

Moreover, we are required to comply with applicable anti-money laundering, anti-terrorism laws and regulations or sanction laws. These laws and regulations require us to establish sound internal control policies and procedures with respect to anti-money laundering monitoring, reporting and other obligations. In the event that we fail to fully comply with applicable laws and regulations, the relevant government agencies may impose fines or other penalties on us. There can be no assurance that there will not be failures in detecting money laundering or other illegal or improper activities which may adversely affect our reputation, financial condition and results of operations.

We depend on our senior management and other key employees, and our business and growth prospects may be severely disrupted if we lose their services or are unable to attract new employees to replace these key personnel.

Our business operations depend on the continued services of our senior management and any other key employees. In particular, we rely on the expertise, experience and leadership ability of our core senior management members who have been critical to our strategic direction and overall management.

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While we have provided incentives to our management, we cannot assure you that we can continue to retain their services. If one or more of our key personnel are unable or unwilling to continue in their present positions within our Group, we may not be able to replace them easily or at all, which may cause a significant disruption to our business operations, strategic plan and strategy implementation, and materially and adversely affect our financial condition and results of operations. In addition, although we have entered into confidentiality and non-competition agreements with our management, there is no assurance that any member of our management team will not join our competitors or form a competing business. If any dispute arises between our current or former officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements or we may not be able to enforce them at all.

Furthermore, since the demand and competition for talent is intense in our industries, we may need to offer higher compensation and other benefits in order to attract and retain key personnel in the future, which could increase our compensation expenses.

Our future success depends on our ability to attract, hire, retain and motivate highly skilled employees and increases in employees’ wages and benefits may adversely affect our business and ability to sustain profitability.

As of September 30, 2022, we had a total of 94 full-time employees. We believe our future success depends on our continued ability to attract, hire, retain and motivate qualified and skilled talents. Competition for recruitment of highly skilled professionals is extremely intense, which could also increase our costs to attract and retain talented employees. The average salary and benefits level for our employees generally increased during the Track Record Period and are expected to continue to grow. We may not be able to hire and retain our skilled employees at salary and benefits levels consistent with our existing level and structure. Some of the industry players with which we compete for experienced employees may have greater resources than we have and may be able to offer more attractive terms of employment. In addition, we invest significant time and resources in training our employees to ensure their competitiveness, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training new employees, and our ability to provide our services consistently could diminish, resulting in a material adverse effect on our business and ability to sustain profitability.

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

Most of our employees are located in China. We have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including basic pension insurance, housing provident fund, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees.

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Pursuant to the PRC Labor Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees’ probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor 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, employees must participate in the basic pension insurance, work-related injury insurance, basic 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.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labor-related laws and regulations, 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 labor 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.

Misconduct of our personnel could harm our reputation and business.

Misconduct of our personnel could result in violation of laws by us, regulatory sanctions against us, and material reputational or financial damage. Such misconduct includes conducting unauthorized or unsuccessful activities resulting in unknown and unmanaged risks or losses, improperly using or disclosing confidential information, engaging in fraudulent acts, or otherwise not complying with laws or our internal control procedures. We could also be materially and adversely affected if our employees absconded with the data or used our know-how to compete with us. We cannot assure you that there will not be any misconduct of our personnel, and the precautions we take to prevent and to detect such activity may not be effective in all cases. We could also suffer from adverse publicity, reputational damage, or litigation losses that may arise from the misconduct by our personnel, which may have a material adverse effect on our business, financial condition, and results of operations.

Our risk management and internal controls also depend on their effective implementation by our employees. We cannot assure you that such implementation will not involve any human errors or mistakes, which may materially and adversely affect our business and results of operations. As we are likely to offer a broader and more diverse range of services and solutions in the future, the diversification of our service offerings will require us to continue to enhance our risk management capabilities. If we fail to timely adapt our risk management policies and procedures to our changing business, our business, results of operations, and financial condition could be materially and adversely affected.

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We may not be able to obtain additional capital when desired, on acceptable terms or at all.

Although we believe that our anticipated cash flows from operating activities, together with cash on hand and [REDACTED] from the [REDACTED], will be sufficient to meet our anticipated working capital requirements and capital expenditures in the ordinary course of business for the next twelve months, we cannot assure you this will be the case in the future. We may need additional cash resources in the future if we experience changes in current conditions or pursue business expansions. We may also need additional cash resources in the future if we pursue opportunities for investments, acquisitions or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholding. The incurrence of indebtedness would result in increased fixed obligations and could result in operational and financial covenants that would restrict our operations. We had historically used bank borrowings to partially finance our operations. We cannot assure you that additional financing will be available in amounts sufficient or on terms acceptable to us, if at all.

Our business strategy of growth through investments and acquisitions may not succeed.

As part of our business strategy, we may from time to time pursue strategic alliances, investment and acquisition opportunities in the Chinese mainland, Hong Kong or overseas that we believe would benefit and can help us promote our services to new business partners, expand our service offerings and/or improve our IT infrastructure and are complementary to our business and operations. Our ability to grow through such means depends upon our ability to identify, negotiate, complete and integrate suitable targets as well as to obtain the necessary financing and required governmental or third-party consents, approvals and permits in a timely manner and at favorable commercial terms. However, it could subject us to many risks, including risks associated with sharing proprietary information and technologies, non-performance or default by counterparties, and increased expenses in establishing these new alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor the actions of our strategic partners. To the extent a strategic partner suffers any negative publicity as a result of its business operations, our reputation may be negatively affected by virtue of our association with such party. In addition, our costs and expenses, including administrative expenses and amortization and depreciation, may increase as a result of our investments or acquisitions and may in turn affect our results of operations and financial condition.

Even if we engage in such acquisitions or investments, we may have limited experience and we may be exposed to the following risks, among others:

- difficulties in integrating any acquired businesses, technologies or personnel into our existing business, particularly integrating different business, operations, financial and risk management, technologies and platforms and other business functions; and

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- difficulties in implementing and enforcing our management and internal control mechanisms that timely and adequately respond to our expanded scope of operations.

We may not be successful in achieving the strategic objective upon which any given investment, acquisition or joint venture is premised, and we could lose all or part of our investment. We may be required to perform impairment assessment and recognize impairment loss on any of our investments. We may also recognize impairment loss on intangible assets, including goodwill, in connection with our acquisitions. Any such losses may have a material adverse effect on our results of operations, and in particular, our net income or loss.

We plan to expand our provision of services in overseas markets where we may have limited or no experience, and this may subject us to increased business and economic risks that could affect our financial results.

As part of our business strategy for cross-border digital marketing and online-shop SaaS business to expand our global coverage of customer base, we may need to establish local team or office or cooperate with local business partners in overseas jurisdictions. We may enter into new international markets where we have limited or no experience. If we fail to deploy, manage, or oversee our operations successfully, our business may suffer. In addition, we are subject to a variety of risks inherent in doing business internationally, including:

- political, social, or economic instability;
- foreign exchange controls and tax and other regulations and orders that might limit our ability to move cash freely, and impede our ability to invest such cash efficiently;
- risks related to legal, regulatory, and other government scrutiny applicable to us with our provision of services and operations in foreign jurisdictions, including with respect to data privacy, tax, law enforcement, content censorship, trade compliance, intellectual property, and terrestrial infrastructure matters;
- potential damage to our brand and reputation due to compliance with local laws, including potential censorship or requirements to provide user information to local authorities;
- fluctuations in currency exchange rates and compliance with currency controls;
- higher levels of credit risk and payment fraud;
- enhanced difficulties of integrating any foreign acquisitions;

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- difficulties in staffing, managing, and overseeing global operations and the increased travel, infrastructure, and legal compliance costs associated with multiple international locations;
- difficulties in gaining an in-depth understanding of local markets and cultures;
- risks related to our ability to establish cooperation relationships with international partners, including local financial institutions who provide us with support for international settlement and credit facilities; and
- compliance with statutory equity requirements and management of tax consequences.

If we are unable to manage the complexity of our international operations and expand our global reach successfully, our financial results could be adversely affected.

Our limited insurance coverage could expose us to significant losses and business disruption, our existing insurance may expire and not be renewed properly.

As of the Latest Practicable Date, other than certain insurance in connection with our account receivables, we did not maintain any commercial insurances for our business operations or our employees. For instance, we do not have any property insurance, business liability or disruption insurance covering potential losses or damages in respect of our operations. Based on public information available to us and as advised by Frost & Sullivan, the limited coverage of commercial insurance is a customary industry practice in the cross-border digital marketing and online-shop SaaS solutions markets in China. We have determined that the costs and the difficulties associated with acquiring any other insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured occurrence of including, among others, business disruption, default of counterparties, litigation or natural disaster, or significant damages to our uninsured technology infrastructure could result in substantial costs and diversion of resources for us and could have a material adverse effect on our financial condition and results of operations.

A severe or prolonged downturn in the domestic or global economy or the unpredictability of international relations could materially and adversely affect our business, results of operations and financial condition.

Our business is subject to the domestic, regional and global economic conditions. The global macroeconomic environment is facing challenges. For example, the Chinese economy has shown slower growth compared to the previous decade and the trend may continue. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s major economies. There have been concerns over unrest, military actions and terrorist threats in the Middle East, Europe and Africa, which have resulted in market volatility. There have been concerns on the relationship between China and other countries, including the surrounding

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Asian countries, which may potentially have economic effects. There have also been concerns on the trade war initiated by the United States against China and other countries. Rising political tensions could reduce levels of trades, investments, technological exchanges and other economic activities amongst the major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. There is also potential risk that the new national security legislation could trigger sanctions or other forms of penalties by foreign governments, which may adversely affect the financial market and economic condition of Hong Kong, and in turn may adversely affect the operations of our subsidiaries in Hong Kong and the [REDACTED] of our shares on the Hong Kong Stock Exchange. Economic conditions in markets where we operate are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate. Any severe or prolonged slowdown in the global or the markets where we operate may materially and adversely affect our business, results of operations and financial condition. A severe or prolonged downturn in the domestic or global economy could materially and adversely affect our business and financial condition.

We face risks related to natural disasters, health epidemics such as COVID-19, civil and social disruption and other outbreaks, which could significantly disrupt our operations.

We are vulnerable to social and natural catastrophic events that are beyond our control, such as natural disasters, health epidemics, and other catastrophes, which may materially and adversely affect our business. 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 platform and provide solutions. Our business could also be adversely affected if our employees are affected by health epidemics. In addition, our results of operations could be adversely affected to the extent that any health epidemic harms the economy in general. The outbreak of COVID-19 has severely impacted China and the rest of the world. In an effort to contain the spread of COVID-19, China has taken precautionary measures that reduced economic activities, including temporary closure of corporate offices, retail outlets and manufacturing facilities and strict implementation of quarantine measures, such as stay-at-home orders and lockdowns. These measures may cause disruptions to our business operations as our business premises may be temporarily closed or we are restricted from travels for carrying out our business activities with our business partners. Such measures may also hinder the business activities of our customers and other business partners, which may, in turn, have a negative impact on our business with these business partners. 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. Also, the outbreak may severely affect and restrict the level of economic activities 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 COVID-19 outbreak

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will not further escalate with new variant cases entailing re-imposed restrictive measures which may in turn have a material adverse effect on our results of operations. The longer-term trajectory of COVID-19 and the effects of mutations in the virus, both in terms of scope and intensity of the pandemic, together with their impact on our business activities and the broader economy are still difficult to assess or predict and pose uncertainties that will be difficult to quantify. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect our offices, our operations may experience material disruptions, which may materially and adversely affect our business, financial conditions and results of operations.

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.

We have subsidiaries located in China and substantially all of the marketers we serve are China-based enterprises. 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 enterprises. Although the Chinese economy has grown significantly in the past decades, such growth may not continue and any slowdown may have a negative effect on our business and industries. 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’s overall economic growth, and such impact could adversely affect our businesses, which could adversely affect our competitive position.

In addition, while the PRC government has undergone various economic reforms in the last few decades, many of such reforms are expected to be refined, adjusted and modified from time to time based on economic and social conditions. In addition, the scope, application and interpretation of the laws and regulations relating to such reforms may not be entirely clear. Such refinement, adjustment or modification may impact our business operations in ways that we cannot predict, and any uncertainty in the scope, application and interpretation of the relevant laws and regulations may materially and adversely affect our results of operations and financial condition.

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The PRC legal system embodies uncertainties which may affect the protection afforded to our business and our Shareholders.

The PRC legal system has inherent uncertainties that could limit the legal protection available to our business and our Shareholders. The PRC legal system is based on the civil law system. Unlike the common law system, the civil law system is established on the written statutes and their interpretation by the PRC Supreme People’s Court, while prior legal decisions and judgments have limited significance for guidance. The PRC government has been developing a commercial law system, and has made significant progress in promulgating laws and regulations relating to economic affairs and matters, such as corporate organization and governance, foreign investments, commerce, taxation and trade. However, many of these laws and regulations are relatively new, and because of the limited volume of published decisions, their implementation and interpretation involve uncertainties and may not be as consistent and predictable as in other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have a retroactive effect. As a result, we may not be aware of any violation of these policies and rules until sometime after such violation has occurred. Furthermore, the legal protection available to our Shareholders under these laws, rules and regulations may be limited. Litigation or regulatory enforcement action in China may be protracted and may result in substantial costs and diversion of resources and management attention, and therefore materially and adversely affect our business and results of operations. We cannot predict future developments in the PRC legal system. We may be required to procure additional permits, authorizations and approvals for our operations, which we may not be able to obtain. Our inability to obtain such permits or authorizations may materially and adversely affect our business, results of operations and financial condition.

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

The value of the Renminbi against the U.S. dollar, the Hong Kong dollar, and other currencies fluctuates, and is subject to changes resulting from the PRC government’s policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local markets. It is difficult to predict how market forces and the PRC government’s policies will continue to impact Renminbi exchange rates going forward. The Renminbi may appreciate or depreciate significantly in value against foreign currencies in the long term, depending on the fluctuation of the basket of currencies against which it is currently valued, or it may be permitted to enter into a full or limited free float, which may also result in significant appreciation or depreciation of the Renminbi against the relevant foreign currencies.

The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in the decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect our business, financial condition, results of operations. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

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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.

Certain of our assets are located in China. In addition, our executive Directors and executive officers are nationals and residents of China and substantially all of the assets of these persons are located in China. It may be difficult for [REDACTED] to effect service of process upon us or those persons in the PRC for disputes brought in courts outside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 14, 2006, the Hong Kong SAR Government and the Supreme People’s Court of the PRC entered into the Arrangement of the Supreme People’s Court on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互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**”), pursuant to which a party with an enforceable final court judgment rendered by any designated PRC court or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant PRC court or Hong Kong court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for [REDACTED] to effect service of process against certain of our assets or our Directors or officers in the PRC in order to seek recognition and enforcement of judgments obtained from non-PRC courts.

On January 18, 2019, the Supreme People’s Court of the PRC and the Hong Kong SAR Government 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**”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong SAR and the Chinese mainland. The 2019 Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People’s Court of the PRC and the completion of the relevant legislative procedures in the Hong Kong SAR. As of the Latest Practicable Date, the 2019 Arrangement had not come into effect and it will, upon its effectiveness, supersede the 2006 Arrangement. However, it remains to be seen when it will come into effect and the outcome and effectiveness of any action brought under the 2019 Arrangement may still be uncertain.

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We may be subject to penalties, including restrictions on our ability to inject capital into our PRC subsidiaries, if our PRC resident Shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.

SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local counterparts of SAFE in connection with their direct or indirect offshore investment activities. The Circular on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment 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”) was promulgated by SAFE in July 2014 and requires PRC residents or entities to register with SAFE or its local counterparts in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our Shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local counterpart of SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger or division. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing its profits and the proceeds from any reduction in capital, share transfer or liquidation to its offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by SAFE to return the foreign exchange remitted overseas or into the PRC within a period of time specified by SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into the PRC and deemed to have been evasive or illegal and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We have requested PRC residents that to our knowledge hold direct or indirect interest in our Company to make the necessary applications, filings and amendments as required by applicable foreign exchange regulations. As of the Latest Practicable Date, our ultimate Controlling Shareholders, Mr. Li and Ms. Yu, who are required to complete the registration under SAFE Circular 37 had duly completed the foreign exchange registrations in relation to their offshore investments as PRC residents. However, there can be no assurance that the subsequent amendment of registration, when required, can be successfully completed in a timely manner. Failure by any such Shareholder to comply with SAFE Circular 37 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas or cross-border investment activities, limit our subsidiaries’ ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could adversely affect our business and prospects.

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PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies may delay or prevent us from making loans or additional capital contributions to our PRC subsidiaries.

We have subsidiaries incorporated in the PRC. We may make loans or additional capital contributions to our PRC subsidiaries subject to approvals by, filing or registrations with, relevant PRC governmental authorities.

Any loans to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC laws, are subject to PRC regulations and foreign exchange loan registrations. For example, any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local counterparts, and our PRC subsidiaries may not procure loans which exceed statutory limits. Additionally, any medium or long-term loan to be provided by us to our PRC subsidiaries must be recorded and registered by NDRC or its local counterparts. We may also decide to finance our PRC subsidiaries by means of capital contributions. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System and registration with other PRC governmental authorities.

In March 2015, SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or SAFE Circular 19, which took effect on June 1, 2015. Although SAFE Circular 19 allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, it also reiterates the principle that Renminbi converted from foreign currency-denominated capital of a foreign-invested enterprise may not be directly or indirectly used for expenditures beyond its business scopes. In June 2016, SAFE promulgated the Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or SAFE Circular 16. SAFE Circular 16 reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using Renminbi converted from foreign currency-denominated registered capital of a foreign-invested enterprise to issue Renminbi entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may limit our ability to transfer to and use in China the [REDACTED] from the [REDACTED], which may adversely affect our business, financial condition, and results of operations.

In light of the various requirements imposed by PRC laws and regulations on loans to, and direct investment in, PRC entities by offshore holding companies, we cannot assure you that we will be able to complete such recording or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the [REDACTED] of the [REDACTED] and any similar financing in the future and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

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We may face unfavorable tax consequences if we were classified as a PRC resident enterprise or otherwise be subject to any taxable income adjustment by the relevant tax authorities for PRC income tax purposes.

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. On April 22, 2009, SAT issued the Circular of the State Administration of Taxation on Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the Actual Standards of Organizational 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 January 1, 2008 (the “**SAT Circular 82**”), which provides certain specific criteria for recognizing 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 organizations 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 the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC. Further to SAT Circular 82, SAT issued The Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (Trial Implementation) (《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 September 1, 2011, to clarify the reporting and filing obligations of such “Chinese-controlled offshore incorporated resident enterprises.”

SAT 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 enterprises, not those invested in or controlled by PRC individuals, like in the case of our Company. 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 of the Latest Practicable Date, a majority of our management members were based in the PRC and it remains unclear how the tax residency rule will apply to our case. If we were considered a PRC resident enterprise, we would be subject to enterprise income tax at the rate of 25% on our global income and the filing obligations of such enterprise income tax to the relevant PRC authorities, and any dividend or gain on the sale of our Shares received by our non-resident enterprise shareholders may be subject to a withholding tax at a rate of 10%, if such income is treated as sourced from within the PRC. In addition, although the EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC subsidiaries to us would meet such qualification requirements if we were considered a PRC resident enterprise for this purpose. If our global income were to be taxed under the EIT

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Law, our financial position and results of operations would be materially and adversely affected. Moreover, in the event that a competent authority of any relevant jurisdiction determines that any of our intragroup transactions between our Hong Kong subsidiary(ies) and our PRC subsidiary(ies) were not on an arm’s length basis and could have an effect on our taxable income, such authority could require our relevant subsidiaries to re-determine the prices for the relevant transactions and thereby reallocate revenue, deduct costs and expenses and/or adjust taxable income of the relevant subsidiaries in order to accurately reflect the taxable income as required. In such cases, we may also experience delays in our application for refund of any overpaid Hong Kong profit tax, if at all. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not been challenged by any tax authority from the relevant jurisdictions that we operate in with respect to any of our intragroup transactions. However, we cannot guarantee that we will not be subject to such reallocation or adjustment on taxable income in the future as required by any competent tax authority. Such events could result in higher overall tax liability for us, which may adversely affect our business, financial condition and results of operations.

Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact our business operations.

On March 15, 2019, the Foreign Investment Law (《外商投資法》) was promulgated by the thirteenth National People’s Congress and took effect on January 1, 2020. Along with the Foreign Investment Law, the Implementing Rules of Foreign Investment Law (《外商投資法實施條例》) promulgated by the State Council and the Interpretation of the Supreme People’s Court on Several Issues Concerning the Application of the Foreign Investment Law (《最高人民法院關於適用〈中華人民共和國外商投資法〉若干問題的解釋》) promulgated by the Supreme People’s Court became effective on January 1, 2020. The Foreign Investment Law replaced several of the previous foreign investment related laws, and became the fundamental law for foreign investment in the PRC. The Foreign Investment Law defines foreign investment as any investment activity directly or indirectly carried out in China by one or more foreign natural persons, enterprises or other organizations (the “Foreign Investors”), and specifically stipulates four forms of investment activities as foreign investment, namely, (a) establishment of a foreign invested enterprise in China by a Foreign Investor, either individually or collectively with any other investor, (b) obtaining shares, equities, assets interests or any other similar rights or interests of an enterprise in China by a Foreign Investor, (c) investment in any new construction project in China by a Foreign Investor, either individually or collectively with any other investor, and (d) investment in any other manners stipulated under laws, administrative regulations or provisions prescribed by the State Council. Since the Foreign Investment Law and its current implementation and interpretation rules are relatively new, uncertainties still exist in relation to their further application and improvement, there are uncertainties as to whether it will impact the viability of our current corporate structure, corporate governance and business operations.

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Laws and regulations governing the internet industry and related businesses in China are evolving and may involve significant uncertainty. They 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 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 which may be promulgated or announced to regulate internet activities, including digital marketing and e-commerce businesses. If these new laws, regulations or policies are promulgated, additional licenses 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 licenses required under these new laws and regulations, we could be subject to penalties and our business operations may be disrupted.

The approval and/or other requirements of the CSRC or other PRC governmental authorities may be required in connection with the [REDACTED] and the [REDACTED] under PRC rules, regulations or policies.

The PRC government authorities may strengthen oversight over offerings that are conducted overseas and/or foreign investment in overseas-listed Chinese issuers and/or applicants (such as in the case of our proposed [REDACTED] and the [REDACTED]) with more requirements imposed on such issuers or applicants that are beyond their control. For instance, the relevant PRC governments promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), which, amongst others, stressed that the administration and supervision of overseas-listed China-based companies will be strengthened, and the special provisions of the State Council on overseas [REDACTED] of securities by such companies will be revised, clarifying the responsibilities of domestic industry competent authorities and regulatory authorities.

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Measures and five supporting guidelines, which will come into effect on March 31, 2023. According to the Trial Measures, PRC domestic companies that seek to [REDACTED] securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC. However, as advised by our PRC Legal Advisors, we shall be deemed as a stock enterprise under the Trial Measures and we were not as of the Latest Practicable Date required to perform relevant filing procedures with the CSRC pursuant to the Trial Measures with respect to the [REDACTED] and the [REDACTED]. For more details, see “Summary – Recent Developments and No Material Adverse Change – Recent Developments of Regulatory Environment – Regulatory Developments on Overseas [REDACTED]” and “Regulatory Overview – PRC Regulatory Overview – M&A rules and [REDACTED].”

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As there are still uncertainties regarding the implementation or interpretation of the Trial Measures and related regulations and guidelines, we cannot assure you that we will always be regarded as a stock enterprise by the CSRC or be able to comply with relevant new regulatory requirements relating to our future overseas securities [REDACTED] or other [REDACTED] activities. Failure to obtain or delay in obtaining any approval or completing any filing procedures for the [REDACTED] or the [REDACTED], or a rescission of any such approval, could subject us to sanctions by the relevant PRC governmental authorities. The governmental authorities may impose restrictions and penalties on our operations in China, such as shutting down part of our operations, limiting our ability to pay dividends outside of China, delaying or restricting the repatriation of the [REDACTED] from the [REDACTED] into China or taking other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the [REDACTED] of the Shares. The PRC governmental authorities also may take actions requiring us, or making it advisable for us, to suspend the [REDACTED] before settlement and delivery of the Shares [REDACTED] hereby. Consequently, if you engage in [REDACTED] or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the PRC governmental authorities later promulgate new laws, regulations, rules or explanations requiring that we obtain their approvals for filings, registrations or other kinds of authorizations for the [REDACTED] and/or the [REDACTED], we cannot assure you that we can obtain the approval, authorizations, or complete required procedures or other requirements in a timely manner, or at all, or obtain a waiver of the requisite requirements if and when procedures are established to obtain such a waiver.

Gains on the sale of Shares and dividends on the Shares may be subject to withholding PRC income taxes.

We are a holding company incorporated in the Cayman Islands. There is uncertainty whether we would be considered a PRC resident enterprise for the purpose of the EIT Law. As a result, it is unclear whether dividends paid on our Shares, or any gain realized from the transfer of our Shares, would be treated as income derived from sources within China and would as a result be subject to PRC income tax. If we are considered a PRC resident enterprise, then any dividends paid to our Shareholders that are “non-PRC residents” and any gains realized by them from the transfer of our Shares may be regarded as income derived from PRC sources and unless otherwise reduced or exempted would be subject to withholding PRC income tax, at a rate of 10% in the case of non-PRC enterprises under the EIT Law or 20% in the case of non-PRC individuals under the Individual Income Tax Law of the PRC. It is also unclear whether our Shareholders would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or regions. If dividends payable to our non-PRC residents Shareholders or gains from the transfer of our Shares are subject to PRC tax, the value of such non-PRC Shareholders’ investment in our Shares may be materially and adversely affected.

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We invest in our PRC subsidiaries through a subsidiary incorporated in Hong Kong. Pursuant to the Arrangement Between the Mainland of China 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 (《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》) (the “**Double Tax Avoidance Arrangement**”), dividends from our PRC subsidiaries paid to us through our Hong Kong subsidiary may be subject to a withholding tax at a rate of 10%, or at a rate of 5% if our Hong Kong subsidiary is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements to be entitled to treaty benefits under the Double Tax Avoidance Arrangement. Further, SAT promulgated the Announcement of the Certain Issues with Respect to the “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中“收益所有人”有關問題的公告》) in 2018, which sets forth certain detailed factors in determining “beneficial owner” status, and specifically, if an applicant’s business activities do not constitute substantive business activities, the applicant will not qualify as a “beneficial owner”. Accordingly, if our Hong Kong subsidiary is not considered as a “beneficial owner” of any such dividends, such dividends would as a result be subject to income tax withholding at the rate of 10% rather than the favorable 5% rate applicable under the Double Tax Avoidance Arrangement. In that case, our financial position and results of operations would be adversely affected.

Interruption or failure of Internet infrastructure and telecommunications systems could impair our ability to effectively provide our services, which could cause us to lose marketers and media publishers, and harm our business and results of operations.

Our business depends on the performance, reliability and stability of the Internet infrastructure and telecommunications systems. The availability of our services depends on third-party providers for services including cloud computing, server, storage capacity, content delivery and telecommunications. In addition, since we rely on the performance of our media publishers to deliver the marketing campaigns of marketers, any interruption or failure of their information technology and communications systems may disrupt our business operations. Any interruption or failure of Internet infrastructure and telecommunications systems could impair our ability to effectively deliver marketing campaigns and provide our services, and cause us to lose marketers and media publishers. As such, our business, results of operations and financial condition would be materially and adversely affected.

RISKS RELATING TO THE [REDACTED]

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

Prior to completion of the [REDACTED], there has been no [REDACTED] for our Shares. There can be no guarantee that an active [REDACTED] for our Shares will develop or be sustained after completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]), which may not be indicative of the price at which our Shares will be [REDACTED] following completion of the [REDACTED]. The [REDACTED] of our Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

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We have applied for the [REDACTED], and [REDACTED], our Shares on the Stock Exchange. However, even if approved, being [REDACTED] on the Stock Exchange does not guarantee that an active [REDACTED] for our Shares will develop or be sustained. If an active [REDACTED] for our Shares does not develop after the [REDACTED], the [REDACTED] and liquidity of our Shares may be adversely affected. As a result, you may not be able to resell your Shares at prices equal to or greater than the price paid for the Shares in the [REDACTED].

The [REDACTED] of our Shares may be volatile, which could result in substantial losses to you.

The [REDACTED] and [REDACTED] of our Shares may be volatile as a result of the following factors, as well as others, which are discussed in this “Risk Factors” section or elsewhere in this document, some of which are beyond our control:

- actual or anticipated fluctuations in our results of operations (including variations arising from foreign exchange rate fluctuations);
- news regarding loss of key personnel by us or recruitment of key personnel by our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industries;
- 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 industries;
- 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 any lock-up or other transfer restrictions on the outstanding Shares or sales or perceived sales of additional Shares by our Company 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. This may include a general global economic downturn, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. While it is difficult to predict how long these conditions will last, they could continue to present risks for an extended period of time. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

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[REDACTED] will experience immediate dilution.

As the [REDACTED] of our Shares is expected to be higher than the net tangible assets per share immediately prior to the [REDACTED], purchasers of our Shares in the [REDACTED] will experience an immediate dilution. In addition, holders of our Shares may experience further dilution of their interest if the [REDACTED] exercise the [REDACTED] or if we issue additional securities in the future to raise additional capital. Purchasers of our Shares may experience dilution in the net tangible asset value per share of their investments in Shares if we issue additional securities in the future at a price which is lower than the net tangible asset value per share prior to the issuance of such additional securities.

Our Controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interests of other Shareholders.

Prior to and immediately following the completion of the [REDACTED], our Controlling Shareholders will retain substantial control over our Company. Subject to our Articles of Association and the Cayman Companies Act, our Controlling Shareholders will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of our Controlling Shareholders may differ from the interests of other Shareholders and they are free (other than on any matters that they are required to abstain from voting) to exercise their votes according to their interests. To the extent that the interests of our Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

The actual or perceived [REDACTED] of our Shares may adversely affect the prevailing [REDACTED] of our Shares and our ability to raise future capital at a favorable time and price.

The [REDACTED] 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, especially by our Directors, executive officers and Controlling Shareholders, or the perception or anticipation of such sales.

The Shares held by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which [REDACTED] in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

The [REDACTED] of our Shares could also decline with the issuance of [REDACTED] 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 [REDACTED] of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

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The [REDACTED] of our Shares when trading begins could be lower than the [REDACTED] 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 [REDACTED] begins.

The [REDACTED] will be determined on the [REDACTED]. However, the [REDACTED] will not commence trading on the Hong Kong Stock Exchange until they are delivered. As a result, [REDACTED] may not be able to sell or otherwise deal in the [REDACTED] during that period. Accordingly, holders of the [REDACTED] are subject to the risk that the price of the [REDACTED] when [REDACTED] begins could be lower than the [REDACTED] as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time [REDACTED] 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 [REDACTED] and [REDACTED] of our Shares may decline.

The [REDACTED] 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 [REDACTED] 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 [REDACTED] or [REDACTED] to decline.

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

Distribution of dividends will be at the discretion of our Board and subject to Shareholders’ approval. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial position, operating requirements, capital requirements, and any other conditions that our Directors may deem relevant and appropriate. We cannot assure you when or whether we will pay dividends in the future. For further details, see “Financial Information – Dividends.”

[REDACTED] 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 [REDACTED] 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 precedents 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.

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We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return. For details of our intended [REDACTED] from the [REDACTED], see “Future Plans and [REDACTED] – [REDACTED].” However, our management will have discretion as to the actual application of our [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the [REDACTED] from the [REDACTED]. We will make appropriate announcement and comply with all applicable requirements under the Listing Rules in the event that we change the [REDACTED] as disclosed in this document.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third party sources, including the industry expert reports, contained in this document.

Certain facts, forecasts and other statistics contained in this document relating to China, the global economy and the industries in which we operate have been derived from various official government publications or other third-party reports. We have taken reasonable care in the reproduction or extraction of the official government publications or other third-party reports for the purpose of disclosure in this document, however, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the [REDACTED] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, [REDACTED] should give consideration as to how much weight or importance they should attach to or place on such disclosure in the document.

[REDACTED] should read the entire document carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this document.

There may have been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED]. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media or otherwise publicly available, nor the fairness or appropriateness of any estimates, forecasts, views or opinions expressed by the press or other media or otherwise publicly available regarding our Shares, the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

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Accordingly, prospective [REDACTED] should not rely on any such information, reports or publications in making their decision whether to invest in our Shares or in the [REDACTED]. You should rely solely upon the information contained in this document, the [REDACTED] and any formal announcements made by us in making your [REDACTED] decision regarding our Shares.

Forward-looking statements contained in this document are subject to risks and uncertainties and could prove inaccurate.

This document contains certain statements that are “forward-looking” and indicated by the use of forward-looking terms such as “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “plan,” “potential,” “project,” “seek,” “should,” “will,” “would” or similar expressions. You are cautioned that any forward-looking statement involves risks and uncertainties and any or all of the assumptions relating to the forward-looking statements could prove to be inaccurate. As a result, the forward-looking statement could be incorrect. The inclusion of forward-looking statements in this document should not be regarded as a representation by us that the plans and objectives will be achieved, and you should not place undue reliance on such statements.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

In preparation for the [REDACTED], we have applied for the following waivers and exemption from strict compliance with the relevant provisions of the Listing Rules or the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules requires an issuer to have sufficient management presence in Hong Kong which normally means that at least two of the issuer’s executive directors must be ordinarily resident in Hong Kong.

Since our executive Directors are PRC nationals and are not ordinarily resident in Hong Kong, and other personnel of the Company are located in the PRC, our Directors consider that it would be practically difficult, unduly burdensome and not commercially feasible for our Company to appoint Hong Kong residents as executive Directors or to relocate any of the existing executive Directors to Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules. Therefore, we do not and, for the foreseeable future, will not have executive Directors who are ordinarily resident in Hong Kong for the purposes of satisfying the requirements of Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted us], a waiver from strict compliance with Rule 8.12 of the Listing Rules, subject to the following conditions:

- our Company has appointed Ms. Yu (our executive Director) and Ms. Lam Wing Chi (a joint company secretary of our Company) as our authorized representatives (the “**Authorized Representatives**”) pursuant to Rule 3.05 of the Listing Rules. They will act as our Company’s principal channel of communication with the Stock Exchange. Each of the said individuals has confirmed that she can be readily contactable by phone, facsimile and/or email to deal promptly with enquiries from the Stock Exchange and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. We will keep the Stock Exchange up to date in respect of any change to the contact details of our Authorized Representatives;
- Ms. Yu possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Ms. Lam is a permanent resident of Hong Kong;
- our Authorized Representatives have prompt access to the Board and senior management of our Company at all times. Each of the Directors, through our Authorized Representatives, can be reached by mobile phone number, office phone number, facsimile number and email address. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in our Company’s Authorized Representatives;

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

- to facilitate communication with the Stock Exchange, our Company has provided our Authorized Representatives and the Stock Exchange with the contact details, including mobile phone number, office phone number, facsimile number and email address, of our Directors (including our independent non-executive Directors) and will implement a policy to provide up-to-date contact details of each Director to our Authorized Representatives;
- in the event that any Director expects to travel or otherwise be out of office, he or she will provide the phone number or other means of communication to our Authorized Representatives to ensure that he or she could be contactable when travelling;
- to the best of our Company’s knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the Stock Exchange’s request;
- our Company has appointed Maxa Capital Limited to act as its compliance advisor (the “**Compliance Advisor**”) upon the [REDACTED] in compliance with Rule 3A.19 of the Listing Rules. Our Compliance Advisor will, among other things and in addition to our Authorized Representatives, act as our Company’s additional channel of communication with the Stock Exchange and provide our Company with professional advice on continuing obligations under the Listing Rules during the period from the [REDACTED] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [REDACTED]. Our Compliance Advisor will be available to answer enquiries from the Stock Exchange and will act as the principal channel of communication with the Stock Exchange when our Authorized Representatives and our Directors are not available; and
- our Company will ensure that our Compliance Advisor has prompt access at all times to our Authorized Representatives, our Directors and senior management of our Company. Our Authorized Representatives, our Directors and other officers of our Company will provide promptly such information and assistance as our Compliance Advisor may reasonably require in connection with the performance of our Compliance Advisor’s duties as set forth in Chapter 3A of the Listing Rules. Our Company shall ensure that there will be adequate and efficient means of communication between our Company, our Authorized Representatives, the Directors, the company secretary and other officers of our Company and our Compliance Advisor, and to the extent reasonably practicable and legally permissible, our Company will keep our Compliance Advisor informed of all communication and dealings between our Company and the Stock Exchange.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that a listing applicant must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that the company secretary of a listing applicant must be a person who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. 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)). In assessing “relevant experience”, the Stock Exchange will consider the individual based on the following criteria: (a) length of employment with the listing applicant and/or any other listed issuers and the roles he or she played; (b) familiarity with the Listing Rules and other relevant laws and regulations including but not limited to the SFO, the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (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.

Our Company has appointed Ms. Yu as one of our joint company secretaries. Ms. Yu joined the Group on January 1, 2016 and is currently an executive Director of our Company and the deputy chief operating officer of the Company. She is responsible for internal management of our Group and assisting the chief executive officer of in the overall strategic and direction planning of our Group. Please refer to the section headed “Directors and Senior Management” in this document for Ms. Yu’s biography. Although our Company believes, having regard to Ms. Yu’s past experience in handling administrative and corporate matters, that she has a thorough understanding of the Group and the Board, Ms. Yu does not possess the requisite qualifications as required under Rule 3.28 of the Listing Rules. Therefore, our Company has appointed Ms. Lam Wing Chi, who is a Hong Kong resident and possesses the aforementioned qualifications required under Rule 3.28 of the Listing Rules, to be a joint company secretary to assist and provide assistance to Ms. Yu. Please refer to the section headed “Directors and Senior Management – Joint Company Secretaries” in this document for Ms. Lam’s biography.

Given the important role of the company secretary in the corporate governance of a [REDACTED], particularly in assisting the [REDACTED] as well as its directors in complying with the Listing Rules and other relevant laws and regulations, our Company has put in place the following arrangements:

- (a) Ms. Lam, one of the joint company secretaries of our Company who satisfies the requirements under Rule 3.28 of the Listing Rules, will assist Ms. Yu so as to enable her to jointly discharge her duties and responsibilities as a joint company secretary

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
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of our Company. Given Ms. Lam's relevant experiences, she will be able to advise both Ms. Yu and our Company on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;

- (b) Ms. Yu, one of the joint company secretaries of our Company, will be assisted by Ms. Lam for a period of three years commencing from the [REDACTED], which should be sufficient for her to acquire the requisite knowledge and experience as required under Rule 3.28 of the Listing Rules;
- (c) our Company will ensure that Ms. Yu has access to the relevant trainings and support to enable her to familiarise herself with the Listing Rules and the duties required for a company secretary of a Hong Kong [REDACTED] company, and Ms. Yu has undertaken to attend such trainings;
- (d) Ms. Lam will communicate with Ms. Yu on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to the operations and affairs of our Company. Ms. Lam will work closely with, and provide assistance to Ms. Yu with a view to discharging her duties and responsibilities as a joint company secretary, including but not limited to organising the Board meetings and Shareholders' meetings; and
- (e) pursuant to Rule 3.29 of the Listing Rules, Ms. Yu and Ms. Lam will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarise themselves with the requirements of the Listing Rules and other regulatory requirements of Hong Kong. Both Ms. Yu and Ms. Lam will be advised by the legal advisers of our Company as to Hong Kong law and the compliance advisor of our Company as and when appropriate and required.

Accordingly, we have applied to the Stock Exchange for, [and the Stock Exchange has granted], a waiver under and in respect of Rules 3.28 and 8.17 of the Listing Rules. The waiver is valid for an initial period of three years from the [REDACTED]. If, during the said three-year period, (i) Ms. Lam ceases to provide assistance to Ms. Yu; or (ii) there are material breaches of the Listing Rules by the Company, such waiver will be revoked with immediate effect. Before the expiry of the initial three-year period, our Company will evaluate the qualifications and experiences of Ms. Yu. Upon the determination of our Company that no on-going assistance to Ms. Yu is necessary, our Company will liaise with and demonstrate to the Stock Exchange that, with the assistance of Ms. Lam over such three-year period, Ms. Yu has acquired the requisite knowledge and experience as prescribed of Rule 3.28 of the Listing Rules.

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WAIVER AND EXEMPTION IN RESPECT OF FINANCIAL STATEMENTS IN THIS DOCUMENT

According to Rule 4.04(1) of the Listing Rules, in case of a new applicant, the accountants' report contained in this document must include, among other things, the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of this document or such shorter period as may be acceptable to the Stock Exchange.

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include an accountants' report which contain the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this document a statement as to the gross trading income or sales turnover (as may be appropriate) during each of the three financial years immediately preceding the issue of this document.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this document a report by our auditors with respect to the profits and losses and assets and liabilities of our Group in respect of each of the three financial years immediately preceding the issue of this document.

Pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

The Accountants' Report for the three years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022 is set out in Appendix I to this document. However, strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Rule 4.04(1) of the Listing Rules would be unduly burdensome and the exemption would not prejudice the interest of the [REDACTED] public given the following reasons:

- (a) there would not be sufficient time for our Group and the reporting accountants of our Company to finalize our audited financial statements for the year ended December 31, 2022 for inclusion in this document, which shall be issued on or before [REDACTED]. If the financial statements are required to be audited up to

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
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December 31, 2022, our Company and the reporting accountants would have to undertake a substantial amount of work to prepare, update and finalize the Accountants’ Report and this document and the relevant sections of this document will need to be updated to cover such additional period. This would involve additional time and costs since a substantial amount of work is required to be carried out for audit purposes. It would be unduly burdensome for the audited results for the year ended December 31, 2022 to be finalized within a short period of time. Our Directors consider that the benefits of such work to the potential [REDACTED] of our Company may not justify the additional work and expenses involved and the delay of the [REDACTED] timetable, given that there has been no significant change in the financial position of our Group since September 30, 2022, being the latest period reported on by the reporting accountants;

- (b) our Company has included in this document (i) the Accountants’ Report covering the three years ended December 31, 2021 and the nine months ended September 30, 2022, (ii) the unaudited preliminary financial information of our Group for the year ended December 31, 2022 as set out in Appendix III to this document, which has been agreed with our Company’s reporting accountants, KPMG, following their work under Practice Note 730 (Revised) “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants, and a commentary on the results for the year as set out in Appendix III to this document, and such disclosure is no less than the content requirements for a preliminary results announcement under Rule 13.49 of the Listing Rules, and (iii) the information regarding the recent development of our Group subsequent to the Track Record Period and up to the date of this document. As such, our Company is of the view that all material information have already provided potential [REDACTED] with adequate and reasonably up-to-date information in the circumstances to form a view on the track record and earnings trend of our Group, and all material information that is necessary for the potential [REDACTED] to make an informed assessment of the activities, assets and liabilities, financial position, trading position, management and prospects of our Company has been included in this document;
- (c) our Directors, and the Sole Sponsor after performing sufficient due diligence, confirmed that, up to the date of this document, there has been no material adverse change in the financial and trading positions or prospects of our Group since September 30, 2022 and there has been no event since September 30, 2022 which would materially affect the information shown in the Accountants’ Report, the unaudited preliminary financial information of our Group for the year ended December 31, 2022 set out in Appendix III to this document and the section headed “Financial Information” in this document and other parts of this document; and

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
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- (d) our Company’s legal adviser as to the Cayman Islands law has confirmed that we are not required by Cayman Islands law, other regulatory requirements or our Articles to publish, in the Cayman Islands or elsewhere, annual results announcements for the year ended December 31, 2022. Pursuant to the Note to Rule 13.49(1) of the Listing Rules, our Company will publish an announcement after [REDACTED] and no later than [REDACTED] stating that the relevant financial information has been included in this document.

In such circumstances, an application has been made to the Stock Exchange for, [and the Stock Exchange has granted] to our Company, a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, on the conditions that:

- (a) this document will be issued on or before [REDACTED] and our Shares will be [REDACTED] on the Stock Exchange by [REDACTED];
- (b) our Company will obtain a certificate of exemption from the SFC from strict compliance with the requirements under section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (c) this document will include the preliminary unaudited financial information for the year ended December 31, 2022 and a commentary on the results for the year. The financial information to be included in this document must (i) follow the same content requirements as for a preliminary results announcement under Rule 13.49 of the Listing Rules; and (ii) be agreed with the reporting accountants following their work under Practice Note 730 (Revised) “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants; and
- (d) our Company will not be in breach of our constitutional documents or laws and regulations of the Cayman Islands, where our Company is incorporated, or other regulatory requirements regarding our obligation to publish preliminary results announcements.

An application has also been made to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) in respect of the requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the inclusion of the accountants’ report for the full year ended December 31, 2022 in this document. A certificate of exemption [has been granted by the SFC] under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (a) the particulars of the exemption are set out in this document; and
- (b) this document will be issued on or before [REDACTED], and our Shares will be [REDACTED] on the Stock Exchange on or before [REDACTED].

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Mr. Li (李翔)	5/F., Block 612 12 Baguaer Road Futian District Shenzhen Guangdong PRC	Chinese
Ms. Yu (余璐)	5/F., Block 612 12 Baguaer Road Futian District Shenzhen Guangdong PRC	Chinese
<i>Independent non-executive Directors</i>		
Ms. Zhao Yan (趙焱)	1308, 13/F., Block 1 Xili, Balizhuang Chaoyang District Beijing PRC	Chinese
Mr. Gong Peiyue (公佩鉞)	Room 1008, Block A 891 Haicang Avenue Haicang District Xiamen, Fujian PRC	Chinese
Mr. Li Kwok Tai James (李國泰)	22E Hove Court, Perth Garden 7 Perth Street, Ho Man Tin Kowloon Hong Kong	Chinese (Hong Kong)

Further information about our Directors and other senior management members is set forth in “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

GF Capital (Hong Kong) Limited
29-30/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal advisors to our Company

As to Hong Kong law:

Norton Rose Fulbright Hong Kong
38/F Jardine House
1 Connaught Place, Central
Hong Kong

*As to Hong Kong law in relation to our
business operations in Hong Kong:*

Lam Vincent C.W.
Barrister-at-law of Hong Kong
804A, Tower 1
Admiralty Centre
18 Harcourt Road
Admiralty
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

As to PRC law:

Jingtian & Gongcheng

34/F, Tower 3

China Central Place

77 Jianguo Road, Beijing

PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

	<p><i>As to Cayman Islands law:</i> Maples and Calder (Hong Kong) LLP 26th Floor, Central Plaza 18 Harbour Road Wanchai Hong Kong</p>
<p>Legal advisors to the Sole Sponsor and the [REDACTED]</p>	<p><i>As to Hong Kong law:</i> King & Wood Mallesons 13/F, Gloucester Tower The Landmark 15 Queen's Road Central Central Hong Kong</p>
	<p><i>As to PRC law:</i> King & Wood Mallesons 18th Floor, East Tower World Financial Center No. 1 Dongsanhuan Zhonglu Chaoyang District, Beijing PRC</p>
<p>Auditors and reporting accountants</p>	<p>KPMG <i>Certified Public Accountants</i> 8th Floor Prince's Building 10 Chater Road Central Hong Kong</p>
<p>Industry consultant</p>	<p>Frost & Sullivan International Limited 1706, One Exchange Square 8 Connaught Place Central, Hong Kong</p>

[REDACTED]

CORPORATE INFORMATION

Registered office	WB Corporate Services (Cayman) Ltd. PO Box 2775 Artemis House 67 Fort Street, Grand Cayman KY1-1111 Cayman Islands
Principal place of business in the PRC	Block B, Building 1 Zhubang 2000 Business Center Chaoyang District, Beijing PRC
Head office and principal place of business in Hong Kong	5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Company's website	<u>www.empowerwin.com</u> <i>(information contained on this website does not form part of this document)</i>
Joint company secretaries	Ms. Yu Lu (余璐) Ms. Lam Wing Chi (林穎芝) ACG, HKACG
Authorized representatives	Ms. Yu Lu (余璐) Ms. Lam Wing Chi (林穎芝) ACG, HKACG
Audit committee	Mr. Li Kwok Tai James (<i>Chairman</i>) Ms. Zhao Yan Mr. Gong Peiyue
Remuneration committee	Mr. Gong Peiyue (<i>Chairman</i>) Ms. Yu Lu Ms. Zhao Yan
Nomination committee	Mr. Li Xiang (<i>Chairman</i>) Ms. Zhao Yan Mr. Gong Peiyue

[REDACTED]

CORPORATE INFORMATION

[REDACTED]

Compliance advisor

Maxa Capital Limited

(a corporation licensed under the SFO and permitted to carry out type 1

(dealing in securities) and type 6

(advising on corporate finance)

regulated activities)

Unit 1908, Harbour Center

25 Harbour Road

Wanchai, Hong Kong

Principal bankers

China Merchants Bank (Dongsihuan Sub-branch)

Block A, Yuanyang International Center

56 Dongsihuan Zhonglu

Chaoyang District, Beijing

PRC

DBS Bank (Hong Kong) Limited

G/F, The Center

99 Queen's Road Central

Central

Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

1/F, HSBC Centre Tower 2

1 Sham Mong Road

Kowloon

Hong Kong

INDUSTRY OVERVIEW

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

SOURCE AND RELIABILITY OF INFORMATION

We have commissioned Frost & Sullivan, an Independent Third Party, to conduct a market research report for purpose of this document. We agreed to pay Frost & Sullivan a fee of US\$136,480 for the preparation of the Frost & Sullivan Report, and our Directors consider that such fee reflects market rates and are of the view that the payment of the fee does not affect the fairness of conclusions drawn in the Frost & Sullivan Report. Founded in 1961, Frost & Sullivan has over 45 global offices with more than 3,000 industry consultants, market research analysts, technology analysts and economists.

RESEARCH METHODOLOGY

During the preparation of the Frost & Sullivan Report, Frost & Sullivan conducted primary research that involved discussing the status of the industry with industry participants and industry experts, as well as secondary research that involved reviewing company reports, independent research reports and Frost & Sullivan’s own database.

BASIS AND ASSUMPTION

The Frost & Sullivan Report was compiled based on the following assumptions: (i) China’s and overseas economy is likely to maintain steady growth in the next decade; (ii) China’s and overseas social, economic, and political environment is likely to remain stable from 2022 to 2026; (iii) expansion of domestic companies in overseas market, development of one-stop digital marketing services, booming e-commerce industry, and favorable government policy are likely to drive the future growth of the industry. The impact of COVID-19 has been incorporated in the assumptions.

INDUSTRY OVERVIEW

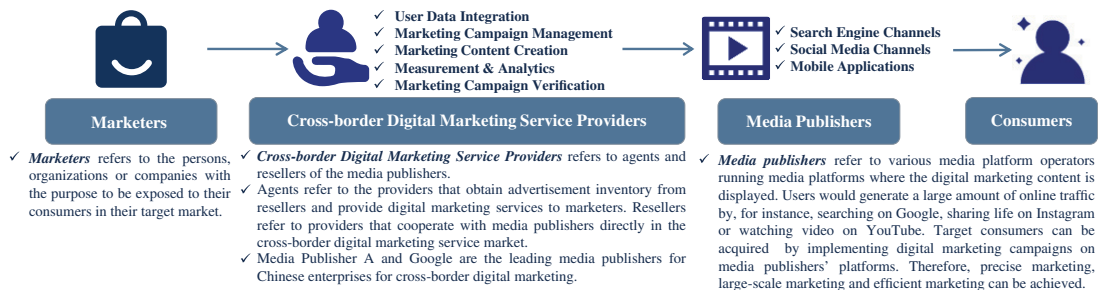
ANALYSIS OF CHINA’S CROSS-BORDER DIGITAL MARKETING SERVICES INDUSTRY

Cross-border digital marketing refers to the marketing approach of enterprises that aim to target overseas potential users by conducting cross-border marketing activities through digital channels. The core value of cross-border digital marketing is to help marketers reach overseas consumers by Internet advertising technology and digital media platforms. As Chinese companies usually face challenges like information asymmetry, cultural differences and lack of customer traffic, there is an increasing demand for cross-border digital marketing services.

Cross-border digital marketing service providers can be divided into two categories, agents and resellers of media publishers. Agents obtain advertisement inventory from resellers and provide digital marketing services to marketers. Meanwhile, agents provide services including, amongst others, marketing content creation, optimization and performance assessment. Resellers refer to services providers that cooperate with media publishers directly in the cross-border digital marketing service market. Limited number of market players obtained reseller qualifications in China from media publishers. Generally, only cross-border digital marketing service providers with sizable marketer scale and comprehensive service capacity can meet the criteria to be a reseller. Resellers can help leverage their extensive customer base to identify and explore potential customers for media publishers. Unlike agents which acquire advertisement inventory from resellers, resellers are able to provide marketing services to marketers and assist them to acquire advertisement inventory directly from media publishers. Resellers can provide marketers with full-cycle services instead of merely marketing services, thereby improving customer satisfaction and increasing customer stickiness. Meanwhile, with close relationships with top media publishers, resellers are able to assist marketers in informing and familiarizing the latest policies and regulations issued by top media publishers. The numerous tiers of resellers and agents adopted by media publishers such as Media Publisher A is not specific to China but also applicable to other countries and regions.

Cross-border digital marketing service providers mainly derive the revenue from service fee and the difference between the net spending with media publishers and the net billing attributable to marketers. Net billing is the net result of gross billing to marketers minus incentive to marketers; net spending with media publishers is the net result of gross spending with media publishers minus rebates from media publishers.

Value Chain of Cross-border Digital Marketing Services Industry



INDUSTRY OVERVIEW

Notes:

1. Rebates: refers to the compensates from media publishers to cross-border digital marketing services providers.
2. Marketer incentive: refers to the compensates from cross-border digital marketing services providers to marketers for the use of cross-border digital marketing services.

MARKET SIZE OF CROSS-BORDER DIGITAL MARKETING SERVICES INDUSTRY

The market size of cross-border digital marketing services industry refers to the total gross billing of cross-border digital marketing services providers in China.

- **By Media**

With the expansion of domestic enterprises to overseas market, China’s cross-border digital marketing services industry has experienced a rapid growth during the past few years. Cross-border digital marketing services industry has increased from US\$4.8 billion in 2016 to US\$22.3 billion in 2021 at a CAGR of 36.0%. China’s cross-border digital marketing services industry is expected to keep growing along with technology innovation and growing demand of Chinese companies with the market size estimated to reach US\$61.6 billion in 2026 at a CAGR of 22.5% from 2021 to 2026.

Media Publisher A and Google are two major media publishers for cross-border digital marketing in China. It is industry practice for cross-border digital marketing services providers to work mostly with one to two media publishers. Most Chinese cross-border marketers prefer top media publishers with large media traffic, such as Media Publisher A and Google. In 2021, the gross billing attributable to China-based marketers on the platforms of Media Publisher A and Google accounted for 46.6% and 33.6% of the total gross billing of China’s cross-border digital marketing services industry, respectively.

Ranking of Market Share of Top 5 Media Publishers for Cross-border Digital Marketing Industry by Gross Billing, (China), 2021

Rank	Media Publisher	Market Share (%)
1.	Media Publisher A	46.6
2.	Google	33.6
3.	Amazon	9.4
4.	TikTok	6.3
5.	Snapchat	1.8
Top 5 Subtotal		97.7
Others		2.3
Total		100.0

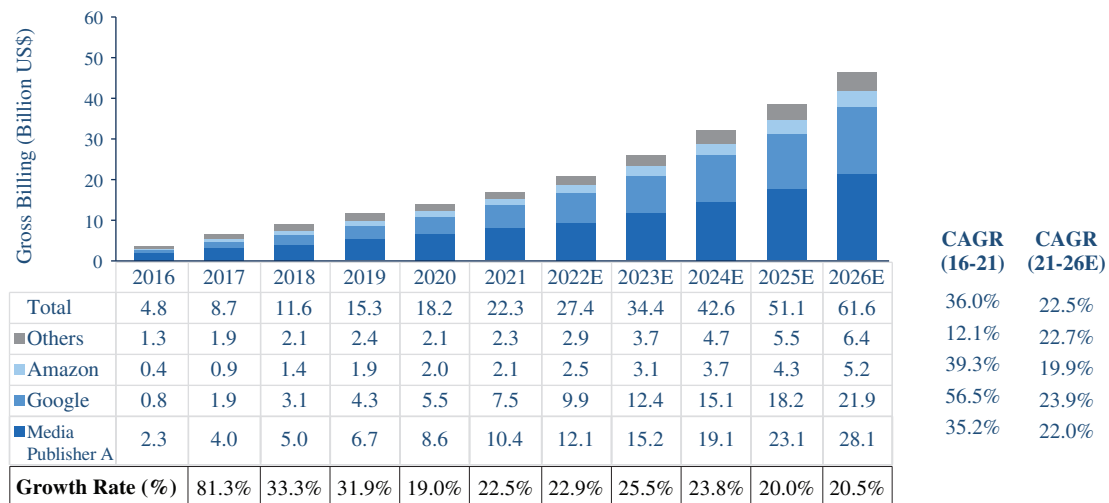
Source: Frost & Sullivan

INDUSTRY OVERVIEW

As of 2021, the top five media publishers in the cross-border digital marketing industry in China are, in order of industry ranking, Media Publisher A, Google, Amazon, TikTok, and Snapchat, which together accounted for a total of 97.7% of the total gross billing of China’s cross-border digital marketing industry. Media Publisher A still has a dominant industry position among the media publishers with no other existing or new media publishers set to challenge such a dominant position thus far. China’s cross-border digital marketing services market for the e-commerce and online games industries is also dominated by Media Publisher A. TikTok’s market share in China’s cross-border digital marketing industry was 6.3% in 2021 in terms of gross billing.

Media Publisher A is the major media publisher for e-commerce marketers. The average monthly active users of the largest media platform of Media Publisher A increased from 2.50 billion for 2019 to 2.96 billion for 2022, ranking the first among all social media platforms in the world over such a period. Media Publisher A’s dominating position as a supplier of user traffic and social media publisher may not be replaced in the near future. As of December 31, 2019, 2020, 2021 and 2022 and the Latest Practicable Date, there were nine, ten, 11, 11 and 11 resellers for Media Publisher A in China, according to Frost & Sullivan. The numerous of tiers of resellers and agents of Media Publisher A in the cross-border digital marketing market in China is in part because Media Publisher A does not have business presence in China and China-based marketers would need to reach out to intermediaries to implement marketing campaigns on Media Publisher A’s platforms.

**Market Size of Cross-border Digital Marketing Services Industry (China),
Breakdown of Gross Billing by Media 2016-2026E**



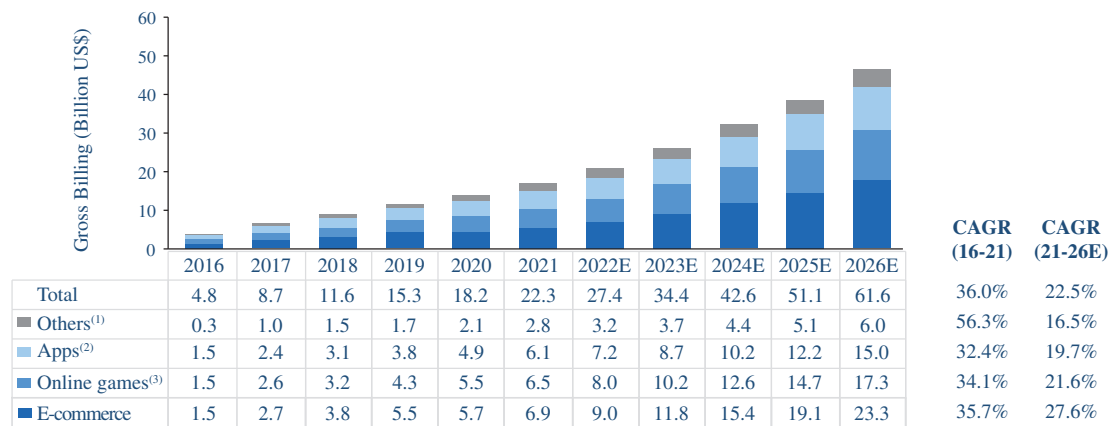
Source: Frost & Sullivan

INDUSTRY OVERVIEW

• By Industry

In the realm of industries, the entire cross-border digital marketing industry can be divided by e-commerce, apps, online games and other sectors. E-commerce, online games and app are major industries for cross-border digital marketing services in China, accounting for approximately 30.9%, 29.1% and 27.4% of the market size of cross-border digital marketing services industry in 2021, respectively. Cross-border digital marketing services for e-commerce industry is estimated to reach US\$23.3 billion in 2026 at a CAGR of approximately 27.6% from 2021 to 2026.

**Market Size of Cross-border Digital Marketing Services Industry (China),
Breakdown of Gross Billing by Industry 2016-2026E**



Source: Frost & Sullivan

Notes:

- (1) Others refer to other industry participants including consumer electronics companies, travel and airline companies, fast-moving consumer goods companies, etc.
- (2) Apps refer to apps industry participants in relation to video-based apps, utility apps, and social networking apps but excluding e-commerce and online games-related apps.
- (3) Online games include mobile games and PC online games.

With a large end customer base and strong purchasing power, the United States is a major destination for marketers and cross-border digital marketing services. The market size of China’s cross-border digital marketing services targeting end customers in the United States had reached US\$7.0 billion in 2021 in terms of gross billing, accounting for approximately 31.4% of such market size targeting global end customers, and is expected to reach US\$20.3 billion in 2026 at a CAGR of approximately 23.7% from 2021 to 2026. China’s cross-border digital marketing services industry targeting end customers in the United States was relatively concentrated with the top five players taking up a market share of around 60.9% in 2021.

INDUSTRY OVERVIEW

As a fast-growing emerging region, Southeast Asia has been a popular destination for Chinese companies conducting cross-border digital marketing and is gradually becoming an incremental market for brand owners to capture. Singapore, as the financial center of Southeast Asia and the gateway to connect the global and Southeast Asian markets, is becoming a preferred choice for cross-border digital marketing service providers. Leading cross-border digital marketing service providers are establishing local teams in Singapore to capture the business opportunities of China-based marketers targeting the Southeast Asian market. The market size of China’s cross-border digital marketing services targeting end customers in Southeast Asia had reached US\$3.3 billion in 2021, accounting for approximately 14.8% of such market size targeting global end customers, and is expected to reach US\$10.7 billion in 2026 at a CAGR of approximately 26.4% from 2021 to 2026. For China’s cross-border digital marketing services industry targeting end customers in Southeast Asia, the top five players accounted for a market share of around 44.8% in 2021.

MARKET DRIVERS OF CHINA’S CROSS-BORDER DIGITAL MARKETING SERVICES INDUSTRY

Expansion of Domestic Companies in Overseas Market: Companies in China now actively deploy and expand markets overseas. With the support of economic development, reputable domestic companies are expanding their business overseas and actively participate in international competition. Expansion of domestic companies in overseas market has boosted the demand for cross-border digital marketing service in order to explore overseas market in a more effective way, thereby contributing to the growth of cross-border digital marketing services industry in China.

Development of SaaS-based One-stop Digital Marketing Services: With rapid development of technologies, including big data, AI technology, and marketing automation, marketing tools are gradually turning to standardization and digitalization. Digital marketing has become an endogenous driving force for corporate development. As marketing SaaS becomes one of the advanced digital marketing tools, growing number of cross-border digital marketing services providers are launching SaaS-based one-stop services to conduct marketing optimization and management automatically. SaaS-based one-stop services cover various aspects, including content creation, optimization and performance evaluation, as well as marketing SaaS platform, in order to enhance efficiency of marketing services. Therefore, the development of SaaS-based one-stop digital marketing services is considered as a major driver of China’s cross-border digital marketing services industry.

Booming E-commerce Industry: Due to the impact of COVID-19, stores and malls were closed down and offline consumption decreased in 2020. With consumers gradually shifting to online shopping, the e-commerce industry has thus flourished. Moreover, due to the rapid recovery from the impact of COVID-19 in China in 2021, the GMV of China’s cross-border e-commerce import and export increased from RMB5,026.3 billion in 2016 to RMB14,523.9 billion in 2021, representing a CAGR of 23.6%. In addition, demand for entertainment has also increased rapidly due to COVID-19. Overseas customers have spent more time on online games and apps during lockdowns and social distancing, which made China-based apps and online games become more popular with overseas customers. Rising demand for acquiring overseas customer traffic has prompted e-commerce companies to look for cross-border digital marketing services, thereby promoting the development of the industry.

INDUSTRY OVERVIEW

Strong Government Policy Support: Policies in support of cross-border e-commerce are also stimulating the development of the cross-border digital marketing services industry in China. The state promotes the development of overseas warehouses actively, and encourages enterprises to use cross-border third-party e-commerce platforms or self-built platforms to take orders, thus driving domestic brands’ expansion into the international arena. In September 2018, the Ministry of Finance, the State Administration of Taxation, the Ministry of Commerce, and the General Administration of Customs issued the Tax Policies for Retail Exports in Cross-Border E-commerce Comprehensive Pilot Zones (《關於跨境電子商務綜合試驗區零售出口貨物稅收政策的通知》). Value-added tax or consumption tax exemption policies has been implemented for the goods which are exported by an e-commerce export enterprise in a comprehensive pilot zone without any valid voucher for the purchase of goods. In July 2021, the General Office of the State Council issued the Opinions on Accelerating the Development of New Formats and New Models of Foreign Trade (《關於加快發展外貿新業態新模式的意見》), putting forward 25 opinions on promoting the development of new formats and new models of cross-border trade from seven aspects. In November 2021, the Plan for the High-quality Development of Foreign Trade during the 14th Five-Year Plan Period (《“十四五”對外貿易高質量發展規劃》) was issued by the Ministry of Commerce of the PRC to optimize the international market layout and the structure of service import and export and promote the sustainable development of cross-border e-commerce, steadily deepening the opening up of the market.

OPPORTUNITIES, THREATS AND CHALLENGES OF CHINA’S CROSS-BORDER DIGITAL MARKETING SERVICES INDUSTRY

Opportunities:

Application of Technological Innovations: Innovations such as AR, AI, and big data enable cross-border digital marketing services providers to achieve technological changes. AR represents a new frontier for marketers to connect and interact with their consumers. AR campaign is a valuable tool for marketers in storytelling as it can be cost-efficient through immersion. In addition, through learning experience from massive data and analyzing marketing performance, AI empowers marketing services providers with more precise marketing capabilities. Application of technological innovations is expected to promote the development of China’s cross-border digital marketing services industry.

Growing Popularity of Social Media and Short Videos: The popularity of social media and short videos promotes the cooperation between cross-border digital marketing providers and overseas social medias. The cooperation with media and celebrities overseas strengthens the marketing effects of brand owners. Also, active customer traffic of social medias undoubtedly brings new business opportunities. It is easier to reach target audiences and achieve large-scale marketing effect by promoting products on various social medias and through short videos.

INDUSTRY OVERVIEW

International Policy Support: The Regional Comprehensive Economic Partnership (RCEP) entered into effect on January 1, 2022, involving ten countries of the Association of Southeast Asian Nations (ASEAN) and five non-ASEAN countries, including China, New Zealand, Australia, Japan and South Korea. The RCEP is a free trade agreement that will create the world’s largest trade bloc. China, as a member state, is able to benefit from the RCEP, including in connection with customs duty planning and mitigation, further optimization of supply chain, non-tariff measures and trade facilitation. The implementation of RCEP could create a unified market for trading of goods and services for marketers to benefit from reduced trade barriers. As far as the cross-border digital marketing services industry is concerned, as marketers could easily access different markets across the region, it would bring growing demand for cross-border digital marketing services. Marketers are expected to turn to experienced cross-border digital marketing services providers in order to target overseas potential customers. Thus, international policy support brings an opportunity to the cross-border digital marketing service providers which plays an important role in introducing China-based marketers to the global market.

Threats and Challenges:

Increasing Labor Cost: As a knowledge-intensive industry, China’s cross-border digital marketing services industry has a strong demand for IT talents. Especially with the rapid development and iteration of technologies, companies are increasingly in need of high-end talents. Average wage of employed persons in information transmission, software and information technology in China had increased from approximately RMB120,000 per year in 2016 to approximately RMB177,500 in 2021 at a CAGR of 8.1%. The increasing labor costs add to the operating pressure of industry players and by and large pose as a threat for cross-border digital marketing services providers in China.

Localization: Cross-border digital marketing services providers may face challenges of localization during their expansion to overseas market. Cross-border digital marketing is conducted all over the world and is targeted at customers from diverse backgrounds. As the cultural backgrounds, life habits, and local government policies may vary in different countries and regions, localization is considered as a challenge for cross-border digital marketing services industry in China.

COMPETITIVE LANDSCAPE

There were around 1,000 cross-border digital marketing services providers in China in 2021. Top five cross-border digital marketing service providers in China took approximately 49.8% of the market size in 2021.

With a gross billing of US\$0.6 billion in cross-border digital marketing services in 2021, our Group ranked the 4th and accounted for around 2.7% market share of China’s cross-border digital marketing services industry.

INDUSTRY OVERVIEW

Ranking of Top 5 Cross-border Digital Marketing Services Providers, (China), 2021

Rank	Company	Gross Billing (US\$ Billion)	Market Share (%)
1	Company A	4.5	20.2%
2	Company B	4.3	19.3%
3	Company C	1.1	4.9%
4	The Group	0.6	2.7%
4	Company D	0.6	2.7%
Top 5 Subtotal		11.1	49.8%
Others		11.2	50.2%
Total		22.3	100.0%

Source: Frost & Sullivan

Notes:

- (1) Established in 2013, Company A was as of the Latest Practicable Date a non-listed company headquartered in Shanghai, China with more than 600 employees. Company A primarily provides cross-border digital marketing services to marketers based in China with online marketing campaigns targeting America, Asia, Europe, etc. Company A became a reseller for Media Publisher A in 2014.
- (2) Established in 2002, Company B was as of the Latest Practicable Date a company listed on the Shenzhen Stock Exchange and headquartered in Beijing, China with around 3,000 employees. Company B primarily focuses on a wide spectrum of marketing and brand management services across disciplines of strategy, digital, advertising, media, social, PR, etc. It mainly provides integrated marketing services for automotive, fast-moving consumer goods and internet companies with online marketing campaigns targeting major global markets. Company B became a reseller for Media Publisher A in 2015. In 2021, Company B recorded a revenue of RMB40 billion with around 6,000 customers.
- (3) Established in 2017, Company C was as of the Latest Practicable Date a non-listed company headquartered in Guangzhou, China with around 500 employees. Company C primarily engages in cross-border digital marketing services in typical industries such as online games, apps and e-commerce with online marketing campaigns targeting more than 200 countries and regions in the world. Company C became a reseller for Media Publisher A in 2020.
- (4) Established in 2013, Company D was as of the Latest Practicable Date a company listed on the Main Board of the Stock Exchange of Hong Kong and headquartered in Guangzhou, China with around 1,000 employees. Company D primarily provides services of SaaS tooling ecosystem that includes products and solutions for mobile marketing, data analytics, creative automation, monetisation, and elastic cloud cost optimization. Marketing services of Company D are delivered with online marketing campaigns targeting Asia Pacific, Europe, Africa, the Middle East, etc. In 2021, Company D recorded a revenue of around US\$755 million.
- (5) Top five cross-border digital marketing services providers in China in 2021 included Meetsocial Co., Ltd., BlueFocus Intelligent Communications Group Co., Ltd., Guangzhou Tec-Do Technology Co., Ltd., Mobvista Inc. and our Group.

In 2021, for China’s cross-border digital marketing services for e-commerce industry, the top five players accounted for a market share of around 78.3%.

With a gross billing of around US\$0.43 billion in 2021, our Group ranked third and accounted for around 6.2% market share of China’s cross-border digital marketing services for e-commerce industry.

INDUSTRY OVERVIEW

Ranking of Top 5 Providers of Cross-border Digital Marketing Services for E-commerce Industry, (China), 2021

Rank	Company	Gross Billing (US\$ Billion)	Market Share (%)
1	Company A	2.24	32.5%
2	Company B	2.16	31.3%
3	The Group	0.43	6.2%
4	Company E	0.29	4.2%
5	Company F	0.28	4.1%
Top 5 Subtotal		5.40	78.3%
Others		1.50	21.7%
Total		6.90	100.0%

Source: Frost & Sullivan

Notes:

- (1) Established in 2008, Company E was as of the Latest Practicable Date a non-listed company headquartered in Beijing, China with around 200 employees. Company E primarily focuses on media advertising including search advertisements and performance advertisements targeting more than 200 countries and regions in the world. In 2021, Company E had around 1,000 customers.
- (2) Established in 2011, Company F was as of the Latest Practicable Date a company listed on the Shenzhen Stock Exchange. Headquartered in Xi'an, Shaanxi province, China, Company F is an international intelligent marketing service provider that provides global marketing services of performance advertising services, brand advertising services, and head media account management services with online marketing campaigns targeting more than 200 countries and regions in the world. In 2021, Company F recorded a revenue of around RMB3.3 billion.
- (3) Top five cross-border digital marketing services providers for e-commerce industry in China in 2021 included Meetsocial Co., Ltd., BlueFocus Intelligent Communications Group Co., Ltd., Beijing Papaya Mobile Technology Inc., Easy Click Worldwide Network Technology Co., Ltd. and our Group.

In 2021, the market size of China's SaaS-based cross-border digital marketing services industry had reached approximately US\$4.1 billion in terms of gross billing, accounting for 18.4% of China's overall cross-border digital marketing services industry. China's SaaS-based cross-border digital marketing services industry had around 200 to 300 players in 2021. Top five SaaS-based cross-border digital marketing services providers in China (including our Group) took approximately 46.3% of the market size in 2021.

With a gross billing of US\$0.23 billion in SaaS-based cross-border digital marketing services in 2021, our Group ranked the 3rd and accounted for around 5.6% of the market share of China's SaaS-based cross-border digital marketing services industry.

INDUSTRY OVERVIEW

Ranking of Top 5 SaaS-based Cross-border Digital Marketing Services Providers, (China), 2021

Rank	Company	Gross Billing (US\$ Billion)	Market Share (%)
1	Company B	0.87	21.2%
2	Company D	0.60	14.6%
3	The Group	0.23	5.6%
4	Company A	0.11	2.7%
5	Company C	0.09	2.2%
Top 5 Subtotal		1.90	46.3%
Others		2.20	53.7%
Total		4.10	100.0%

Note:

- (1) Top five SaaS-based cross-border digital marketing services providers in China in 2021 included Meetsocial Co., Ltd., BlueFocus Intelligent Communications Group Co., Ltd., GuangzhouTec-Do Technology Co., Ltd., Mobvista Inc. and our Group.

ENTRY BARRIERS ANALYSIS OF CHINA’S CROSS-BORDER DIGITAL MARKETING SERVICES INDUSTRY

Comprehensive Service Capacity: There are huge numbers of media publishers on the Internet and the marketing demands from marketers are also diverse. Multiple demands ask for diverse cross-border digital marketing service providers. A limited number of service providers are able to provide deeply customized cross-border digital marketing services combined with SaaS based digital marketing services for large-scale marketers. Large cross-border digital marketing service providers are able to provide comprehensive and customized services combined with latest technological applications like SaaS. Accordingly, providing marketers with comprehensive services and solutions is becoming a barrier for new entrants.

Brand Reputation and Awareness: In cross-border digital marketing services industry, a company with a highly-recognized reputation is expected to attract more marketers for its services. Given successful projects and long-term business partners, existing companies with good reputation and brand awareness are able to prove themselves in completing marketing projects with more professional skills. In addition, leading media publishers, such as Media Publisher A, generally work with a limited number of resellers, which are usually recognized and well-known cross-border digital marketing services providers that have marketer resources. Thus, new entrants may have a hard time competing with more reputable players.

Talent Requirements: For the cross-border digital marketing services industry, the talent requirement is relatively high. Talent for cross-border digital marketing services providers is required to have sufficient industry experience for providing comprehensive marketing solutions to marketers, as well as maintaining data security and conducting technology innovation. New entrants to the market might find it relatively difficult to set up a professional and technically skilled team to provide proficient cross-border digital marketing services in a short period of time.

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ANALYSIS OF CHINA’S CROSS-BORDER ONLINE-SHOP SAAS SOLUTIONS INDUSTRY

Cross-border online-shop SaaS solutions providers offer online-shop building tools and services for standalone online shops of cross-border e-commerce businesses. These services are integrated on a specific SaaS-based platform online. E-commerce businesses are directly served on the platform that data do not have to be calculated or stored locally. Cross-border online-shop SaaS solutions are able to realize marketing automation, artificial intelligence, and eventually data precipitation on the platform.

Apart from third-party e-commerce platforms where multiple online vendors list their products and services, a standalone online shop is e-commerce merchants’ own official website platform to release and offer products. Through standalone online shops, e-commerce businesses can provide a series of services such as order reservation, payment and delivery for overseas customers. There are limited numbers of industry players that can provide both SaaS based online-shop building tool and services and cross-border digital marketing functions.

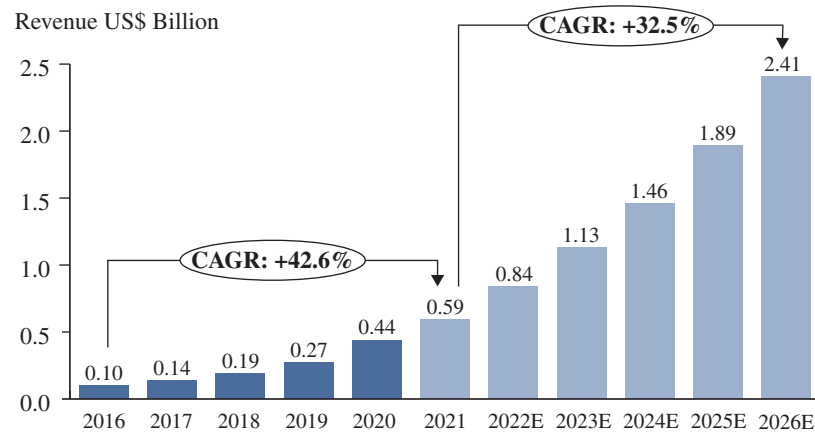
MARKET SIZE OF CHINA’S CROSS-BORDER ONLINE-SHOP SAAS SOLUTIONS INDUSTRY

As one of the modern tools of building standalone online shops for cross-border e-commerce businesses, cross-border online-shop SaaS solutions industry has increased in the past few years along with the growth of cross-border e-commerce business. Cross-border online-shop SaaS solutions industry in China has increased from US\$0.10 billion in 2016 to US\$ 0.59 billion in 2021 at a CAGR of 42.6%. In 2021, there were around 100 cross-border online-shop SaaS solutions providers in China. In 2021, China’s cross-border online-shop SaaS solutions market was relatively concentrated with the top five players taking up a market share of around 73.4%. Our Group, with revenue of approximately US\$0.03 million in 2021, accounted for 0.01% of the market share in 2021.

Cross-border online-shop SaaS solutions industry is expected to grow with the technology progress, prosperity of social media and the support of government policies in the future. Cross-border online-shop SaaS solutions industry in China is estimated to reach US\$2.41 billion in 2026 at a CAGR of approximately 32.5% from 2021 to 2026. Meanwhile, the penetration rate of China’s cross-border standalone online shops is around 7.5% in terms of GMV in 2021 and is expected to grow to 9.0% in 2026.

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Market Size of China’s Cross-border Online-shop SaaS Solutions Industry (China), 2016-2026E



Source: Frost & Sullivan

MARKET DRIVERS OF CHINA’S CROSS-BORDER ONLINE-SHOP SAAS SOLUTIONS INDUSTRY

Technological Progress and Innovation: Cloud computing, big data, artificial intelligence (AI) and other technologies have driven the technological innovation of cross-border online-shop SaaS solutions industry. Cloud computing helps e-commerce businesses process large amount of data generated during daily operations, and deploy websites or applications in multiple regions worldwide easily. Meanwhile, cross-border online-shop SaaS solutions providers apply big data on prediction of sales and production capacity in order to adjust strategies flexibly. In addition, AI is widely applied on the daily maintenance and update of SaaS software, thereby helping e-commerce businesses collect data of consumers’ behavior to improve user experience.

Government Policy Support: Policies are issued by central government to encourage cross-border e-commerce businesses to build standalone online shops, promoting the development of cross-border online-shop SaaS solutions industry. Cloud computing helps e-commerce businesses process large amount of data generated during daily operations. With the development of cross-border e-commerce, cross-border e-commerce businesses prefer to build their own standalone online shops to access private user traffic, rather than public user traffic. Private traffic can be attained repeatedly and freely by the e-commerce merchants, and is owned directly by the merchants, not affected by platforms with public user traffic. The government has issued favorable policies to promote the high-quality development of foreign trade. In 2021, the General Office of the State Council issued the Opinions on Accelerating the Development of New Formats and New Models of Foreign Trade (《關於加快發展外貿新業態新模式的意見》). According to these opinions, the government has proposed to encourage cross-border businesses to build e-commerce online shops and support professional construction of platforms, promoting the demand for cross-border online-shop SaaS solutions.

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Prosperity of Social Media: At present, Google-based search channels and Media Publisher A-based social media channels are the main channels for standalone online shops to attract traffic. At the same time, there is the emergence of various social and short video apps, as well as the emergence of marketing methods such as influencer and KOLs. Social media is an important source of information for consumers when making purchase decisions. In other words, social media can inspire users’ consumption appetite. For standalone online shops, there are growing demand for cross-border online-shop SaaS solutions that have a comprehensive set of marketing services encompassing marketing on various social medias and cooperating with overseas KOLs to attract traffic to standalone online shops, further establishing their own brand image, and achieving better marketing effects and more efficient monetization.

Development of E-commerce Industry: Impact of COVID-19 brings opportunities to China’s cross-border e-commerce industry. Due to the outbreak of COVID-19, some offline stores were closed and a lot of the consumers’ consumption habits are transforming from offline to online gradually. The e-commerce industry is favored by consumers in overseas market with its advantages of low cost, high accessibility, flexibility and efficiency. The GMV of China’s cross-border e-commerce import and export increased from RMB5,026.3 billion in 2016 to RMB14,523.9 billion in 2021, representing a CAGR of 23.6%. Rising demand for operation efficiency boosts the needs of e-commerce businesses for cross-border online-shop SaaS solutions.

OPPORTUNITIES, THREATS AND CHALLENGES OF CHINA’S CROSS-BORDER ONLINE-SHOP SAAS SOLUTIONS INDUSTRY

Opportunities:

Opportunity Driven by Decentralization Trend: The traffic dividends of traditional centralized e-commerce and offline business districts are gradually decreasing. E-commerce businesses are faced with problems like homogenization competition, high platform charge, low customer retention ratio and limited marketing methods, etc. There still exists a huge business development potential for decentralized e-commerce and private traffic. Compare to centralized cross-border e-commerce platforms, decentralized cross-border e-commerce platforms in the form of standalone online shops can enable merchants to have more control over customer management and the entire customer experience, thus improving their competitiveness in the market. With the development of decentralized cross-border e-commerce, cross-border online-shop SaaS solutions providers are helping merchants further explore the area of decentralization through integrated SaaS solutions and in-depth operations, enabling merchants to complete digital upgrades and comprehensively improve their business efficiency.

Catering to the Consumption Habits of Overseas Consumers: Overseas consumers usually have high requirements on product design, shopping experience and brand image while shopping online. Traditional third-party e-commerce platforms are becoming less attractive to both e-commerce businesses and consumers whereas standalone online shops serve customers with unique shopping experience and tailored services, which is in line with the consumption

INDUSTRY OVERVIEW

habits of overseas consumers. Cross-border online-shop SaaS solutions providers enable e-commerce businesses to adopt diversified operation modes on their standalone online shops for building a robust brand image which third-party platforms generally are not able to offer. Consumption habits of overseas customers may be considered as an opportunity for cross-border online-shop SaaS solutions.

Threats and Challenges:

Rising Logistics Cost Caused by COVID-19: Impacts of COVID-19 caused the global transportation capacity short of meeting market demand. Major logistics service providers have increased prices in different ways, causing the logistics costs of cross-border e-commerce businesses to surge. The supply chain is short of manpower. Efficiency of distribution operations has declined, which may result in the delay of orders. Decrease of the capacity of international delivery affects the timeliness of logistics. Rising logistics costs may affect the operation of cross-border e-commerce businesses, thus decreasing their budget on SaaS solutions for standalone online shops.

ENTRY BARRIERS OF CHINA’S CROSS-BORDER ONLINE-SHOP SAAS SOLUTIONS INDUSTRY

Brand Recognition: The brand recognition and industry experience of services providers are directly related to their long-term cooperation with e-commerce businesses and the accumulation of resources. Well-known cross-border online-shop SaaS solutions providers generally enter the marketplace earlier and their products and services have gone through multiple versions of iterative updates. Therefore, they usually have stronger brand recognition because of customer loyalty and high conversion rate of paid businesses. New entrants generally lack brand recognition and industry experience, which is difficult to compete with their more reputable counterparts.

Advanced R&D Capability: Cross-border online-shop SaaS solutions providers are required to have in-depth industry experience and advanced R&D capability to satisfy the diversified and evolving needs of e-commerce businesses with different product and services focuses. Existing market participants have already accumulated such R&D capability and resources to serve various e-commerce businesses and therefore setting up a high technical barrier for new entrants.

Qualified Project Team: The project team members of cross-border online-shop SaaS solutions providers need to have sufficient industry experiences and technical qualification to satisfy customer needs. Existing participants generally have experienced project teams comprising experts in multiple industries to provide industry-specific guidance, training and business advice to e-commerce businesses for their daily operation. It takes time and resources to cultivate a thorough understanding of the industry-specific needs of e-commerce businesses, therefore setting up a barrier for new entrants.

INDUSTRY OVERVIEW

IMPACT OF COVID-19 ON CHINA’S CROSS-BORDER DIGITAL MARKETING SERVICES INDUSTRY AND CROSS-BORDER ONLINE-SHOP SAAS SOLUTIONS INDUSTRY

As a result of various lockdown restrictions during the initial outbreak of COVID-19, cross-border digital marketing services industry in China was affected in the first quarter of 2020. However, along with the expansion of domestic companies in overseas market and booming demands for Chinese products and services, the cross-border digital marketing services industry in China soon recovered itself in 2020 from the initial negative impact brought by COVID-19. According to Frost & Sullivan, as COVID-19 has caused lockdown and stay-at-home orders for many countries and regions in the world, media platforms, including social media platforms operated by Media Publisher A, are increasingly generating user traffic worldwide. Growing user traffic on media platforms has given more opportunities to both media publishers and cross-border digital marketing services providers. There has been an acceleration of digital transformation of marketers in their cross-border marketing. In the long-term, cross-border digital marketing services industry is expected to benefit from the growing demand of cross-border digital marketing following COVID-19. Meanwhile, impacts of COVID-19 brings opportunities to China’s cross-border e-commerce industry as the consumption habit of overseas market is transforming from offline to online gradually. The e-commerce industry is favored by consumers abroad with its advantages of low cost, high accessibility, flexibility and efficiency. Rising demand for operation efficiency boosts the needs of e-commerce businesses for cross-border online-shop SaaS solutions.

In the first quarter of 2022, Chinese authorities tightened up restrictive measures for quelling a resurgence of COVID-19 in Southern China, which included a city-wide lockdown on Shenzhen for seven days in March. The lockdown in Shenzhen has disrupted global supply chains, including those in connection with cross-border e-commerce, as Shenzhen has one of the world’s largest ports. Since March 21, 2022 Shenzhen has resumed normal work and production and the PRC authorities are rolling out measures to ensure the safety and stability of industrial and supply chains, as well as the orderly life and work for locals. In April 2022, Shanghai imposed a citywide lockdown to counteract the spread of COVID-19. The temporary lockdown in Shanghai has caused economic disruption in global supply chains and local manufacturing. The closed-loop working arrangements adopted by manufacturers in Shanghai during lockdown had limited production levels in factories. In addition, the lockdown had affected traffic in Shanghai port, which caused delays and rising costs for cross-border logistics. On June 1, 2022, Shanghai authorities lifted the two-month long lockdown. Businesses and institutions have gradually resumed offline operations in an orderly manner in Shanghai. On December 7, 2022, the PRC authorities announced the “Ten New Guidelines”, which followed “The 20 Measures” released on November 11, 2022 to accelerate the economic recovery and resume normal operations of the society. The relaxation of rules, which include allowing infected people with mild or no symptoms to quarantine at home and dropping testing for people traveling within the country, is a strong sign on promoting economic recovery since the outbreak of the COVID-19 in 2020. According to the “Ten New Guidelines”, low-risk areas are not allowed to control movement or suspend any services, work, or production. It is expected that local manufacturing and global supply chain will return to normal operation in the near future. Hence, the negative impact on cross-border digital marketing services industry and online-shop SaaS solutions industry is expected to be gradually diminishing.

REGULATORY OVERVIEW

Our business operations are subject to supervision and regulation from the government of the PRC and Hong Kong. This section sets out a summary of certain aspects of laws and regulations in the PRC and Hong Kong that are relevant to our operations and business.

PRC REGULATORY OVERVIEW

Regulations Relating to Foreign Investment

The Special Administrative Measure (Negative List) for the Access of Foreign Investment (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the “Negative List”) was promulgated by the NDRC and the MOFCOM on December 27, 2021 and became effective on January 1, 2022. The Negative List enumerates ownership requirements, requirements for senior executives, and other special management measures in the aspect of the access of foreign investment for the industries that falls within the Negative List. Any field not on the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

Our Group is currently engaged in cross-border digital marketing and cross-border online-shop SaaS solutions businesses, and such businesses are not listed in the Negative List.

Regulations Relating to Privacy Protection

According to the PRC National Security Law (《中華人民共和國國家安全法》) issued by the SCNPC on February 22, 1993 and latest revised on July 1, 2015, the State shall establish systems and mechanisms for national security review and supervision, conduct national security review on key technology, network information technology products and services related to state security, so as to prevent and neutralize state security risks in an effective way. On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), or the Cybersecurity Law, effective on June 1, 2017, to protect cyberspace security and order. Pursuant to the Cybersecurity Law, any individual or organization using the network must comply with the constitution and the applicable laws, follow the public order and respect social moralities, and must not endanger cyber security, or leverage the network to engage in activities that endanger the national security, honor and interests, or infringe on the fame, privacy, intellectual property and other legitimate rights and interests of others. The Cybersecurity Law sets forth various security protection obligations for network operators, which are defined as “owners and administrators of networks and network service providers”. Pursuant to the Cybersecurity Law, network operators shall follow the “lawful, justifiable and necessary” principle in collecting and using personal information, and shall disclose the rules for collection and use, expressly notify the purpose, methods and scope of such collection and use, and obtain the consent of the person whose personal information is to be collected.

According to the Data Security Law of the PRC (《中華人民共和國數據安全法》) which was promulgated by SCNPC on June 10, 2021 and took effect on September 1, 2021, any organization or individual collecting data shall employ lawful and appropriate methods and

REGULATORY OVERVIEW

must not steal or obtain data through other illegal methods. Where laws and administrative regulations have provisions on the purpose or scope of data collection and use, data is to be collected or used within the purpose and scope provided for in those laws and administrative regulations. The carrying out of data processing activities shall be in accordance with laws and regulations, establishing and completing data security management systems for the entire process, organizing and carrying out education and training on data security, and employing corresponding technical measures and other necessary measures to safeguard data security. And when data security flaws, vulnerabilities, or other risks are discovered, remedial measures shall be immediately employed; and when data security incidents occur, methods for addressing them shall be immediately employed, users are to be promptly notified as provided, and reports are to be made to the relevant regulatory departments.

According to the Regulations on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) issued by the State Council on July 30, 2021 and implemented on September 1, 2021, critical information infrastructure means network facilities and information systems in important industries and fields – such as public communication and information services, energy, transportation, irrigation, finance, public services, e-government, and science and technology industries for national defense – that may seriously endanger national security, national economy and people’s livelihood, and public interests in the event that they are damaged or lose their functions or their data are leaked. The Regulations emphasize that no individual or organization may engage in any activity of illegally hacking into, interfering with, or damaging any critical information infrastructure or endanger the critical information infrastructure security. Pursuant to the Regulations for the Security Protection of Critical Information Infrastructure, the relevant governmental authorities are responsible for stipulating rules for the identification of critical information infrastructures with reference to several factors set forth herein, and further identify the critical information infrastructure in the related industries in accordance with such rules. The relevant authorities shall also notify operators of the determination as to whether they are categorized as critical information infrastructure operators.

On August 20, 2021, the SCNPC issued the Personal Information Protection Law (《個人信息保護法》) which took effect on November 1, 2021. The Personal Information Protection Law stipulates that personal information shall be processed under the principle of lawfulness, propriety, necessity and good faith, and may not be processed by misleading, fraud, coercion or other means. Personal information shall be processed for a clear and reasonable purpose which is directly related to the processing purpose and in the manners that have the minimum impacts on the rights and interests of individuals. Personal information shall be collected within the smallest scope required for achieving the processing purpose, and excessive collection of personal information is forbidden. No organization or individual may illegally collect, use, process, or transmit the personal information or illegally buy, or sell, provide, or publish the personal information of other persons; or engage in personal information processing activities compromising national security or public interests. And among other things, the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (i) the individual’s consent has been obtained; (ii) the processing is necessary for the conclusion or performance

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of a contract to which the individual is a party; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect natural persons' life, health and property safety under emergency circumstances; (v) the personal information that has been made public is processed within a reasonable scope in accordance with this Law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation.

Pursuant to the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) issued by the SCNPC on August 29, 2015, effective on November 1, 2015, any Internet services provider that fails to fulfill the obligations related to internet content security as required by applicable laws and refuses to take corrective measures, will be subject to criminal liability for (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users' personal information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (i) sells or provides personal information to others unlawfully or (ii) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

On July 7, 2022, the CAC issued the Measures for Security Assessment for Outbound Data Transfer (《數據出境安全評估辦法》), which came into effect on September 1, 2022, data processors shall undergo security assessment according to relevant laws where they provide overseas parties with important data collected and generated during the operation in the PRC and personal information required to undergo safety assessment pursuant to relevant laws. Data processors shall apply for the security assessment of an outbound data transfer to the CAC through the provincial cyberspace administration in the place where they operate if they provide data outside China and fall into one of the following conditions: (1) data processors provide overseas parties with important data; (2) personal information provided outside China by the operators of critical information infrastructure or the personal information processors who process personal information of up to 1 million individuals; (3) personal information provided outside China by the personal information processors who has provided outside China with personal information of 100 thousand individuals or the sensitive personal information of 10 thousand individuals cumulatively since January 1 of the previous year; or (4) other situation needed to be declared in the security assessment of an outbound data transfer by the CAC.

On November 14, 2021, the CAC published the Regulations on Network Data Security Management (Consultation Draft) (《網絡數據安全管理條例(徵求意見稿)》) or the Draft Data Security Regulations, which provide that data processors conducting the following activities shall apply for cybersecurity review: (i) merger, reorganization or separation of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (ii) listing abroad of data processors processing over one million individuals' personal information; (iii) listing in Hong Kong which affects or may affect national security; (iv) other data processing

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activities that affect or may affect national security. The Draft Data Security Regulations also provide that operators of large Internet platforms that set up headquarters, operation centers or R&D centers overseas shall report to the national cyberspace administration and competent authorities.

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), or the Cybersecurity Review Measures, which came into effect on February 15, 2022, and the Measures for Cybersecurity Review(《網絡安全審查辦法》) which took effect on June 1, 2020 was abolished at the same time. The Cybersecurity Review Measures provides that, among others, (i) the purchase of cyber products and services by critical information infrastructure operators, or CII operators, and the network platform operators (the “**Network Platform Operators**”) which engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office (網絡安全審查辦公室), the department which is responsible for the implementation of cybersecurity review under the CAC; and (ii) the Network Platform Operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office. The cybersecurity review will evaluate, among others, (i) risks of illegal control, interference or destruction of critical information infrastructure after the use of products and services, (ii) damage caused to the business continuity of critical information infrastructure by supply interruption of products and services, (iii) the security, openness, transparency and diversity of sources of products and services, reliability of supply channels, and risks of supply interruption due to political, diplomatic, trade or other factors, and (iv) compliance with relevant PRC laws and regulations by product and service providers, (v) risks of core data, important data, or a large amount of personal information being stolen, revealed, destructed or illegally used or transferred to overseas parties, (vi) risks of critical information infrastructure, core data, important data, or a large amount of personal information being influenced, controlled or maliciously used by foreign governments after going public, and cyber information security risk, and (vii) other factors that may endanger the security of CII, cybersecurity and data security.

Regulations Relating to Company Establishment

The incorporation, operation and management of corporate entities in China are governed by the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the SCNPC on December 29, 1993 and became effective on July 1, 1994, and was last amended on October 26, 2018. On December 24, 2021, the SCNPC released the PRC Company Law (Revision Draft) (《中華人民共和國公司法(修訂草案)》), which has a comment period that expires on January 22, 2022. Under the PRC Company Law, companies are generally classified into two categories, i.e., limited liability companies and joint stock limited companies. The PRC Company Law also applies to limited liability companies and joint stock limited companies invested by foreign investors. Where there are otherwise different provisions in any law on foreign investment, such provisions shall prevail.

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The Law of the PRC on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》) was promulgated by the NPC and came into force on July 8, 1979, and was last amended on September 3, 2016 and became effective on October 1, 2016. The Regulations on the Implementation of the Law of the PRC on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法實施條例》) were promulgated by the State Council and became effective on September 20, 1983, and was last amended on March 2, 2019. The above-mentioned laws and regulations form the legal framework for the PRC Government to regulate Sino-foreign Equity Joint Ventures (the “JVs”), which regulate the establishment, modification, including changes to registered capital, shareholders, corporate form, merger and split, dissolution and termination of JVs. The establishment procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation and labor matters of a wholly foreign-owned enterprise are regulated by the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》), which was promulgated by the NPC on April 12, 1986 and amended on September 3, 2016, and the Implementation Regulations of the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》) promulgated by the State Council on December 12, 1990 and was last amended on February 19, 2014.

On March 15, 2019, the NPC approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “Foreign Investment Law”), which came into effect on January 1, 2020. The Foreign Investment Law is the fundamental law for foreign investment in the PRC, which will replace the Law on Sino-Foreign Equity Joint Ventures (《中外合資經營企業法》), the Law on Sino-Foreign Contractual Joint Ventures (《中外合作經營企業法》) and the Law on Foreign-Capital Enterprises (《外資企業法》) as the general law applicable for the foreign investment within the PRC. The Foreign Investment Law sets forth principles and measures to promote foreign investment in the PRC and specifically provides that the PRC legally protects Foreign Investors’ investment, earnings and other legitimate rights and interests in the PRC. The Foreign Investment Law further provides that foreign-invested enterprises established before the Foreign Investment Law coming into effect may retain their original form of organizations within five years after the Foreign Investment Law comes into effect. The specific implementing measures will be prescribed by the State Council.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation, or the SAMR, jointly promulgated the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020, and has replaced the Interim Measures for the Administration of Record-filing of the Establishment and Changes in Foreign-Invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Foreign investors or foreign-invested enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System (企業登記系統) and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統).

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Regulation Relating to Leasing

Pursuant to the Law on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》), when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of parties thereto.

According to the PRC Civil Code (《中華人民共和國民法典》) which took effect from January 1, 2021, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease agreement if the lessee subleases the premises without the prior consent of the lessor.

Pursuant to the Administrative Measures for Commodity Housing Leasing (《商品房屋租賃管理辦法》) issued by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, the parties concerned to a housing lease shall go through the housing lease registration formalities with the competent construction (real estate) departments of the municipalities directly under the central government, cities and counties where the housing is located within 30 days after the housing lease contract is signed.

Regulations Relating to Intellectual Property Rights

Patent

On March 12, 1984, the NPC promulgated the PRC Patent Law (《中華人民共和國專利法》), which was amended on September 4, 1992, August 25, 2000, December 27, 2008, October 17, 2020, and effective as of June 1, 2021. On June 15, 2001, the State Council promulgated the Implementation Regulations for the PRC Patent Law (《中華人民共和國專利法實施細則》) and was amended on January 9, 2010. According to these laws and regulations, the Patent Administrative Authorities of the State Council (國務院專利行政部門) is responsible for administering patents in the PRC. The Chinese patent system adopts a “first to file” principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who filed the application first. To be patentable, invention or utility models must meet three conditions: novelty, inventiveness and practical applicability. A patent is valid for 20 years in the case of an invention and 10 years in the case of utility models and designs. A third-party user must obtain consent or a proper license from the patent owner to use the patent. Otherwise, third-party use constitutes an infringement of patent rights.

Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》) (the “Copyright Law”), adopted by the NPC on September 7, 1990 and was last amended on November 11, 2020, as well as the Implementation Regulation of the PRC Copyright Law (《中華人民共和國著作權法實施條例》) adopted by the State Council on August 2, 2002 and amended on January 30,

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2013, provide that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which includes, among others, works of literature, art, natural science, social science, engineering technology and computer software. A copyright shall subsist on the date when a work is created. In terms of the work created in the course of employment, the copyright shall belong to the individual author except for where (i) the work is created primarily with the use of material and technical conditions of the employer and for which the employer bears responsibility of the work, or (ii) the copyright of the work belongs to the employer pursuant to the provisions of laws and regulations or contractual agreement. Under such circumstances, the individual author shall be entitled to the right of authorship on the work, while copyright other than right of authorship shall belong to the employer, and the employer may reward the individual author who create or develop the work. In addition, there is a voluntary registration system administered by the China Copyright Protection Center and a work registration certificate shall be issued by the Center after successful registration.

Measures on Administrative Protection of Internet Copyright (《互聯網著作權行政保護辦法》), that were promulgated by the MII and the NCAC and took effect on May 30, 2005, provided that an internet formation service provider shall take measures to remove the relevant contents, record relevant information after receiving the notice from the copyright owner that some content communicated through internet infringes upon his/its copyright and preserve the copyright owner's notice for 6 months. Where an internet information service provider clearly knows an internet content provider's tortuous act of infringing upon another's copyright through internet, or fails to take measures to remove relevant contents after receipt of the copyright owner's notice although it does not know it clearly, and meanwhile damages public benefits, the infringer shall be ordered to stop the tortious act, and may be imposed of confiscation of the illegal proceeds and a fine of not more than 3 times the illegal business amount; if the illegal business amount is difficult to be calculated, a fine or not more than RMB100,000 may be imposed.

Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council, last amended on January 30, 2013 and became effective on March 1, 2013, protects the rights and interests of the computer software copyright holders and encourages the development of software industry and information economy. In the PRC, software developed by PRC citizens, legal persons or other organizations is automatically protected immediately after its development, without an application or approval. Software copyright may be registered with the designated agency and if registered, the certificate of registration issued by the software registration agency will be the preliminary evidence for the ownership of the copyright and other registered matters.

Trademark

Trademarks are protected by the PRC Trademark Law (《中華人民共和國商標法》) adopted by the NPC on August 23, 1982 and subsequently revised on February 22, 1993, October 27, 2001, August 30, 2013, and April 23, 2019, as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) adopted by the

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State Council on August 3, 2002 and amended on April 29, 2014. The Trademark Office (商標局) under the SAIC handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten-year term. Trademark license agreements must be filed with the Trademark Office for record.

Domain Name

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Domain Names for the Chinese Internet (《中國互聯網絡域名管理辦法》), issued by MIIT on November 5, 2004 and effective as of December 20, 2004, which was replaced by the Measures on Administration of Internet Domain Names (《互聯網絡域名管理辦法》) that issued by MIIT as of August 24, 2017 and became effective on November 1, 2017, and the Implementing Rules on Registration of Domain Names (《中國互聯網絡信息中心域名註冊實施細則》), issued by China Internet Network Information Center (the “CNNIC”) on May 28, 2012 and effective as of May 29, 2012, which was replaced by the Implementing Rules of China ccTLD Registration (《國家頂級域名註冊實施細則》) that became effective on June 18, 2019. The applicants become domain name holders upon successful registration. The domain name registration shall be valid for a maximum period of ten years. If a domain name is renewed, the maximum period from the renewal date to the expiration date after renewal shall not exceed ten years, except for the automatic renewal due to the change of the registrar.

Regulations Relating to Tax

Enterprise Income Tax

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”), promulgated by the NPC and became effective on January 1, 2008 and was last amended on December 29, 2018, as well as its implementing rules (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007 and amended on April 23, 2019, enterprises are classified as resident enterprises and non-resident enterprises. Enterprises that are set up in the PRC under the PRC laws, or that are set up in accordance with the law of the foreign country (region) whose actual administration institution is in PRC, shall be considered as “resident enterprises”.

PRC resident enterprises typically pay an EIT at the rate of 25% while non-PRC resident enterprises without any branches in the PRC shall pay an EIT in connection with their income from the PRC at the tax rate of 10%. An enterprise established outside of the PRC with its “de facto management bodies (實際管理機構)” located within the PRC is considered a “resident enterprise”, meaning that it can be treated in a manner similar to a PRC domestic enterprise for EIT purposes. The implementing rules of the EIT Law define a de facto management body as a managing body that in practice exercises “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise.

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The EIT Law and the implementation rules provide that an income tax rate of 10% should normally be applicable to dividends payable to investors that are “non-resident enterprises”, and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) issued on February 20, 2009 by the STA, if the relevant PRC tax authorities determine, at their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement on Relevant Issues Concerning the “Beneficial Owners” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》) issued on February 3, 2018 and effective from April 1, 2018, comprehensive analysis based on the stipulated factor therein and actual circumstances shall be adopted when recognizing the “beneficial owner” and agents and designated wire beneficiaries are specifically excluded from being recognized as “beneficial owners”.

Furthermore, the SAT issued the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (國家稅務總局關於發佈<非居民納稅人享受協定待遇管理辦法>的公告), or SAT Circular 35 on October 14, 2019, which became effective on January 1, 2020. According to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations.

The EIT Law and its implementation rules, as well as the PRC Tax Collection Administrative Law (《中華人民共和國稅收徵收管理法》) promulgated by NPC and last amended on April 24, 2015, provide the rules of tax adjustment, which require the transactions between an enterprise and its related parties shall be made at arm’s length principle. Where transactions between an enterprise and its related parties fail to comply with the arm’s length principle and results in a reduction of the taxable income, the tax authorities shall have the right to make reasonable adjustments.

Business Tax and Value-Added Tax

Pursuant to Interim Value-Added Tax Regulations of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council and last amended on November 19, 2017, and the Implementing Rules for the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF and last amended on October 28, 2011, any entity or individual conducting business in the service industry is required to pay value-added tax, or VAT, with respect to revenue derived from the provision of services. Other than those specified listed in the VAT law, tax rate for selling services or intangible assets is 6%.

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Furthermore, in accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) issued by the MOF and the STA on March 23, 2016 and came into effect on May 1, 2016 (the article 7 was replaced by Notice on Pilot Policies of Levying Value-added Tax in Lieu of Business Tax for Construction Services and Other Sectors), the PRC started to fully implement the pilot program from business tax to value-added tax on May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot program and shall pay value-added tax instead of business tax.

Tax on Indirect Transfer

On February 3, 2015, the STA issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or STA Circular 7. Pursuant to STA Circular 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises, may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a “reasonable commercial purpose” in the transaction arrangement, features to be taken into consideration include, inter alia, whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have a real commercial nature which is evidenced by their actual function and risk exposure. Pursuant to STA Circular 7, where the payer fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. STA Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange.

On October 17, 2017, the STA issued the Circular on Issues of Tax Withholding Regarding Non-PRC Resident Enterprise Income Tax (《關於非居民企業所得稅源泉扣繳有關問題的公告》), or STA Circular 37, which was amended by the Announcement of the State Taxation Administration on Revising Certain Taxation Normative Documents issued on June 15, 2018 by the STA. STA Circular 37 further elaborates the relevant implemental rules regarding the calculation, reporting, and payment obligations of the withholding tax by the non-resident enterprises. Nonetheless, there remain uncertainties as to the interpretation and application of STA Circular 7. STA Circular 7 may be determined by the tax authorities to be applicable to our offshore transactions or sale of our shares or those of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved.

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Dividend Withholding Tax

The PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) provides that since January 1, 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business, but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《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》), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under this arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Notice of the State Taxation Administration on Issues Relating to the Implementation of Dividend Clauses in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) issued on February 20, 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Announcement of the State Taxation Administration on Issues Relating to “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》), which was issued on February 3, 2018 by the STA, effective as of April 1, 2018, when determining the applicant’s status of the “beneficial owner” regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This notice further provides that applicants who intend to prove his or her status of the “beneficial owner” shall submit the relevant documents to the relevant tax bureau according to the SAT Circular 35.

Regulations Relating to Foreign Currency Exchange and Dividend Distribution

Regulation on Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the PRC Foreign Administration Regulations (《中華人民共和國外匯管理條例》) which was most recently amended on August 5, 2008. Under PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval

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from the SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

In 2012, the SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》), or Circular 59, which substantially amends and simplifies the previous foreign exchange procedure on May 4, 2015. Pursuant to Circular 59, the opening and deposit of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously.

On May 11, 2013, the SAFE promulgated Notice of State Administration of Foreign Exchange on Promulgation of the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors and Supporting Documents (《國家外匯管理局關於印發〈外國投資者境內直接投資外匯管理規定〉及配套文件的通知》), which specified that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

On February 13, 2015, the SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning 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》), or SAFE Notice 13. Instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications, conduct the registration and perform statistical monitoring and reporting responsibilities.

On March 30, 2015, the SAFE promulgated the Circular of the SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or Circular 19, which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. Circular 19 allows all foreign-invested enterprises established in the PRC to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use RMB converted from foreign currency-denominated capital for equity investments and removes certain other restrictions under

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previous rules and regulations. However, Circular 19 continues to prohibit foreign invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope and providing entrusted loans or repaying loans between non-financial enterprises.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or Circular 16, effective in June 9, 2016, which reiterates some of the rules set forth in Circular 19. Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there are substantial uncertainties with respect to Circular 16's interpretation and implementation in practice.

On January 26, 2017, the SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), or Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (i) where a bank handles outward remittance of profits for a domestic institution equivalent to more than US\$50,000, the bank shall check whether the transaction is genuine by reviewing board resolutions regarding profit distribution, original copies of tax filing records, audited financial statements and stamp with the outward remittance sum and date on the original copies of tax filing records and (ii) domestic entities must retain income to account for previous years' losses before remitting any profits. Moreover, pursuant to Circular 3, domestic entities must explain in detail the sources of capital and how the capital will be used, and provide board resolutions, contracts and other proof as a part of the registration procedure for outbound investment. Circular 3 also relaxes the policy restriction on foreign exchange inflow to further enhance trade and investment facilitation, including (i) expanding the scope of foreign exchange settlement for domestic foreign exchange loans; (ii) allowing the capital repatriation for offshore financing against domestic guarantee; (iii) facilitating the centralized management of foreign exchange funds of multinational companies; and (iv) allowing offshore institutions within pilot free trade zones to settle foreign exchange in domestic foreign exchange accounts.

Regulation on Dividend Distribution

The principal regulations governing distribution of dividends of foreign-invested enterprises include the PRC Company Law (《中華人民共和國公司法》), the PRC foreign Investment Law (《中華人民共和國外商投資法》), and the Implementation Rules of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》). Under these laws and regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with China accounting standards and regulations. In addition, a PRC company, including a foreign-invested enterprise

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in China, is required to allocate at least 10% of its accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprise. A PRC company may, at its discretion, allocate a portion of its after-tax profits based on China accounting standards to staff welfare and bonus funds. These reserves are not distributable as cash dividends.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

On July 4, 2014, the SAFE issued the SAFE Circular on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《國家外匯管理局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》), or SAFE Circular 37. SAFE Circular 37 regulates foreign exchange matters in relation to the use of special purpose vehicles by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under SAFE Circular 37, a “special purpose vehicle” refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate onshore or offshore assets or interests, while “round trip investment” refers to direct investment in China by PRC residents or entities through special purpose vehicles, namely, establishing foreign-invested enterprises to obtain ownership, control rights and management rights. SAFE Circular 37 provides that, before making a contribution into a special purpose vehicle, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch.

In 2015, the SAFE Notice 13 amended SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. PRC residents or entities who had contributed legitimate onshore or offshore interests or assets to special purpose vehicles but had not registered as required before the implementation of the SAFE Circular 37 must register their ownership interests or control in the special purpose vehicles with qualified banks. An amendment to the registration is required if there is a material change with respect to the special purpose vehicle registered, such as any change of basic information (including change of the PRC residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, and mergers or divisions. Failure to comply with the registration procedures set forth in SAFE Circular 37 and the subsequent notice, or making misrepresentations or failing to disclose the control of the foreign-invested enterprise that is established through round-trip investment, may result in restrictions being imposed on the foreign exchange activities of the relevant foreign invested enterprise, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations.

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Regulation on Stock Incentive Plans

On February 15, 2012, the SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the Stock Option Rules, replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, domestic individuals, which means the PRC residents and non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures.

Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with SAFE or its local branches before exercising rights.

Regulations Relating to Employment, Social Insurance and Housing Fund

Pursuant to the PRC Labor Law (《中華人民共和國勞動法》) promulgated by the NPC on July 5, 1994 with effect from January 1, 1995, and revised on August 27, 2009 and December 29, 2018, as well as the PRC Labor Contract Law (《中華人民共和國勞動合同法》) promulgated by the NPC on June 29, 2007 and revised on December 28, 2012, if an employment relationship is established between an entity and its employees, written labor contracts shall be executed between them. The relevant laws stipulate the maximum number of working hours per day and per week, respectively. Furthermore, the relevant laws also set forth the minimum wage. The entities shall establish and develop systems for occupational safety and sanitation, implement the rules and standards of the PRC government on occupational safety and sanitation, educate employees on occupational safety and sanitation, prevent accidents at work and reduce occupational hazards.

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As required under the Regulation of Insurance for Labor Injury (《工傷保險條例》) implemented on January 1, 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated on January 22, 1999, employers are required to provide their employees in the PRC with welfare benefits covering basic pension insurance, unemployment insurance, maternity insurance, labor injury insurance and basic medical insurance. The Law on Social Insurance of the PRC (《中華人民共和國社會保險法》), which was promulgated by the NPC on October 28, 2010 and amended on December 29, 2018, has established social insurance systems of basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance (the "five social insurance"), and has elaborated in detail the legal obligations and liabilities of employers who do not comply with relevant laws and regulations on social insurance.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was issued by the General Office of the Communist Party of China (中國中央辦公廳) and the General Office of the State Council of the PRC (國務院辦公廳) on July 20, 2018, from January 1, 2019, all the social insurance premiums including the five social insurance will be collected by the tax authorities. Furthermore, according to the Notice by the General Office of the State Taxation Administration on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) issued on September 13, 2018 and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《人力資源和社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. Notice of the State Taxation Administration on Implementing Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) issued on November 16, 2018 repeated that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

Pursuant to the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council, which was effective from April 3, 1999, and subsequently amended on March 24, 2002 and March 24, 2019, housing provident fund paid and deposited both by employee themselves and their employer, shall be owned by the employees. An employer shall undertake registration of payment and deposit of the housing provident fund in the Housing Provident Fund Management Center, and upon verification by the Housing Provident Fund Management Center, open a housing provident fund account on

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behalf of its employees in a commissioned bank. Employers shall timely pay and deposit housing provident fund contributions in full amount and late or insufficient payments shall be prohibited. With respect to employers who violate the above regulations and fail to complete housing provident fund payment and deposit registrations or open housing provident fund accounts for their employees, such employers shall be ordered by the Housing Provident Fund Management Center to complete such procedures within a designated period. Those who fail to complete their registrations within the designated period shall be subject to a fine from RMB10,000 to RMB50,000. When employers are in breach of these regulations and fail to pay deposit housing provident fund contributions in full amount as they fall due, the Housing Provident Fund Management Center shall order such unit employers to pay within a prescribed time period, failing which an application may be made to a people’s court for compulsory enforcement.

Regulations Relating to Anti-Monopoly

The PRC Anti-monopoly Law (《中華人民共和國反壟斷法》) was promulgated by SCNPC on August 30, 2007, took effect on August 1, 2008 and was amended on June 24, 2022 and such amendment took effect on August 1, 2022, the relevant operators of a concentration of undertakings which reaches the standard for declaration shall make an advance declaration to the anti-monopoly law enforcement authority under the State Council and it prohibits monopolistic conduct, such as entering into monopoly agreements, abuse of dominant market position and concentration of undertakings that have the effect of eliminating or restricting competition. The revised Anti-monopoly Law provides, among others, that business operators shall not use data, algorithms, technology, capital advantages and platform rules to exclude or limit competition, and also requires relevant government authorities to strengthen the examination of concentration of undertakings in areas related to national welfare and people’s wellbeing, and enhances penalties for violation of the regulations regarding concentration of undertakings.

On February 7, 2021, the Anti-Monopoly Committee of the State Council promulgated the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平台經濟領域的反壟斷指南》) which stipulates that any concentration of undertakings involving control through contractual arrangement shall fall within the scope of anti-monopoly review.

Regulation Relating to Unfair Competition

In accordance with the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the “Anti-Unfair Competition Law”), promulgated by the NPC on September 2, 1993 and last revised and took effect on April 23, 2019, a business operator shall not conduct any false or misleading commercial publicity in respect of the performance, functions, quality, sales, user reviews, and honors received of its commodities, in order to defraud or mislead consumers. The Anti-Unfair Competition Law also stipulates that a business operator engaging in production or distribution activities online shall abide by the provisions of the Anti-Unfair Competition Law. No business operator may, by technical means to affect users’ options, among other things, commit the acts of interfering with or sabotaging the normal operation of online products or services legally provided by another business operator.

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In addition, according to the Anti-Unfair Competition Law, a business operator is prohibited from any of the following unfair activities: (i) committing act of confusion to mislead a person into believing that a commodity is one of another person or has a particular connection with another person; (ii) seeking transaction opportunities or competitive edges by bribing relevant entities or individuals with property or by any other means; (iii) infringing trade secrets; (iv) premium campaign violating the provision of the Anti-Unfair Competition Law; and (v) fabricating or disseminating false or misleading information to damage the goodwill or commodity reputation of a competitor.

On August 17, 2021, the SAMR issued a discussion draft of Provisions on the Prohibition of Unfair Competition on the Internet (《禁止網絡不正當競爭行為規定(公開徵求意見稿)》), under which business operators should not use data or algorithms to hijack traffic or influence users’ choices, or use technical means to illegally capture or use other business operator’ data. Furthermore, business operators are not allowed to (i) fabricate or spread misleading information to damage the reputation of competitors, or (ii) employ marketing practices such as fake reviews or use coupons or “red envelopes” to entice positive ratings.

Regulations on Overseas Investment

The Administrative Measures for the Outbound Investment by Enterprises (《企業境外投資管理辦法》), or the “Outbound Investment Measures”, was adopted by the NDRC on December 26, 2017, and effected on March 1, 2018, “Outbound investment” refers to the investment activities to obtain overseas ownership, right of control, business management right, and other related rights and interests by an enterprise located within the territory of the PRC (the “Investor”), either directly or via an overseas enterprise under its control, by way of investments with assets or equities or providing financing or guarantees. To make an outbound investment, the Investor shall go through formalities such as obtaining the relevant approval or filing of the outbound investment project (the “Project”), reporting the relevant information, and the cooperating with the NDRC in the supervision and inspection over the outbound investment. With regard to Project that are not sensitive Project stipulated in the Outbound Investment Measures, only filing is required and a notice of filing would be issued by the NDRC after completion of filing. Furthermore, pursuant to the Administrative Measures on Overseas Investments (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014, the MOFCOM and the local commerce authorities shall be responsible for implementing administration and supervision of overseas investments. With regard to outbound investment not involving sensitive countries, regions or industries, it only shall be subject to filing with the MOFCOM, and enterprise carried out such outbound investment will obtain the Certificate of Overseas Investments of Enterprises issued by the local MOFCOM after completion of filing.

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M&A Rules and [REDACTED]

On August 8, 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, promulgated the M&A Rules, which became effective on September 8, 2006, and was revised on June 22, 2009, governing the mergers and acquisitions of domestic enterprises by foreign investors. The M&A Rules, among other things, requires that a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals through acquisitions of shares of or equity interests in PRC domestic companies, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange.

In addition, in 2011, the General Office of the State Council promulgated the Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》), or the Circular 6, which officially established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Further, MOFCOM promulgated the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》), or the Security Review Rules, effective in September 2011, to implement Circular 6. Under Circular 6, security review is required for mergers and acquisitions by foreign investors having “national defense and security” concerns and mergers and acquisitions by which foreign investors may acquire the “de facto control” of domestic enterprises with “national security” concerns. Under the foregoing MOFCOM regulations, MOFCOM will focus on the substance and actual impact of the transaction when deciding whether a specific merger or acquisition is subject to security review. If MOFCOM decides that a specific merger or acquisition is subject to a security review, it will submit it to the Inter-Ministerial Panel, an authority established under Circular 6 led by the NDRC, and MOFCOM under the leadership of the State Council, to carry out security review. The Rules prohibit foreign investors from bypassing the security review by structuring transactions through trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. There is no explicit provision or official interpretation stating that the merging or acquisition of a company engaged in the internet content business requires security review, and there is no requirement that acquisitions completed prior to the promulgation of the Security Review Circular are subject to MOFCOM review. On December 19, 2020, the NDRC and MOFCOM jointly promulgated the Measures for the Security Review for Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. The Office of the Working Mechanism of the Security Review of Foreign Investment (外商投資安全審查工作機制辦公室), who will lead the task together with MOFCOM. Foreign investor or relevant parties in China must declare the security review to the aforesaid office prior to the investments in, among other industries, important cultural products and services, important information technology and internet products and services, important financial services, key technologies, and other important fields relating to national security and obtain control in the target enterprise.

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On July 6, 2021, the General Office of the State Council and General Office of the Central Committee of the Communist Party of China issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of Overseas [REDACTED] by Domestic Companies (《境內企業境外[REDACTED]管理試行辦法》) (the “**Trial Measures**”) and five supporting guidelines, which will come into effect on March 31, 2023. According to the Trial Measures, (1) domestic companies that seek to [REDACTED] securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas [REDACTED] shall be determined as an indirect overseas [REDACTED] by a domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year account for more than 50% of the corresponding figure in the issuer’s audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (3) where a domestic company seeks to indirectly [REDACTED] securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for [REDACTED] in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas [REDACTED] by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which, among others, clarifies that (1) on or prior to the effective date of the Trial Measures, domestic companies that have already submitted valid applications for overseas [REDACTED] but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas [REDACTED]; (2) where, before March 31, 2023 (i.e. the effective date of the Trial Measures), the PRC domestic enterprise’s application for its indirect overseas [REDACTED] has been approved by the overseas regulatory authorities or overseas stock exchanges (for example, a hearing has been passed by the Stock Exchange) but has not completed indirect overseas [REDACTED], a six-month transition period from March 31, 2023 (the “**Transition Period**”) shall be allowed. If the PRC domestic

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enterprise does not need to re-perform the regulatory procedures for [REDACTED] with the overseas regulatory authorities or overseas stock exchanges and the PRC domestic enterprise completes the overseas [REDACTED] within the Transition Period, it will not be required to file with CSRC for this overseas [REDACTED] immediately until subsequent filing is required to be made such as for refinancing and such an applicant is referred to as a “stock enterprise” (存量企業); if the PRC domestic enterprise needs to re-perform the regulatory procedures for [REDACTED] with the overseas regulatory authorities or overseas stock exchanges (for example, a new hearing required by the Stock Exchange) or fails to complete overseas [REDACTED] within the Transition Period, it shall file with the CSRC for this overseas [REDACTED].

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Laws and Regulations relating to Business Registration, Qualifications, Licences and/or Permits

In respect of the operations of the Group in Hong Kong, the Group is required to obtain business registration certificates issued by the Inland Revenue Department of the Hong Kong Government under the *Business Registration Ordinance* (Chapter 310 of the Laws of Hong Kong). Save the above, the Group does not need to obtain any industry-specific qualifications, licences or permits for carrying out our online digital marketing services in Hong Kong.

Laws and Regulations of Advertising and Marketing Services

There is no specific legislation governing advertising or marketing practice in Hong Kong. However, there are a number of different ordinances and regulations containing provisions regarding advertising and promotion of products and services and the breach of such ordinances and regulations may result in criminal offence.

The ordinances that may be applicable in relation to our digital marketing practices include the Defamation Ordinance (Chapter 21 of the Laws of Hong Kong, Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong), Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong), Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong), Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) and Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong).

Defamation Ordinance (Chapter 21 of the Laws of Hong Kong) (“DO”)

There are two main kinds of defamation, namely libel and slander. Libel refers to malicious publication of defamatory matter in writing or in some other permanent form. Slander refers to the publication of defamatory matter by word of mouth or in some other transient form. According to Section 5 of the DO, any person who maliciously publishes any defamatory libel, knowing the same to be false, shall be liable to imprisonment for two years, and in addition, to pay such fine as the Court may award.

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There are a number of defences available, including but not limited to (a) unintentional defamation with an offer of amends (see Section 25 of the DO), (b) defence of justification (see Section 26 of the DO) and fair comment (see Section 27 of the DO).

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (“TDO”)

According to the Long Title of the TDO, the legislative aim of the TDO is to, *inter alia*, prohibit false trade descriptions, false, misleading or incomplete information, false marks and misstatements in respect of goods provided in the course of trade or suppliers of such goods and prohibit false trade descriptions in respect of services supplied by traders.

According to Section 2(5) of the TDO, a reference to a trader in the TDO includes any person acting in the name of, or on behalf of, a trader. As a result, the Group, being an online digital marketing service provider, may be held liable in the operation of the online digital marketing service for any offences in relation to a trader.

Under Section 7 of the TDO, any person who in the course of any trade or business applies a false trade description to any goods or supplies or offers to supply any goods to which a false trade description is applied commits an offence.

Under Section 7A of the TDO, a trader who applies a false trade description to a service supplied or offered to be supplied to a consumer, or suppliers or offers to supply to a consumer a service to which a false trade description is applied commits an offence.

Under Sections 13E, 13F, 13G, 13H and 13I of the TDO, a trader commits an offence if the trader engages, in relation to a consumer, in a commercial practice that is a misleading omission, aggressive, or that constitutes bait advertising, a bait and switch or wrongly accepting payment for a product.

According to Section 18 of the TDO, anyone who commits an offence under Sections 7, 7A, 13E, 13F, 13G, 13H and 13I of the TDO shall be liable, on conviction on indictment, to a fine of HK\$500,000 and to imprisonment for 5 years, and on summary conviction, to a fine of HK\$100,000 and to imprisonment for 2 years.

Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong) (“COIAO”)

Under the Long Title of the COIAO, the legislative aim of the COIAO is to control articles which consist of or contain material that is obscene or indecent, including material that is violent, depraved or repulsive.

By virtue of Section 21(1) of the COIAO, subject to any defence as provided in the COIAO, any person who publishes or possesses for the purpose of publication any obscene article, whether or not he knows that it is an obscene article, commits an offence and is liable to a fine of HK\$1,000,000 and to imprisonment for 3 years.

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By virtue of Section 22(1) of the COIAO, subject to any defence as provided in the COIAO, any person who publishes any indecent article to a person who is a juvenile, whether or not he knows that it is an indecent article or that such person is a juvenile, commits an offence and is liable to a fine of HK\$400,000 and to imprisonment for 12 months on his first conviction and to a fine of HK\$800,000 and to imprisonment for 12 months on a second or subsequent conviction.

According to Section 2 of the COIAO, the word “article” is given a wide meaning to include any thing consisting of or containing material to be read or looked at or both read and looked at, any sound recording, and any film, video-tape, disc or other record of a picture or pictures.

Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) (“SSITO”)

Given the Group provides online digital marketing services to its customers, the provision of such services is regulated by the SSITO, which implies various terms in contracts for the supply of services (i.e. in the contracts between the Group and its customers).

Section 5 of the SSITO stipulates that in a contract for the supply of service where the supplier is acting in the course of a business, there is an implied term that the supplier will carry out the service with reasonable care and skill.

Section 6 of the SSITO stipulates that where, under a contract for the supply of a service by a supplier acting in the course of a business, the time for the service to be carried out is not fixed by the contract, is not left to be fixed in a manner agreed by the contract or is not determined by the course of dealing between the parties, there is an implied term that the supplier will carry out the service within a reasonable time. What constitutes a reasonable time is a question of fact.

Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) (“CO”)

The CO provides comprehensive protection for recognised categories of work such as literary, dramatic, musical and artistic works. Such protection extends to making available to the public such works on the Internet. Certain copyrights may subsist in works the Group creates in relation to the Group’s publications, digital media content and advertising materials, including artistic works (such as artworks and photos), films (such as videos) or literary works (such as text) that qualify for copyright protection without registration.

Sections 23, 24 and 26 of the CO restrict certain acts such as copying and/or issuing or making available copies to the public of a copyright work without the authorisation from the copyright owner which, if done, constitutes “primary infringement” of copyright which does not require knowledge of infringement.

REGULATORY OVERVIEW

Section 31 of the CO restrict a person from, amongst others, possessing or distributing a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work for the purposes of or in the course of any trade or business, or selling or letting a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work without the consent of the copyright owner. However, the person will only be liable if, at the time when he committed the alleged act, he knew or had reason to believe that he was dealing with infringing copies of the work.

Under Section 118(1) of the CO, a person commits an offence if he, among others, without the licence of the copyright owner of a copyright work, (a) exhibits in public or distributes an infringing copy of the work for the purpose of or in the course of any trade or business which consists of dealing in infringing copies of copyright works or (b) possesses an infringing copy of the work with a view to (i) its being sold or let for hire by any person for the purpose of or in the course of any trade or (ii) its being exhibited in public or distributed by any person for the purpose of or in the course of any trade or business which consists of dealing in infringing copies of copyright works.

It is also an offence under Section 118(2A) of the CO to possess, without the licence of the copyright owner of a copyright work including a computer program, movie, television drama, musical sound recording or musical visual recording, an infringing copy of the work for the purpose of or in the course of any trade or business with a view to its being used by any person for the purpose of or in the course of that trade or business.

Pursuant to Section 119(1) of the CO, any person who contravenes Sections 118(1) or 118(2A) of the CO is liable on conviction on indictment to a fine of HK\$50,000 in respect of each infringing copy and to imprisonment for 4 years.

Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) (“TMO”)

According to Section 18(1) of the TMO, a person infringes a registered trade mark if he uses in the course of trade or business a sign which is identical to the trade mark in relation to goods or services which are identical to those for which it is registered.

According to Section 18(2) of the TMO, a person also infringes a registered trade mark if he uses in the course of trade or business a sign which is identical to the trade mark in relation to goods or services which are similar to those for which it is registered and the use of the sign in relation to these goods or services is likely to cause confusion on the part of the public.

According to Section 18(3) of the TMO, a person also infringes a registered trade mark if he uses in the course of trade or business a sign which is similar to the trade mark in relation to goods or services which are identical or similar to those for which it is registered and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public.

REGULATORY OVERVIEW

According to Section 18(4) of the TMO, a person also infringes a registered trade mark if he uses in the course of trade or business a sign which is identical or similar to the trade mark in relation to any goods or services, the trade mark is entitled to protection under the Paris Convention as a well-known trade mark; and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

Other Laws and Regulations in relation to Our Business

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (“IRO”)

As the Group carries out business in Hong Kong, the Group is subject to the profits tax regime under the IRO.

The IRO is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. Section 14 of the IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of person, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits from the date of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, profits tax is chargeable at the rate of 8.25% on assessable profits up to HK\$2,000,000 and at the rate of 16.5% on any part of assessable profits over HK\$2,000,000. The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We are a cross-border digital marketing service provider in China. In terms of gross billing in 2021, we ranked third among digital marketing service providers in China for cross-border e-commerce with a market share of 6.2%, and we were also the fourth largest cross-border digital marketing service provider in China with a market share of 2.7%, according to Frost & Sullivan. Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 7, 2019 and, as part of our Reorganization, became the holding company of our Group with our business being conducted through our subsidiaries. Our history can be traced back to 2013 when Powerwin Media (formerly known as Sino Elite International Group Co., Limited), a company principally engaged in cross-border digital marketing business, was established in 2013 by Mr. Li, our founder, the chairman of our Board, one of our executive Directors and our chief executive officer. For further details of the biography of Mr. Li, see “Directors and Senior Management”.

BUSINESS DEVELOPMENT MILESTONES

The following sets out our major milestones in our development:

Year	Events
2013	<ul style="list-style-type: none">• Powerwin Media, one of our major operating subsidiaries, was incorporated as a company with limited liability in Hong Kong
2014	<ul style="list-style-type: none">• We became a reseller of Media Publisher C, a top search engine media publisher, and started to develop B2B customers
2017	<ul style="list-style-type: none">• We became a reseller in China for Media Publisher A and our business expanded from B2B to a B2C model as we began serving more of China-based marketers targeting overseas consumer customers• We became a digital marketing service provider of the largest standalone online shopping platform for women’s apparel in China in 2021, according to Frost & Sullivan
2018	<ul style="list-style-type: none">• We launched our digital marketing SaaS platform Adorado
2019	<ul style="list-style-type: none">• We obtained the Fastest Growing Reseller Award from Media Publisher A• We started to provide cross-border digital marketing services to Marketer A, the largest cross-border e-commerce marketplace in China in 2021, according to Frost & Sullivan

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Year	Events
2020	<ul style="list-style-type: none">• We obtained the Best Policy Performance Award from Media Publisher A• We obtained the Best Innovation Award – Partnership from Media Publisher A• We started to provide cross-border digital marketing services to Media Publisher B (as our marketer), being the largest cross-border social networking platform operator in China by monthly active user in 2021 according to Frost & Sullivan, for the promotion of its products such as a short video app and a video editing app
2021	<ul style="list-style-type: none">• We commenced to provide cross-border online-shop SaaS solutions with the launch of our Powershoppy SaaS platform• We obtained the Best Policy Performance Award from Media Publisher A• We obtained the Best Innovation Award – Partnership from Media Publisher A
2022	<ul style="list-style-type: none">• We started to provide cross-border digital marketing services to a leading content community and social platform in China• We became a reseller of Media Publisher B for its short video media platform targeting overseas market

OUR CORPORATE HISTORY

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 7, 2019 with an authorized share capital of US\$50,000 divided into 50,000 shares in our Company with a par value of US\$1.00 each. On the same day, one subscriber share in our Company was issued and allotted to the initial subscriber (who is an Independent Third Party).

On June 7, 2019, 5,999, 2,500 and 1,500 shares in our Company were allotted and issued to each of Lucky Linkage, Total Best and Wealth Express at par value, respectively. On the same day, the subscriber share in our Company was transferred to Lucky Linkage by the initial subscriber. Upon completion of such allotment, issuance and transfer of shares in our Company, our Company was owned as to 60.0%, 25.0% and 15.0% by Lucky Linkage, Total Best and Wealth Express, respectively. Lucky Linkage is wholly-owned by Ms. Yu, while Total Best and Wealth Express is each wholly-owned by Mr. Li, respectively.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

As at January 1, 2021, our Company was owned as to 60.0%, 25.0% and 15.0% by Lucky Linkage, Total Best and Wealth Express, respectively.

On December 20, 2021, for the purpose of the Reorganization, 5,900 shares in our Company were transferred by Lucky Linkage as vendor to Common Excellence as purchaser at a consideration of US\$5,900. On the same day, for the purpose of the Reorganization, 2,400 shares in our Company were transferred by Total Best as vendor to Into One as purchaser at a consideration of US\$2,400. Subsequent to the aforementioned transfers, our Company was owned as to 1.0%, 1.0%, 15.0%, 59.0% and 24.0% by Lucky Linkage, Total Best, Wealth Express, Common Excellence and Into One, respectively.

On January 14, 2022, our Company underwent a subdivision of its shares whereby each issued and unissued share of nominal value of US\$1.00 each in our Company’s authorized share capital was subdivided into 100 Shares of US\$0.01 each, such that immediately following such Share Subdivision, our Company’s authorized share capital was US\$50,000 divided into 5,000,000 Shares. As a result of the Share Subdivision, our issued share capital was US\$10,000 divided into 1,000,000 shares.

On March 3, 2023, the authorized capital of our Company was increased from US\$50,000 divided into 5,000,000 Shares to US\$20,000,000 divided into 2,000,000,000 Shares by creation of an additional of 1,995,000,000 Shares, each ranking *pari passu* with our Shares then in issue in all respects.

For details of further changes in the shareholding structure of our Company since its incorporation, see “– Reorganization”.

Our Company is principally engaged in investment holding with the major business carried out by our major operating subsidiaries as set out below.

Our major operating subsidiaries

Set forth below are the information of the subsidiaries of our Group.

Powerwin Media

Powerwin Media was established as a company with limited liability in Hong Kong by Mr. Li on August 26, 2013 with an issued share capital of HK\$1,000,000. On March 20, 2020, as part of the Reorganization, Mr. Li transferred his then entire shareholding interest in Powerwin Media to Able Best at a consideration of HK\$1,000,000, which was determined with reference to the share capital of Powerwin Media. Subsequent to such transfer, Powerwin Media became wholly-owned by Able Best.

Powerwin Media is principally engaged in the cross-border digital marketing business.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Powerwin E-commerce

Powerwin E-commerce was established as a company with limited liability in Hong Kong by Able Best on November 9, 2021. Upon incorporation, 10,000 shares in Powerwin E-commerce were issued at HK\$10,000 to Able Best.

Powerwin E-commerce is principally engaged in the cross-border online-shop SaaS solutions business.

Beijing Yingli

Beijing Yingli was established as a company with limited liability in the PRC on December 9, 2021 by Powerwin E-commerce. Upon its incorporation, it has a registered capital of RMB1 million, which was agreed to be contributed by Powerwin E-commerce by October 31, 2021.

Beijing Yingli is principally engaged in the cross-border digital marketing and cross-border online-shop SaaS solutions business.

Beijing Dingli

Beijing Dingli was established as a company with limited liability in the PRC on December 12, 2018 by Powerwin Media. Upon its incorporation, it has a registered capital of RMB1 million, which was agreed to be contributed by Powerwin Media by December 11, 2018.

On January 19, 2022, as part of the Reorganization, Powerwin Media entered into an equity transfer agreement with Beijing Yingli to transfer its 100% equity interest in Beijing Dingli to Beijing Yingli at a consideration of approximately RMB1.4 million, which was determined with reference to the appraised value of Beijing Dingli as at November 30, 2021. Subsequent to such transfer, Beijing Dingli became directly wholly-owned by Beijing Yingli.

Beijing Dingli is principally engaged in the cross-border digital marketing business.

Powerwin Shenzhen

Powerwin Shenzhen was established as a company with limited liability in the PRC on July 9, 2018 by Powerwin Media. Upon its incorporation, it has a registered capital of RMB5 million, which was agreed to be contributed by Powerwin Media by July 8, 2018.

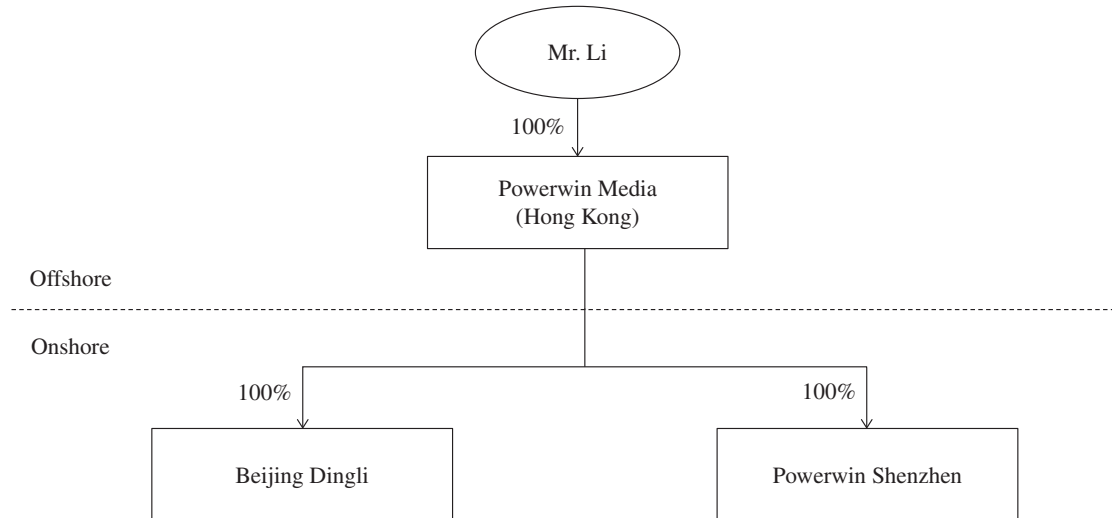
On December 29, 2021, as part of the Reorganization, Powerwin Media entered into an equity transfer agreement with Beijing Yingli to transfer its 100% equity interest in Powerwin Shenzhen to Beijing Yingli at a consideration of approximately RMB850,000, which was determined with reference to the appraised value of Powerwin Shenzhen as at November 30, 2021. Subsequent to such transfer, Powerwin Shenzhen became directly wholly-owned by Beijing Yingli.

Powerwin Shenzhen is principally engaged in the cross-border digital marketing business.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

REORGANIZATION

The following chart sets forth the corporate structure of our Group immediately prior to the Reorganization:



We have carried out the following Reorganization steps in preparation for the [REDACTED]:

Offshore Reorganization

1. Incorporation of offshore holding companies

On September 18, 2018, Lucky Linkage was incorporated as a limited liability company under the laws of the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares with a par value of US\$1.00 each. On October 26, 2018, one share in Lucky Linkage was allotted and issued to Ms. Yu at par value. After such allotment and issuance, Lucky Linkage was wholly-owned by Ms. Yu.

On September 18, 2018, Total Best was incorporated as a limited liability company under the laws of the BVI with an authorized capital of US\$50,000 divided into 50,000 shares with a par value of US\$1.00 each. On October 26, 2018, one share in Total Best was allotted and issued to Mr. Li at par value. After such allotment and issuance, Total Best was wholly-owned by Mr. Li.

On July 10, 2018, Wealth Express was incorporated as a limited liability company under the laws of the BVI with an authorized capital of US\$50,000 divided into 50,000 shares with a par value of US\$1.00 each. On October 26, 2018, one share in Wealth Express was allotted and issued to Mr. Li at par value. After such allotment and issuance, Wealth Express was wholly-owned by Mr. Li.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

2. Incorporation of our Company, allotment and issue of shares to offshore holding companies held by our individual shareholders

On June 7, 2019, our Company was incorporated as an exempted company with limited liability under the laws of the Cayman Islands with an authorized share capital of US\$50,000 divided into 50,000 shares in our Company of par value of US\$1.00 each. On the same day, one subscriber share in our Company was issued and allotted to the initial subscriber (who is an Independent Third Party).

On June 7, 2019, 5,999, 2,500 and 1,500 shares in our Company were allotted and issued to each of Lucky Linkage, Total Best and Wealth Express at par value, respectively. On the same day, the subscriber share in our Company was transferred to Lucky Linkage by the initial subscriber. Upon completion of such allotment, issuance and transfer of shares in our Company, our Company was owned as to 60.0%, 25.0% and 15.0% by Lucky Linkage, Total Best and Wealth Express, respectively.

Since its incorporation on June 7, 2019 and up to the date of this document, our Company has been collectively and wholly-owned by Mr. Li and Ms. Yu indirectly, initially through special purpose vehicles (being Lucky Linkage, Total Best and Wealth Express) and since January 11, 2022, also through the Family Trusts set up by themselves.

3. Incorporation of Able Best

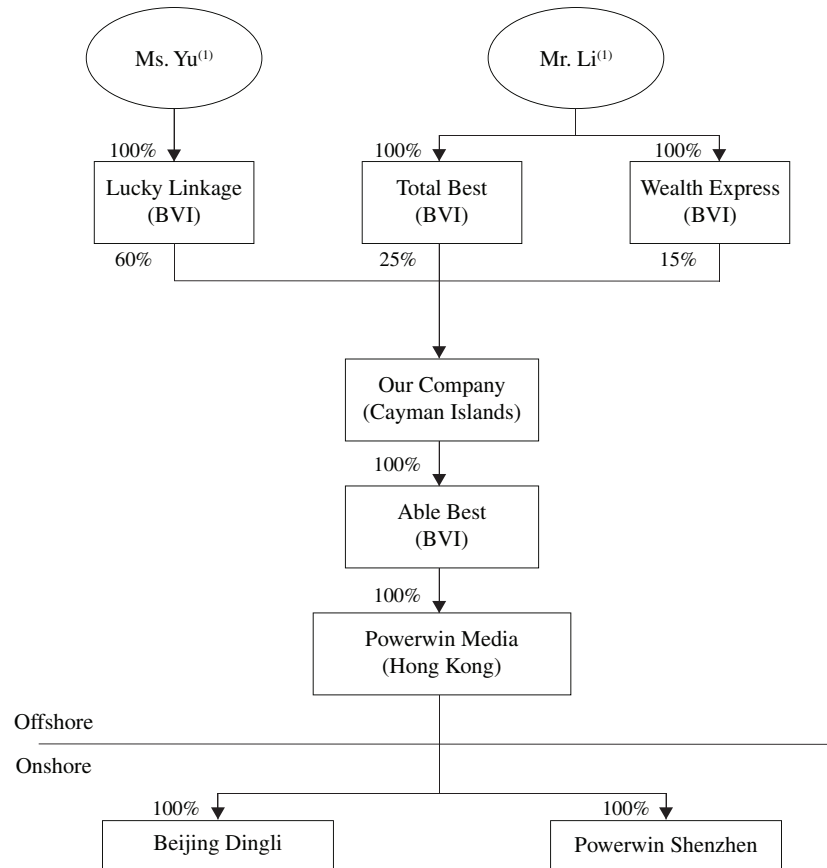
On July 8, 2019, Able Best was incorporated as a company with limited liability under the laws of the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares with a par value of US\$1.00 each. On September 16, 2019, one share in Able Best was allotted and issued to our Company at par value. After such allotment and issuance, Able Best was wholly-owned by our Company.

4. Transfer of shares in Powerwin Media to Able Best

On March 20, 2020, Mr. Li transferred his then entire shareholding interest in Powerwin Media to Able Best at a consideration of HK\$1,000,000, which was determined with reference to the share capital of Powerwin Media. Such transfer was completed on March 20, 2020. Subsequent to such transfer, Powerwin Media became wholly-owned by Able Best.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following chart sets forth the corporate structure of our Group following the abovementioned Reorganization steps and as at January 1, 2021:



Note:

(1) Mr. Li and Ms. Yu are spouses.

5. Incorporation of Powerwin E-commerce

On November 9, 2021, Powerwin E-commerce was incorporated as a company with limited liability in Hong Kong. On the same day, 10,000 shares in Powerwin E-commerce were allotted and issued to Able Best. After such allotment and issuance, Powerwin E-commerce was wholly-owned by Able Best.

Onshore Reorganization

6. Incorporation of Beijing Yingli

On December 9, 2021, Beijing Yingli was incorporated as a company with limited liability under the laws of the PRC with a registered capital of RMB1 million by Powerwin E-commerce.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

7. Transfer of equity interest in Powerwin Shenzhen to Beijing Yingli

On December 29, 2021, Beijing Yingli and Powerwin Media entered into an equity transfer agreement, pursuant to which Beijing Yingli as purchaser agreed to purchase, and Powerwin Media as vendor agreed to sell, the entire equity interest in Powerwin Shenzhen at a consideration of approximately RMB850,000, which was determined with reference to the appraised value of Powerwin Shenzhen as at November 30, 2021. Such transfer was completed on December 30, 2021. Subsequent to such transfer, Powerwin Shenzhen became wholly-owned by Beijing Yingli.

8. Transfer of equity interest in Beijing Dingli to Beijing Yingli

On January 19, 2022, Beijing Yingli and Powerwin Media entered into an equity transfer agreement, pursuant to which Beijing Yingli as purchaser agreed to purchase, and Powerwin Media as vendor agreed to sell, the entire equity interest in Beijing Dingli at a consideration of approximately RMB1.4 million, which was determined with reference to the appraised value of Beijing Dingli as at November 30, 2021. Such transfer was completed on January 20, 2022. Subsequent to such transfer, Beijing Dingli became wholly-owned by Beijing Yingli.

Establishment of Family Trusts

9. Incorporation of holding companies for the purpose of the Family Trusts

On September 1, 2021, each of Honest Beauty and Total Mice was incorporated as a company with limited liability under the laws of the BVI.

On October 27, 2021, each of Into One and Common Excellence was incorporated as a company with limited liability under the laws of the BVI.

On November 1, 2021, 10 shares in each of Honest Beauty and Into One were allotted and issued to Mr. Li at US\$10.0. After such allotment and issuance, each of Honest Beauty and Into One was wholly-owned by Mr. Li.

On November 1, 2021, 10 shares in each of Total Mice and Common Excellence were allotted and issued to Ms. Yu at US\$10.0. After such allotment and issuance, each of Total Mice and Common Excellence was wholly-owned by Ms. Yu.

10. Transfer of shareholding in our Company to the holding companies for the purpose of the Family Trusts

On December 20, 2021, for the purpose of the Reorganization, 5,900 shares in our Company were transferred by Lucky Linkage as vendor to Common Excellence as purchaser at a consideration of US\$5,900. On the same day, for the purpose of the Reorganization, 2,400 shares in our Company were transferred by Total Best as vendor to Into One as purchaser at a consideration of US\$2,400.

Subsequent to the aforementioned transfers, our Company was owned as to 1.0%, 1.0%, 15.0%, 59.0% and 24.0% by Lucky Linkage, Total Best, Wealth Express, Common Excellence and Into One, respectively.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

11. Establishment of the Family Trusts

On January 4, 2022, the Imperial Trust was established as a discretionary trust by Mr. Li as the settlor. On the same day, the Tranquil Trust was established as a discretionary trust by Ms. Yu as the settlor.

The beneficiaries of the Family Trusts include Mr. Li, Ms. Yu and their family members.

12. Transfer of holding companies to the Family Trusts

On January 11, 2022, Mr. Li transferred his entire shareholding interest in Into One to Honest Beauty at nil consideration. Subsequent to such transfer, Into One became wholly-owned by Honest Beauty. On the same day, Mr. Li transferred his entire shareholding interest in Honest Beauty to the Trustee at nil consideration. Subsequent to such transfer, Honest Beauty became wholly-owned by the Trustee.

On January 11, 2022, Ms. Yu transferred her entire shareholding interest in Common Excellence to Total Mice at nil consideration. Subsequent to such transfer, Common Excellence became wholly-owned by Total Mice. On the same day, Ms. Yu transferred her entire shareholding interest in Total Mice to the Trustee at nil consideration. Subsequent to such transfer, Total Mice became wholly-owned by the Trustee.

Share Subdivision

13. Share subdivision of our Shares

On January 14, 2022, our Company underwent a subdivision of shares in our Company whereby each issued and unissued share of nominal value of US\$1.00 each in our Company's authorized share capital was subdivided into 100 Shares of US\$0.01 each, such that immediately following such Share Subdivision, our Company's authorized share capital was US\$50,000 divided into 5,000,000 Shares.

[REDACTED]

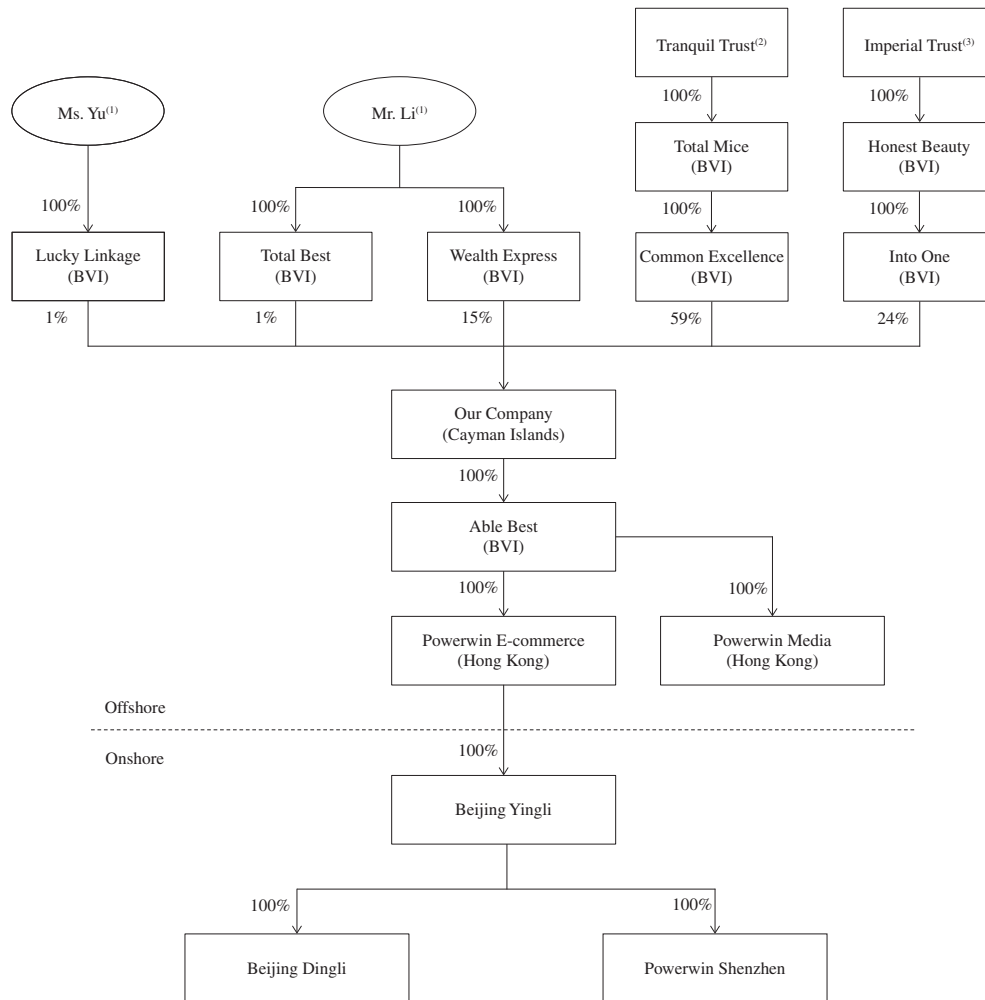
14. [REDACTED] pursuant to Shareholders' resolutions passed on March 3, 2023

Pursuant to the written resolutions of our Shareholders passed on March 3, 2023 and subject to the conditions set out therein, our Directors were authorized to allot and issue a total of [REDACTED] Shares credited as fully paid at par to our Shareholders whose names appear on the register of members of our Company at close of business on the business day immediately preceding the [REDACTED] in proportion to their respective shareholdings by way of [REDACTED] of the sum of [REDACTED] standing to the credit of the share premium account of our Company. The Shares to be allotted and issued pursuant to the [REDACTED] shall rank *pari passu* in all respects with the existing issued Shares.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Set out below is the corporate and shareholding structure of our Group after completion of the Reorganization, the Share Subdivision and the [REDACTED], immediately before the [REDACTED]:



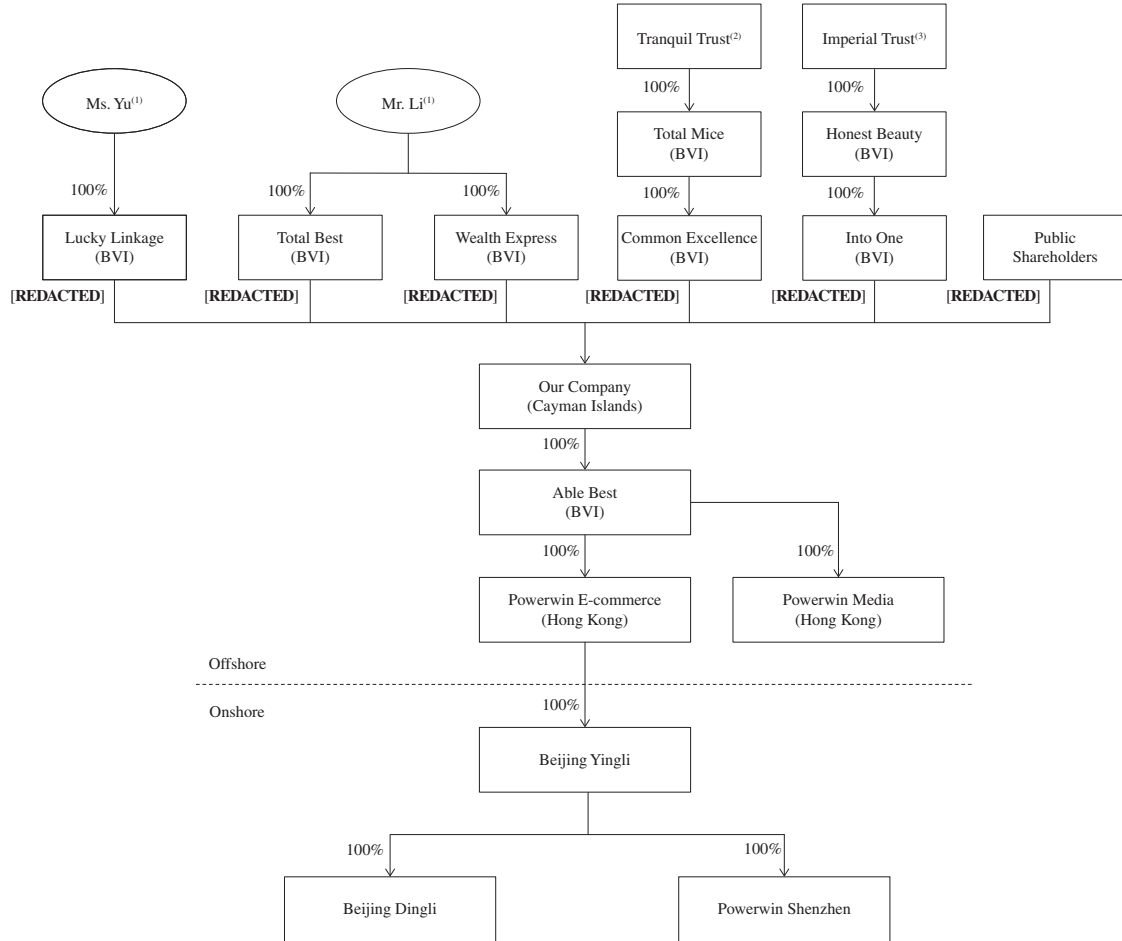
Notes:

- (1) Mr. Li and Ms. Yu are spouses.
- (2) The Tranquil Trust is a discretionary trust established by Ms. Yu as the settlor on January 4, 2022. HSBC International Trustee Limited is the trustee of the Tranquil Trust. The beneficiaries under the Tranquil Trust include Mr. Li and family members of Ms. Yu.
- (3) The Imperial Trust is a discretionary trust established by Mr. Li as the settlor on January 4, 2022. HSBC International Trustee Limited is the trustee of the Imperial Trust. The beneficiaries under the Imperial Trust include Ms. Yu and family members of Mr. Li.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Our Group’s shareholding structure immediately following the [REDACTED]

Set out below is the corporate and shareholding structure of our Group immediately following the completion of the [REDACTED], assuming no exercise of the [REDACTED]:



Notes:

- (1) Mr. Li and Ms. Yu are spouses.
- (2) The Tranquil Trust is a discretionary trust established by Ms. Yu as the settlor on January 4, 2022. HSBC International Trustee Limited is the trustee of the Tranquil Trust. The beneficiaries under the Tranquil Trust include Mr. Li and family members of Ms. Yu.
- (3) The Imperial Trust is a discretionary trust established by Mr. Li as the settlor on January 4, 2022. HSBC International Trustee Limited is the trustee of the Imperial Trust. The beneficiaries under the Imperial Trust include Ms. Yu and family members of Mr. Li.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

COMPLIANCE WITH PRC LAWS

Our PRC Legal Advisors have confirmed that all relevant regulatory registrations or approvals necessary to effect the incorporation and transfer as described under the “– Onshore Reorganization” have been obtained in accordance with PRC laws and regulations.

SAFE REGISTRATION

Pursuant to the Circular 37, (a) a PRC resident must register with the local SAFE counterpart before contributing assets or equity interests in an overseas special purpose vehicle (the “Overseas SPV”) that is directly established or indirectly controlled by such PRC resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC resident is also required to register with the local SAFE counterpart 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.

Pursuant to the Circular 13, the power of foreign exchange registration was delegated from the local SAFE counterpart to qualified local banks where the domestic entity was incorporated.

As advised by our PRC Legal Advisors, Mr. Li and Ms. Yu, who indirectly hold Shares of our Company and are known to us as being PRC citizens, have completed the registration under the Circular 37.

M&A RULES

The M&A Rules require that a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals through acquisitions of shares of or equity interests in PRC domestic companies, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange.

Our PRC Legal Advisors are of the opinion that prior CSRC approval for the [REDACTED] is not required under the M&A Rules because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether [REDACTED] like ours under this document are subject to the M&A Rules; (ii) our wholly-owned PRC subsidiaries were not established through mergers or acquisitions of domestic companies owned by PRC companies or individuals as defined under the M&A Rules that are the beneficial owners of our Company. However, our PRC Legal Advisors further advise that there is uncertainty as to how the M&A Rules will be interpreted or implemented.

BUSINESS

OVERVIEW

We are a cross-border digital marketing service provider in China ranking third by gross billing in 2021 for cross-border e-commerce with a market share of 6.2%. According to Frost & Sullivan, we were also the fourth largest cross-border digital marketing service provider in China with a market share of 2.7% by gross billing in 2021. Over the years, we have been dedicated to empowering China-based marketers in user acquisition to better promote and connect themselves to customers worldwide while collaborating with major and well-known media publishers in helping them explore monetization opportunities.

Capitalizing on our deep understanding of marketers’ evolving needs and prompted by the cross-border digital marketing spending along with the growing demand of China-based enterprises to expand overseas business, we had served more than 1,900 marketers as of September 30, 2022, covering a variety of industry verticals of e-commerce, online games and apps. A substantial part of our gross billing during the Track Record Period was attributable to marketers which have been working with us for more than three years in a row, which is longer than the industry average for the cross-border digital marketing industry in China, according to Frost & Sullivan. We have been the digital marketing service provider for a number of high-profile marketers in China, including, according to Frost & Sullivan, (i) the largest cross-border e-commerce marketplace by revenue in 2021, (ii) the largest standalone online shopping platform for women’s apparel by revenue in 2021, (iii) the largest cross-border social networking platform operator by monthly active user in 2021, and (iv) one of the leading online games companies in China.

We had, as of September 30, 2022, curated and collaborated with 19 major and well-known media publishers globally, including major media publishers such as Media Publisher A, Google, Twitter, TikTok, LinkedIn, YouTube and Snapchat, covering social networking, search engine and short-video media platforms, as well as more than 50 industry-specific media publishers each focusing on a specific niche market. As of September 30, 2022, the media coverage of our services reached more than 240 countries and regions in the world, achieving an aggregate of approximately 594 billion impressions and 15 billion number of clicks, respectively, during the Track Record Period. We have been cooperating with Media Publisher A since 2017 as its reseller, being a first-tier digital marketing agent for Media Publisher A in China. We are among the few resellers for Media Publisher A in China with capabilities to serve marketers across industries, according to Frost & Sullivan.

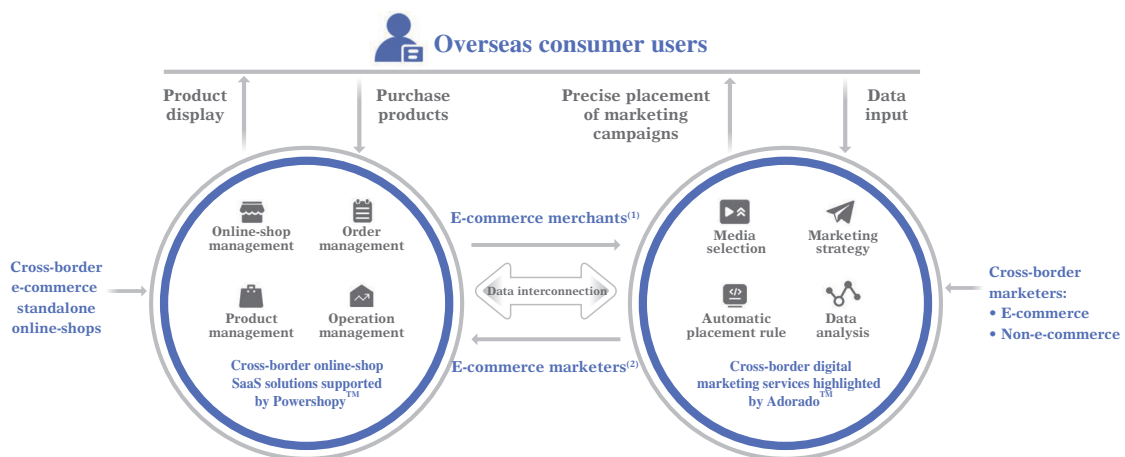
As we strengthened our digital marketing and SaaS capabilities over the years, we have cultivated and refined a business model comprising two business lines, namely, (i) our cross-border digital marketing services, as highlighted by our SaaS platform, Adorado, and (ii) our cross-border online-shop SaaS solutions, as supported by our SaaS platform, Powershopy. During the Track Record Period, we derived a substantial part of our revenue from cross-border digital marketing services under which we provided China-based marketers with standardized, customized and/or SaaS-based solutions to address their needs for cross-border marketing endeavors. We had in 2018 launched our Adorado platform to deliver our cross-border digital marketing services to marketers in a more data-driven and automated manner. In November 2021, we also commenced to provide cross-border online-shop SaaS solutions with the pilot launch of our Powershopy platform which enables cross-border e-commerce merchants to build, operate, manage and market their own standalone online shops in an “all-in-one” fashion.

BUSINESS

Under this dual model, we are striving to offer our customers with a cross-media and comprehensive experience to promote and sell products and services to their target customers around the globe, thereby establishing a stronger online presence for their cross-border business endeavors. In doing so, we are able to deepen our collaborations with major and well-known media publishers by connecting them to a broader variety of monetization opportunities from our vibrant assemble of marketers. According to Frost & Sullivan, we are one of the few digital marketing service providers in China to transform into a “digital marketing + online-shop SaaS” dual business mode, serving China-based e-commerce merchants along the industry value chain.

We believe our dual business model is able to create better synergies for our future development. On one hand, we are able to convert our marketers from cross-border digital marketing services to cross-border online-shop SaaS business as some of these marketers contemplate to establish and develop their own standalone online shops and are in need of SaaS-empowered supply chain related services, which can be accessed via our Powershopy platform. In tandem, as our cross-border online-shop SaaS solutions develop over time, customers utilizing such solutions would inevitably need to promote and market their online shops in a more integrated manner thereby retaining a pool of marketers for our cross-border digital marketing services, especially our Adorado digital marketing platform, as its functions can be embedded within our Powershopy platform to provide an integrated service experience for our customers.

The following diagram illustrates how our two business lines interact with one another in connecting different participants along our industry value chain and creating better synergies for our future development:



Notes:

- (1) E-commerce marketers of our cross-border digital marketing services can be converted to customers of our cross-border online-shop SaaS solutions as some of these marketers also contemplate to establish and develop their own standalone online shops and are in need of relevant supply chain services.
- (2) Customers of our online-shop SaaS solutions may also need to promote and market their online shops and products through our Adorado platform, the functions of which can be embedded within our Powershopy platform.

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We had experienced rapid growth during the Track Record Period by leveraging our strong ties with both marketers and media publishers, our industry insight and caliber and our SaaS and data analytical capabilities. Our gross billing increased from US\$357.9 million in 2019 to US\$477.1 million in 2020 and further increased to US\$610.8 million in 2021. Our gross billing was US\$337.8 million for the nine months ended September 30, 2022. Our revenue increased from US\$9.5 million in 2019 to US\$11.7 million in 2020 and further increased to US\$14.3 million in 2021 at a CAGR of 22.7% from 2019 to 2021. Our revenue was US\$10.2 million for the nine months ended September 30, 2022.

STRENGTHS

A cross-border digital marketing service provider in China with advantages in serving the cross-border e-commerce industry and capabilities providing SaaS-based solutions across the digital marketing value chain.

We are a cross-border digital marketing service provider in China with advantages in serving the cross-border e-commerce industry. Over the years, we have been dedicated to the cross-border digital marketing for the cross-border e-commerce industry. We provide comprehensive, automated and customized cross-border digital marketing services to China-based e-commerce marketers through our SaaS-based services riding on Adorado, our cross-border digital marketing platform, and customized services with intelligent manual involvement. In terms of gross billing in 2021, we ranked third among digital marketing service providers in China for cross-border e-commerce, accounting for approximately 6.2% of the market share, according to Frost & Sullivan. Leveraging on our experience and technological capabilities accumulated throughout years of committed involvement in the industry verticals of cross-border e-commerce digital marketing, we have successfully extended our footprints to sectors other than e-commerce, and assisted various e-commerce and non-e-commerce players with overseas business expansion and reaching target audiences in more than 240 countries and regions in the world. In terms of gross billing in 2021, we ranked fourth amongst cross-border digital marketing service providers in China, accounting for approximately 2.7% of the market share, according to Frost & Sullivan.

Our cross-border digital marketing business achieved above-market growth from 2019 to 2021, in particular, in the cross-border e-commerce sector. Our gross billing from digital marketing services for cross-border e-commerce increased by 37.8% from US\$245.0 million in 2019 to US\$337.5 million in 2020 and further increased by 26.5% to US\$427.0 million in 2021, which exceeded the general industry growth during the same periods, according to Frost & Sullivan. In light of marketers' recognition of our services, our revenue from cross-border digital marketing services increased by 22.6% from US\$9.5 million in 2019 to US\$11.7 million in 2020, and further increased by 22.5% to US\$14.3 million in 2021 with a revenue of US\$9.6 million for the nine months ended September 30, 2022.

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According to Frost & Sullivan, in terms of gross billing, the market size of digital marketing services for cross-border e-commerce and the overall cross-border digital marketing industry in China reached US\$6.9 billion and US\$22.3 billion in 2021, respectively, and are expected to further grow to US\$23.3 billion and US\$61.6 billion, respectively, in 2026 at a CAGR of 27.6% and 22.5% from 2021 to 2026. We believe that our considerable experience in industry verticals, technological capabilities and accurate prediction of industry development will enable us to capture larger market share in the multi-billion U.S. dollar high-potential industry and further reinforce our industry position.

Customer-needs oriented and diversified solutions for cultivating a well-established network of marketers for better business development.

We are committed to delivering fully-customized cross-border digital marketing solutions to marketers from a diverse array of industry sectors and sizes, in particular, large-scale marketers from industry verticals with complicated demand and high technical requirements, to satisfy their differentiated needs and demands. Based on our thorough studies and understanding of the needs of our marketers, we offer diversified whole-chain solutions, addressing various marketing scenarios and industry verticals, including standardized, customized and SaaS-based digital marketing services. Standardized digital marketing services serve marketers’ basic needs for procurement of media resources and implementation of marketing campaigns on media publishers’ platforms. Customized digital marketing services are offered to marketers according to their differentiated and tailored needs with intelligent manual involvement by our professional team comprising, amongst others, integrated marketing experts, optimizers and creative designers. SaaS-based digital marketing services provide a better option for our larger marketers to easily achieve automated, intelligent and sizeable launch of numerous marketing campaigns, through our Adorado platform. The platform also provides full-chain automation services to SMB marketers with the functions such as easy choosing of media, targeted market and products, media accounts opening and top-up, initial marketing campaign plan, marketing campaign implementation and optimizing, and final marketing result reporting. SaaS-based digital marketing services can effectively achieve marketing performance target without the need for extensive human involvement.

Capitalized on our diversified solutions, we have successfully established a solid network of marketers through our continuous efforts to assist marketers to lower marketing barrier and enhance marketing efficiency and ROI. We serve both large-scale and SMB marketers covering various industry verticals, of which the e-commerce sector included renowned industry players such as the largest cross-border e-commerce marketplace in China and the largest standalone online shopping platform for women’s apparel in China, both in terms of revenue in 2021 according to Frost & Sullivan. Our non-e-commerce marketers covered a variety of industry verticals such as online games (including mobile games and PC online games), apps developers and included famous companies such as the largest cross-border social networking platform operator in China by monthly active user in 2021 and a leading and representative online games developer and publisher in China, according to Frost & Sullivan. Furthermore, as of September 30, 2022, more than 120 marketers had cooperation with us for more than three years and gross billing to these marketers accounted for approximately 86.9%, 84.7%, 70.8% and 84.0% of our total gross billing for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively.

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Success of marketers supported by our services, in particular top players in the industry, is expected to attract more marketers to our services. Through serving an enlarged marketer base, we keep optimizing advertisement placement and digital marketing strategies, sharpening our market insight and upgrading our marketing solutions on one hand, and assist marketers in further lowering marketing barrier and enhancing marketing performance on the other hand, ultimately forming an even broader marketer base for better business development.

Adorado and Powershopy SaaS-based platforms delivering one-stop intelligent cross-border solution to customers with better synergies for our businesses.

We have cooperation with global leading cloud computing companies to establish our highly scalable and solid IT infrastructure in place, which is supported by technologies such as big data, cloud computing and AI technologies for enhancing the functions and service volume elasticity of our Adorado and Powershopy platforms, solidifying our systems and service security and steadiness, and imposing a technological barrier to our competitors.

Our self-developed proprietary SaaS-based Adorado platform presents marketers with speedy delivery and optimization of marketing campaigns automatically, intelligently, and simultaneously in large volume. The platform is equipped to enable a full automated process, from breaking down and converting marketing targets and specifications, to strategizing marketing plans, creating, placing, and dynamically optimizing marketing campaigns and generating marketing performance reports, which substantially streamline human involvement along the process. Our services over the years to sizable e-commerce business operators have also equipped us with access to large volume of data including, without limitation, marketing performance data from media publishers, business operating data and industry information as authorized from third parties. By conducting thorough parameter analysis and compilation of these multi-dimension data, we continue to improve and optimize Adorado platform, enhance marketers' experience and operating performance.

According to Frost & Sullivan, Adorado platform positions us as one of the few players in China which are able to connect sizeable e-commerce business operators with SaaS-based technology capability in offering our marketers with highly-integrated cross-border digital marketing solutions. For instance, according to our cooperation experience with a renowned cross-border e-commerce marketplace, we had the capability to break down the business operating indicators specified by such marketer and convert them into marketing performance indicators applicable to media publishers' platforms. The use of big data analysis and AI algorithms allows us to precisely predict the marketing performance indicators so converted and strategize an accurate, effective and within-budget marketing plan for the marketer, satisfying its target and specifications on one hand, and effectively controlling marketing spending on the other hand.

Meanwhile, our marketing experience, marketing campaign structures and marketing plans applicable to a large target audience and diversified product categories, and marketing performance data that we have access to during our services to e-commerce merchants from segmented industries can be widely applied to SMB e-commerce merchants. For instance, we

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are able to provide automated and scalable cross-border digital marketing services to a large number of SMB merchants which operate on third-party e-commerce platform(s) and have differentiated needs and requirements for digital marketing. We believe that the automated marketing solutions have become more sophisticated and may be further applied to and help other e-commerce platforms and SMB e-commerce merchants.

Capitalizing on our cross-border digital marketing experience and technologies for years, we have established a cross-border online-shop SaaS solutions platform, Powershopy, which is an all-in-one platform with integrated functions including establishing standalone online shops, product management, overall business operation management and cross-border digital marketing. We are one of the very few service providers in China which provide both one-stop cross-border online-shop SaaS solutions and cross-border digital marketing services, according to Frost & Sullivan. After merchants have set up their own standalone online shops, the embedded Adorado functions allow merchants to have access to our professional cross-border digital marketing services and extensive media resources, which facilitate accurate diversion of user traffic to the standalone online shops and enable merchants to directly promote their own corporate value and brand to, and acquire recognition from, end consumers. By applying the visualized data management and tracking function of Powershopy, merchants can have real-time access to business and marketing data for directly building up end consumer portrait data and accurately identifying end consumers and their needs. They are also able to conduct differentiated and precise marketing campaigns to secure stable repeated purchase and establish customer ecosystem for their own brands in a relatively more effective manner. We have accumulated an extensive marketer base for our cross-border digital marketing services. Some of these marketers have become or are expected to become customers of Powershopy platform as they engage in cross-border e-commerce business. As we leverage on their recognition of our service capabilities and our in-depth understanding on their product features and service requirements, we believe that we are well positioned to capitalize the competitive advantages so arising by promptly absorbing these marketers to become customers of Powershopy platform in a more effective manner. Powershopy also presents new growth opportunity to our cross-border digital marketing services. New customers can have quick and direct access to cross-border digital marketing services through our Adorado SaaS platform, after setting up standalone online shops through Powershopy platform. One-stop user-friendly experience is expected to encourage customers to keep utilizing our Adorado SaaS platform in conducting cross-border digital marketing after setting up their own standalone online shops, creating synergies of the Powershopy and Adorado dual business model.

Empowered by a broad and quality global media network and a conducive collaboration model.

Benefited from advanced technologies and based on our precise understanding of marketers’ needs and collaboration with high-stickiness marketers, we have established collaboration with broad and high quality media publishers around the globe. As of September 30, 2022, we had collaboration with 19 major and well-known media publishers globally, including major media publishers such as Media Publisher A, Google, TikTok, Twitter, LinkedIn, YouTube and Snapchat, covering social networking, instant messaging,

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search engine and short-video media platforms. In 2017, we became a reseller in China for Media Publisher A and have continued the collaboration since then. As of the Latest Practicable Date, we were among one of the 11 resellers for Media Publisher A in China, according to Frost & Sullivan. The scale of our cooperation with Media Publisher A increased by 32.9% from US\$355.7 million in 2019 to US\$472.7 million in 2020 and further increased by 28.6% to US\$608.0 million in 2021 in terms of gross spending. Such gross spending with Media Publisher A was US\$336.1 million for the nine months ended September 30, 2022. The average number of daily impressions of marketing campaigns placed on Media Publisher A’s platforms for our marketers was approximately 277 million impressions, 425 million impressions, 509 million impressions and 556 million impressions for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively. Furthermore, driven by the marketing needs of marketers from different industry verticals, we will assist marketers in seeking, and recommend to them, overseas professional industry-specific media publishers to conduct more precision marketing campaigns in order to reach targeted end users in specific niche markets. As of September 30, 2022, we had collaboration with over 50 industry-specific media publishers.

With access to our cumulated marketer resources, especially the large-scale marketers with high stickiness, our global media publishers now can reach out to quality marketers from various sectors in China. We believe we provide a more effective connection between our global media publishers and China-based marketers, including technical support, recommendation of media publishers based on marketers’ marketing needs, and precise matching between the needs and marketing resources. We also provide timely feedback of needs and movements of Chinese market to global media publishers, give advice on media products optimization and assist the media publishers in rapidly exploring the Chinese marketing industry.

A broad and quality global media network allows our cross-border digital marketing services to achieve cross-platforms and multi-regions coverage. As of September 30, 2022, we facilitated China-based marketers to reach target users in more than 240 countries and regions in the world, allowing our marketers to implement digital marketing in most countries and regions and to rapidly establish presence in overseas markets. We are able to empower our marketers with comprehensive services in cross-border marketing, as we combine these diversified media channels with our understanding of portraits and needs of overseas users with different cultural background and consumption habits as well as localization of global media publishers. We believe this competitive advantage would help attract more and more China-based enterprises exploring overseas markets to utilize our cross-border digital marketing services, and further strengthen our collaboration with media publishers with more business opportunities. In 2019, we obtained China Reseller Award – Fastest Growing Reseller Award of Media Publisher A. In 2020 and 2021, we obtained China Reseller Award – Best Policy Performance Award and Best Innovation Award – Partnership of Media Publisher A in two consecutive years. We believe our capabilities in serving marketers exploring overseas markets and offering cross-border digital marketing solutions are widely recognized by the market.

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A management team with forward-looking vision and extensive industry experience.

We have a management team with forward-looking vision and broad experience in mobile internet, digital marketing and technology areas. By capturing the upward trend of Chinese enterprises in expansion around the globe, and satisfying their needs of cross-border marketing, we ranked third among digital marketing service providers in China for cross-border e-commerce by gross billing in 2021, and we were also the fourth largest cross-border digital marketing service provider in China by gross billing in 2021, according to Frost & Sullivan.

Mr. Li, our founder, chairman of the Board and executive Director of our Group, previously worked for Beijing Branch of Intel (China) Co., Ltd. and Microsoft Corporation (China), and has comprehensive practical experience in internet industry and more than 24 years of business management and information technology-related experience. In light of enormous demands of China-based enterprises exploring overseas markets for cross-border digital marketing services, Mr. Li founded our Group in 2013 and has been dedicated to providing quality and in-depth cross-border digital marketing services in the industry. Ms. Yu, executive Director of our Group, had previous work experience with Intel China Ltd., and has extensive practical experience in internet industry and more than 13 years of experience in sales and strategic planning.

We believe that our daily operation and business development will constantly benefit from the in-depth insight, analytics capabilities and technical experience of our Directors and senior management in the cross-border digital marketing industry. We will be able to maintain high awareness of industry movement and market opportunities, promptly respond to the ever-changing industry and achieve further organic growth under the leadership of our Directors and senior management.

STRATEGIES

In order to further expand our business and strengthen our competitive advantages and industry position, we plan to adopt strategies as follows:

Continue to optimize and upgrade our Adorado and Powershopy platforms.

We believe in the significance of SaaS-based and multi-dimensional data driven cross-border digital marketing solutions to our future business development. Leveraged on our in-depth industry knowledge and technological capabilities, we plan to keep investing in optimization, upgrade, and innovation of our products and services, so as to satisfy the changing marketing needs of our marketers exploring overseas markets. In this connection, we intend to continue with investment in the research and development of big data, AI and SaaS related technologies, optimize and upgrade our Adorado platform with strengthened data processing capabilities, enhanced AI algorithm models for improving operation efficiency, extended scope for application of RPA technology. In doing so, we aim to develop new functions and tools to further satisfy marketers’ needs and bolster our capabilities in providing automated, intelligent, and large-scale cross-border digital marketing services. Furthermore, we intend to expand and adjust the functions of Adorado platform, so as to extend the automated and intelligent marketing experience to non-e-commerce marketers.

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We plan to further improve the functions of Powershopy platform, offering cross-border e-commerce merchants with a more convenient and one-stop marketing experience. Specifically, we plan to equip the platform with additional shop templates, application and tools for setting up online shops to cover more different types of customers; to optimize the product management functions for more industry verticals, and develop more connectivity with more payments and logistics and warehouse service providers.

We plan to recruit more talented research and development personnel, integrated marketing experts, optimizers, creative designers and business operation staff to support the improvement and upgrade of Adorado and Powershopy platforms. We also plan to build and utilize more sophisticated IT infrastructure, including advanced software and services, and strengthen our cooperation with high-performance cloud computing service providers, to improve the security and stability of our platforms and systems. In addition, we plan to establish professional simulated environment for the testing, development and improvement of our systems. Specifically, we will procure certain hardware such as servers and switches and professional software and related services to create localized environment for the simulated operation of Powershopy platform in order to test and make timely adjustment to improve the operating performance of the diversified functions in Powershopy platform. For more information, see “Future Plans and [REDACTED].”

Expand marketer coverage, broaden sales channels, and enhance brand reputation.

We intend to constantly expand the business scale and scope of our cross-border digital marketing services and online-shop SaaS solutions. We plan to replicate our success and experience of serving e-commerce marketers through Adorado platform to non-e-commerce marketers. For instance, we plan to expand our coverage of automated and intelligent cross-border digital marketing services to marketers from online games and apps industries. We plan to continue to identify from our existing marketer base those marketers which have not yet established their own standalone online shops and recruit them to become the users of Powershopy platform. Furthermore, we will further strengthen our sales and marketing efforts for the promotion of our business and expansion of our marketer base, enhance marketing efficiency and our penetration rate in areas with business development potential, so as to realize our further business growth.

Establish our global business network and strengthen our capabilities to provide localization services in overseas markets.

We seek to further expand and diversify our marketer base, establish overseas business presence and widen our global coverage of cross-border digital marketing business. We propose to establish local teams or offices in emerging markets, such as in Southeast Asia, to provide better localization support and services in those emerging markets for China-based enterprises exploring overseas business. Meanwhile, we plan to identify customers which are located in those emerging markets and have relevant needs to market for their overseas business or establish their own standalone online shops, and we will then promote our cross-border digital marketing services or cross-border online-shop SaaS solutions and provide localization support to them, with a view to steadily building our market position and capturing more market shares. In addition, we also plan to set up local team in the United States for better providing localization services for our marketers targeting North American and South American markets.

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By establishing local teams or offices and recruiting local sales and operational personnel, we will better understand the localized marketing needs of marketers in such areas in a more effectively manner. We will also be able to develop the customized cross-border digital marketing solutions, promote our intelligent and automated SaaS-based services, and promptly provide local support and contact for such marketers. We believe that capitalizing on our success in dedicated involvement in the digital marketing for cross-border e-commerce industry in China, our well-established diversified cross-border digital marketing solutions, and sophisticated, intelligent and automated SaaS-based service capabilities, we will be capable of satisfying marketers’ needs of cross-border marketing.

Selectively seek opportunities for strategic cooperation and investment.

Benefited from the growth of cross-border digital marketing industry, we propose to seek opportunities to cooperate with or invest in businesses which can align with or strengthen our existing business or service capabilities, and are strategically favorable to our long-term objectives. We target at those companies with strong competitive advantages suitable and complementary to our business needs, as well as those with expertise in cross-border e-commerce industry and have advantages in related value-added services such as data analytics and ERP services for cross-border e-commerce. In selecting strategic partners or investments targets, we usually consider the target company’s revenue scale, potential growth, historical records, industry reputation, advanced technologies and our expected synergy.

We believe that our extensive experience in the cross-border digital marketing industry, leading technological capabilities and our management team with forward-looking vision and considerable industry experience will help us make informed decisions on strategic cooperation and investment. As of the Latest Practicable Date, we had neither conducted any negotiations nor entered into any letters of intent or any agreements in respect of any potential strategic cooperation, investment or acquisition. For more information, see “Future Plans and [REDACTED].”

BUSINESS MODEL OF CROSS-BORDER DIGITAL MARKETING

We offer cross-border digital marketing services to China-based marketers to achieve better user acquisition for the promotion of products and services to target overseas customers. In doing so, we connect our marketers with media publishers around the world for monetization of their media resources. Our cross-border digital marketing services are comprised of a suite of standardized, customized and SaaS-based solutions that are technology-driven and data-empowered.

We formulate, manage and optimize the digital marketing strategies and campaigns of the marketers on the one hand and collaborate with the media publishers to cultivate, engage, retain and expand the base of these marketers on the other hand. Our direct business relationships with marketers can deepen our understanding of marketers’ demands which inspire us to strategize more customized marketing services and generate more marketing spending. Similarly, our collaboration with media publishers allows us to gain a better understanding of the media publishers including their products, policies and standards which

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help us guide our marketers to effectively conduct their marketing campaigns with optimized marketing effect. As we continuously diversify our marketer base, expand our media publisher coverage and advance our technologies in bolstering data-driven digital marketing, our service offerings become more robust, intelligent and efficient, allowing us to deliver better performance at relatively lower cost for more marketers.

We started to provide cross-border digital marketing services after we became a reseller of Media Publisher C, a top search engine media publisher, by the end of 2014. In 2015 and 2016, our business focused more on serving marketers who were generally small- to medium-sized manufacturers and trading companies targeting business customers, such as local distributors and retailers, in overseas markets. In 2017, we became a reseller in China for Media Publisher A which possesses a robust and extensive social-media driven network of media resources covering consumer users around the globe. In the same vein, our business gradually expanded from a B2B model to a B2C model under which we began to serve more China-based marketers targeting overseas consumer customers. In 2018, we launched our Adorado SaaS platform and embarked on providing SaaS-based digital marketing services to our marketers in a more intelligent, effective and data-driven manner.

Service Types

Depending on marketers' needs and the depths of our services, our cross-border digital marketing services can be categorized into three service types, namely: (i) standardized digital marketing, (ii) customized digital marketing, and (iii) SaaS-based digital marketing services.

We provide standardized digital marketing services to all our marketers for cross-border digital marketing, which serve their basic needs for access to target global audience through media publishers. On top of standardized digital marketing, we may offer marketers additional value-added services for their voluntary selection in the form of our customized or SaaS-based digital marketing services addressing their more sophisticated and differentiated user acquisition and digital marketing needs.

Our customized and SaaS-based digital marketing services are not provided on a standalone basis which is primarily out of the needs and practices of our marketers. Our China-based marketers normally engage us first and foremost out of their basic needs to implement marketing campaigns on media publishers' platforms, thus utilizing our standardized digital marketing services before they grow to have any further needs and seek for value-added services to optimize their marketing strategies and achieve better marketing performance (such as through our customized or SaaS-based digital marketing services). In practice, it is rare for China-based marketers to engage us to provide customized or SaaS-based digital marketing services on a standalone basis without also engaging us to implement the marketing campaign with media publishers. From the perspectives of marketers, they tend to view such standardized and value-added services as a whole process and it is considered more convenient and efficient for marketers to engage one service provider to follow through the whole process for a better grasp of the overall marketing plan and marketing campaign than compartmentalizing the tasks into different hands.

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Therefore, there are three service scenarios when a marketer comes to us for cross-border digital marketing services whereby we provide to the marketer (i) standardized digital marketing services only; (ii) standardized digital marketing services and customized digital marketing services as a package; or (iii) standardized digital marketing services and SaaS-based digital marketing services as a package.

The following table sets forth a summary of the different cross-border digital marketing services we provide:

	Standardized	Customized	SaaS-based
Service Type	Basic services for all marketers	Additional value-added services for some marketers provided by our seasoned dynamic team	Additional value-added services for some marketers utilizing our Adorado SaaS platform
Main Service Scope	<ul style="list-style-type: none"> Procurement of media resources for implementation of marketing campaigns on media publishers’ platforms Management of marketers’ media accounts on media publishers’ platforms 	<ul style="list-style-type: none"> Customized marketing strategies and optimization Taking charge of marketers’ overall online user acquisition strategies and execution 	<ul style="list-style-type: none"> Optimization and implementation of marketing campaigns on a large scale via our Adorado SaaS platform in a more automatic and intelligent manner
Pricing Model for Marketers	Gross billing to marketers is determined primarily on a CPM basis, with the remaining on a CPC basis		
Pricing Model of Media Publishers	Gross spending with media publishers is determined primarily on a CPM basis, with the remaining on a CPC basis	N/A ⁽¹⁾	N/A ⁽¹⁾
Revenue Model	Revenue recognized on a net basis; Net-basis revenue = net billing to marketers ⁽²⁾ – net spending with media publishers ⁽³⁾	Revenue recognized in the form of service fees; Service fees = gross billing X service fee rate	Revenue recognized in the form of service fees; Service fees = gross billing X service fee rate

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	Standardized	Customized	SaaS-based
Rebates from Media Publishers	Extended by media publishers (or their resellers or agents) which are determined based on the gross spending with media publishers	N/A	N/A
Incentives to Marketers	We may, out of the rebates we receive from media publishers (or their resellers or agents), offer incentives to marketers which are determined based on the gross billing to such marketers	N/A	N/A

Notes:

- (1) Pricing model of media publishers is not applicable to our customized and SaaS-based digital marketing services because such services, as additional value-added services on top of our standardized digital marketing, do not involve procurement of media resources from media publishers’ platforms.
- (2) Net billing to marketers equals to gross billing to marketers minus applicable incentives to marketers.
- (3) Net spending with media publishers equals to gross spending with media publishers minus applicable rebates from media publishers.

The following table sets forth the breakdown of revenue from our cross-border digital marketing business by service type for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
Standardized digital marketing	6,087	63.9	7,153	61.2	7,764	54.3	5,500	54.3	5,661	59.2
Customized digital marketing	2,250	23.6	2,950	25.3	3,827	26.7	3,088	30.5	2,496	26.1
SaaS-based digital marketing	1,194	12.5	1,583	13.5	2,724	19.0	1,536	15.2	1,410	14.7
Total	9,531	100.0	11,686	100.0	14,315	100.0	10,124	100.0	9,567	100.0

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During the Track Record Period, our gross billing to marketers can be respectively attributed to: (i) marketers which utilized our standardized digital marketing services simply for procurement of media resources from media publishers’ platforms without utilizing our customized or SaaS-based digital marketing services, (ii) marketers which utilized our customized digital marketing services in addition to our standardized digital marketing services, and (iii) marketers which utilized our SaaS-based digital marketing services in addition to our standardized digital marketing services. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, we had a total of 644, 539, 704 and 762 marketers, respectively, for our cross-border digital marketing business all of which engaged us for standardized digital marketing services; for the respective periods, three, three, seven and 21 out of which engaged us for customized digital marketing services, and two, 64, 323 and 391 out of which engaged us for SaaS-based digital marketing services.

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The following table sets forth the breakdown of the number of marketers and the gross billing by marketer type for the periods indicated:

	Year ended December 31,				Nine months ended September 30,											
	2019		2020		2021		2022									
Marketer Number	Average gross billing per marketer (US\$'000)	Percentage of total gross billing (%)	Marketer Number	Average gross billing per marketer (US\$'000)	Percentage of total gross billing (%)	Marketer Number	Average gross billing per marketer (US\$'000)	Percentage of total gross billing (%)								
Marketers of standardized digital marketing services only ⁽¹⁾⁽⁴⁾	418	267,416	74.7	472	683	322,272	67.6	374	923	345,347	56.6	350	452	164,014	48.6	
Marketers of customized digital marketing services ⁽²⁾⁽⁴⁾	3	5,934	17,803	5.0	3	9,413	28,240	5.9	7	4,487	31,408	5.1	21	1,611	28,037	8.3
Marketers of SaaS-based digital marketing services ⁽³⁾⁽⁴⁾	2	36,362	72,723	20.3	64	1,979	126,631	26.5	323	724	234,012	38.3	391	373	145,756	43.1
Total/Overall	644	556	357,942	100.0	539	885	477,143	100.0	704	868	610,767	100.0	762	443⁽⁵⁾	337,807	100.0

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Notes:

- (1) “Marketers of standardized digital marketing services only” refers to those marketers to which we only provided standardized digital marketing services in the relevant period without additionally providing customized digital marketing services or SaaS-based digital marketing services.
- (2) The gross billing of marketers of customized digital marketing services refers to the gross billing for standardized digital marketing services attributable to such marketers as customized digital marketing services are value-added services on top of standardized digital marketing services and thus do not involve procurement of media resources from media publishers’ platforms and do not involve gross billing to marketers.
- (3) The gross billing of marketers of SaaS-based digital marketing services refers to the gross billing for standardized digital marketing services attributable to such marketers as SaaS-based digital marketing services are value-added services on top of standardized digital marketing services and thus do not involve procurement of media resources from media publishers’ platforms and do not involve gross billing to marketers.
- (4) During the Track Record Period, the total number of marketers served by us generally increased, of which there were (a) a decrease in the number of marketers which only engaged us for standardized digital marketing services, and (b) a considerable increase in the number of marketers engaging us for customized or SaaS-based digital marketing services. This indicates the general tendency for more marketers to engage us for value-added digital marketing services on top of our standardized digital marketing services. In particular, the number of marketers of SaaS-based digital marketing services and the gross billing attributable to such marketers significantly increased during the Track Record Period, which was primarily due to the increase in the number of SMB merchant marketers utilizing our updated version of Adorado Basic.
- (5) The relatively lower average gross billing per marketer in the first nine months of 2022 was primarily due to (i) the decrease in total gross billing in the nine months ended September 30, 2022 as compared to the same period in 2021 because our marketers, mostly e-commerce marketers, suffered a slowdown in business due to the resurgence of COVID-19 in China (especially in the first half of 2022); and (ii) the increase in the number of SMB marketers with generally lower gross billing in the nine months ended September 30, 2022.

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Pricing Models

Pricing Model for Marketers

Gross billing is the total monetary value we charge marketers as their marketing spending for implementation of marketing campaigns on media publishers’ platforms. We agree with our marketers the choice of pricing model of gross billing prior to the start of a marketing campaign.

The pricing models that we use for determining gross billing are categorized into the following two types:

- CPM, or cost per mille, whereby gross billing is based on the amount we charge per one thousand impressions of a marketing campaign displayed on media publishers’ platforms; and
- CPC, or cost per click, whereby gross billing is based on the amount we charge for each click by the relevant online user of the underlying marketing campaign on media publishers’ platforms.

During the Track Record Period, we primarily adopted the CPM pricing model with respect to determining the gross billing to our marketers, with the remaining determined under the CPC pricing model.

Pricing Model of Media Publishers

Gross spending is the total monetary value we place with media publishers as marketing spending for procurement of media resources from media publishers in conducting marketers’ marketing campaigns. The pricing model used for determining our gross spending with media publishers is primarily CPM and, on a more limited basis, CPC. Such pricing model is agreed between us and the media publishers, or their resellers or agents, as the case may be.

Revenue Models

Revenue Model of Standardized Digital Marketing

During the Track Record Period, we generated the revenue from standardized digital marketing services on a net basis whereby (i) we charge gross billing to our marketers and extend applicable incentives (if any) to them, net result of which is regarded as our “net billing”; and (ii) we place gross spending with media publishers’ platforms and receive applicable rebates (if any) from media publishers (or their resellers or agents), net result of which is regarded as our “net spending”. The difference between our net billing and our net spending is accounted for as our revenue from standardized digital marketing services.

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Under the relevant accounting principles, in determining whether the revenue from standardized digital marketing services should be reported on a net basis as opposed to gross basis, considerations are given to the fact that we act more as an intermediary connecting the marketers with media publishers. The key role we play under such a service model is helping marketers procure media resources from media publishers for implementation of marketing campaigns and managing marketers’ media accounts on media publishers’ platforms. In this connection, we neither control the media publishers’ ad inventory nor make any promises about the effectiveness of the marketing campaigns. We do not take on any inventory risk as we do not purchase the ad inventory in advance from media publishers for reselling to our marketers. We only need to pay the media publishers for the ad inventories once the marketing campaigns have been implemented.

For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our revenue from standardized digital marketing services amounted to US\$6.1 million, US\$7.2 million, US\$7.8 million, US\$5.5 million and US\$5.7 million, respectively. The following table sets forth the different components of our revenue from standardized digital marketing services during the Track Record Period in further details:

		Year ended December 31,					Nine months ended	
		2019			2020		September 30,	
		2019	2020	2021	2021	2022	2021	2022
		(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	
Marketers								
– Gross billing	(1)	357,942	477,143	610,767	468,791	337,807		
– Incentives	(2)	28,532	39,283	50,923	39,007	27,101		
– Net billing	(3) = (1) – (2)	329,410	437,860	559,844	429,784	310,706		
Media Publishers								
– Gross spending	(4)	357,232	476,509	610,295	468,630	337,398		
– Rebates	(5)	33,909	45,802	58,215	44,346	32,353		
– Net spending	(6) = (4) – (5)	323,323	430,707	552,080	424,284	305,045		
Revenue from standardized digital marketing services	(7) = (3) – (6)	6,087	7,153	7,764	5,500	5,661		

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The following table sets forth the Average Rebate Rate, Average Incentive Rate and Net Rebate Rate for our standardized digital marketing services during the Track Record Period:

	Year ended December 31,			Nine months ended	
	2019	2020	2021	September 30, 2021	2022
Average Rebate Rate ⁽¹⁾	9.5%	9.6%	9.5%	9.5%	9.6%
Average Incentive Rate ⁽²⁾	8.0%	8.2%	8.3%	8.3%	8.0%
Net Rebate Rate ⁽³⁾	1.5%	1.4%	1.2%	1.2%	1.6%

Notes:

- (1) Average Rebate Rate equals to total rebates for the relevant year or period divided by total gross spending with media publishers for the relevant year or period.
- (2) Average Incentive Rate equals to total incentives for the relevant year or period divided by total gross billing to marketers for the relevant year or period.
- (3) Net Rebate Rate equals to Average Rebate Rate minus Average Incentive Rate for the relevant year or period.

- **Gross billing and gross spending** – Gross billing is the total monetary value we charge marketers as their marketing spending for implementation of marketing campaigns on media publishers’ platforms. Gross spending is the total monetary value we place with media publishers as marketing spending for procurement of media resources in conducting marketers’ marketing campaigns. Our gross spending is determined by (i) the media publishers’ applicable pricing model, being CPM or CPC, and (ii) the quantity of such media resources acquired from media publishers, such as measured by the number of impressions or clicks of the marketing campaigns. We generally settle our gross billing to marketers and gross spending with media publishers on a monthly basis, respectively.
- **Rebates** – We receive rebates from media publishers (or their resellers or agents) which is in line with customary industry practices, according to Frost & Sullivan. Such rebates are progressive rates which are determined by the media publishers, or their resellers or agents (as the case may be), by taking into account a combination of factors such as (i) our gross spending expected to be incurred based on our historical performance, (ii) various KPIs linked to different types of marketers converting activity and new marketer acquisition, (iii) the adoption of different types and formats of ad inventories from media publishers, and (iv) the quality of marketers’ marketing campaigns. Such progressive rates vary from one media publisher to another. We receive rebates from media publishers in cash typically on a quarterly basis which are calculated based on our gross spending and the rebate rates. Our Average Rebate Rate remained relatively stable during the Track Record Period. According to Frost & Sullivan, our Average Rebate Rates are within the general industry range of up to 15% in China’s cross-border digital marketing industry.

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- ***Incentives*** – We may incentivize our marketers for engaging our digital marketing services by giving them some incentives, which is in line with customary industry practices, according to Frost & Sullivan. The rates of incentives we give to marketers are progressive rates which are pre-agreed between us and the marketers based on a spectrum of factors including (i) the estimated gross billing to the marketers, (ii) the industry sector the marketer belongs to, (iii) the scope and depth of services we provide, (iv) the applicable rebates we receive from media publishers’ platforms, and (v) the relevant marketer’s history of compliance with media policies. Out of the incentives we give to marketers, we may deduct certain amount of account management fee for (i) creation of media publisher accounts, (ii) providing training to the marketers with respect to the specific rules, policies and media products of media publishers, and (iii) dealing with any non-compliant practices and/or suspension of marketers’ media accounts on media publishers’ platforms. As such, the incentives we give to the markers are derived from (i) the gross billing to marketers, (ii) the incentive rates adopted, and (iii) the account management fees to be deducted (if applicable). We give incentives to our marketers typically on a quarterly basis which can be deducted against the gross billing receivables from them. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our Average Incentive Rate, being total incentives for the relevant year or period divided by total gross billing to marketers for the relevant year or period, was 8.0%, 8.2%, 8.3%, 8.3% and 8.0%, respectively. Our Average Incentive Rate increased from 8.0% in 2019 to 8.3% in 2021 primarily due to (i) the increase in gross billing contribution from Marketer A to whom we tend to offer relatively higher incentive rate, and (ii) our strategy of increasing incentive rates to certain marketers, primarily online games marketers during such periods, to maintain our market competitiveness. Our Average Incentive Rate subsequently decreased from 8.3% for the nine months ended September 30, 2021 to 8.0% for the nine months ended September 30, 2022 mainly as a result of the increase in gross billing contribution from SMB marketers to which we tended to grant lower incentive rate (or sometimes even no incentives upon first engaging). According to Frost & Sullivan, our Average Incentive Rates are within the general industry range of up to 10% in China’s cross-border digital marketing industry.
- ***Net Rebate Rates*** – For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our Net Rebate Rate, being the difference between our Average Rebate Rate and Average Incentive Rate for the relevant year or period, was 1.5%, 1.4%, 1.2%, 1.2% and 1.6%, respectively. As our Average Rebate Rate remained relatively stable from 2019 to 2021, the decrease in our Net Rebate Rate from 2019 to 2021 was primarily due to the increase in our Average Incentive Rate as explained above. The increase in our Net Rebate Rate from 1.2% for the nine months ended September 30, 2021 to 1.6% for the nine months ended September 30, 2022 was mainly the result of a decrease in Average Incentive Rate over such period for the reasons as explained above.

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During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major adjustment on the rebate rates offered to us. In the event of such an adjustment, we would proactively discuss and agree on the calculation basis that will be applied to us in respect of the rebate rates prior to the implementation of the adjustments. In addition, we generally enter into agreements with our media publishers (or their resellers or agents) on an annual basis instead of any other longer term, so we have the flexibility to adjust our rates of incentives to marketers following any change of rates of rebates as our agreements with the marketers are also typically made on an annual basis. According to Frost & Sullivan, it is an industry norm for cross-border digital marketing service providers, such as us, to enter into respective business agreements with marketers and media publishers on an annual basis.

Revenue Model of Customized Digital Marketing

The customized digital marketing services are a selection of service offerings, including target market and consumer behavior analysis, media strategies and coverage plan, marketing campaign content design, advertisement optimization and management, performance tracking and evaluation. Sometimes our team may be asked by the marketers to help them evaluate and improve the efficiency of their online shops. These services are conducted by our professional team bringing more convenience to our marketers with enhanced customer experience. During the Track Record Period, we generated the revenue from customized digital marketing services in the form of service fee from marketers. Such service fee is calculated based on the gross billing to the marketers and the service fee rates are agreed between us and the marketers by taking into account of factors such as the complexity of the marketing campaigns and our cost of labor for provision of such services. We typically settle such service fees from marketers on a quarterly basis. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our revenue from customized digital marketing services amounted to US\$2.2 million, US\$2.9 million, US\$3.8 million, US\$3.1 million and US\$2.5 million, respectively.

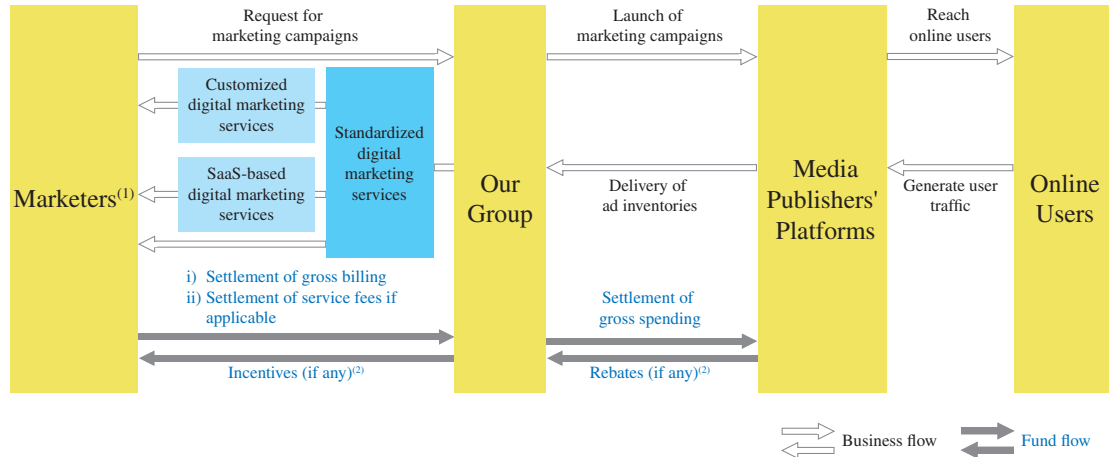
Revenue Model of SaaS-based Digital Marketing

We provide SaaS-based digital marketing services through our Adorado platform which is based on big data and AI technologies for marketing campaigns to be delivered and optimized automatically, intelligently and simultaneously in large volume and velocity. Marketers can conveniently initiate large-scale marketing campaign, achieve non-stop optimization operation with close monitoring of the campaign’s results around the clock without the need for extensive human involvement. During the Track Record Period, we generated revenue from SaaS-based digital marketing services in the form of service fees from marketers. Such service fee is calculated based on the gross billing to the marketers and the adopted service fee rates by taking into account our discussions with the marketers and factors such as the complexity of the marketing campaigns, our cost of labor and depth of technical support needed for provision of such services. We typically settle such service fees from marketers on a monthly basis. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our revenue from SaaS-based digital marketing services amounted to US\$1.2 million, US\$1.6 million, US\$2.7 million, US\$1.5 million and US\$1.4 million, respectively.

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Business Flow

The following diagram illustrates the general business flow (comprising flows of business actions and fund) of our cross-border digital marketing services:



Notes:

- (1) Our marketers mainly include e-commerce merchants and platforms, online games developers and publishers, and app developers and operators.
- (2) We may, out of the rebates we receive from media publishers (or their resellers or agents), offer incentives to marketers. We generally receive rebates before we grant any such incentives to our marketers.

Service Scopes

Service Scope of Standardized Digital Marketing

For standardized digital marketing, we typically provide marketers with procurement of media resources for implementation of marketing campaigns and basic management of marketers' media accounts on the media publishers' platforms. The following illustrates the general service scope and typical procedures of our standardized digital marketing services:

- ***KYC process and engagement.*** After our internal credit and qualification review of the new marketer, our sales manager designated for this marketer would arrange for the marketer to enter into the framework marketing agreement with us and prepare the marketer with necessary documentation for creation of media account(s) on the target media publisher's platform.
- ***Media account opening and regular management.*** Based on the instructions of the marketer, we would open the media account(s) on behalf of the marketer and deposit a virtual amount into the account(s) in accordance with the marketing budget for the relevant marketing campaign as designated by the marketer. We are responsible for topping up the account(s) from time to time as designated by the marketer based on the overall budget for carrying out the marketing campaigns. If the marketer later

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decides not to implement relevant marketing campaigns, the deposited virtual amount can be reset or adjusted accordingly. Pursuant to media publishers' policies, the top-up of media accounts is a prerequisite for the next step of implementing marketing campaigns with media publishers, and to certain extent, an indication of a marketer's contemplated budget size. However, the deposit of a virtual amount is in essence a virtual concept which by itself neither triggers gross spending with media publishers nor any prepayment obligation on our part. Accordingly, the mere action of deposit of the virtual amount into media accounts would not have any financial impact on our Group.

- ***Training and media account management.*** We may provide additional training to the marketers with explanations on the specific rules and policies of the media publishers' platforms or their related media products. If any of the marketer's account(s) is being suspended due to non-compliant practice, such as inappropriate marketing content, we may also be responsible for liaising with the media publishers and the marketer for any rectification or closing of the account(s) as applicable.
- ***Monitoring the marketing campaign process.*** We help monitor the overall process of the marketing campaign as operated by the marketer. We offer advice and assistance whenever the marketer encounters any question or issue during such process, such as unpredicted fluctuation of marketing spending or marketing parameter set-up not working properly. In certain cases, we may also help escalate the issue to the media publishers' platforms for further assistance.
- ***Quality assurance.*** Our quality assurance specialists help monitor the marketing contents and materials with our marketing content detecting tools for assisting the marketer to ensure compliance with applicable rules and policies of the media publishers. We also follow up with the marketer closely if any of its marketing contents is detected or blocked as non-compliant and needs to be rectified or removed from the media publisher's platform.
- ***Settlement.*** We generally issue invoice to marketers for settlement on a monthly basis, which typically sets out the gross billing, and at times the applicable incentives, as well as the invoice amount for the marketers' confirmation. We offer incentives to the marketers on a quarterly basis which can be deducted against the gross billing receivables from marketers.

Service Scope of Customized Digital Marketing

Our customized digital marketing services focus on optimizing targeted marketing effects for marketers and achieving user acquisition goals in a more results-oriented and performance-based manner. In doing so, we may be put in charge to strategize and oversee the end-to-end execution of a marketer's overall user acquisition plan for establishing and/or solidifying its online presence and brand preference.

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Our customized digital marketing encompasses a selection of service offerings, including: target market and consumer behavior analysis, media strategies and coverage plan, marketing campaign content design, advertisement optimization and management, performance tracking and evaluation. We may help marketers re-evaluate their current online shops and fan pages for improvement and operational advice from user acquisition perspective. Such services are provided by our capable and dedicated team of integrated marketing experts, optimizers, creative designers, business operation managers, quality assurance specialists and research and development specialists. The following further illustrates the general service scope and procedures of our customized digital marketing services:

- ***Analysis and strategic planning.*** Our integrated marketing experts would communicate closely with the marketer to have a thorough understanding of its specific requirements and marketing goals, such as target market and audiences, any performance targets to be achieved, or any initial media coverage plan and budget. Based on such information and our historical data and case studies, our team would formulate an overarching marketing plan which normally encompasses targeted market and audiences analysis, campaign and media coverage strategy, campaign launching and implementation schedule, any online shop or related websites operation plan, selection proposal for the products to be promoted, marketing campaign and creative design advice and KOL driven marketing strategy as applicable.
- ***Marketing campaign content design.*** Based on our historical design formats and previous experience, our in-house creative designers or outsourced designers would help the marketer create suitable marketing content and materials including texts, images, audios and videos. These creatives are also translated and modified by outsourced translators to ensure the content is in line with local culture of the target overseas markets.
- ***Online shops optimization.*** Marketers may ask us to help evaluate their current online shops for optimization and operational advice from user acquisition perspective, which usually covers online shop templates, contents, product listed, loading efficiency, converting rate and data tracking capability.
- ***Campaign implementation and optimization.*** Our optimizers oversee the entire process of the marketing campaign, help our marketers implement and optimize the effects of the targeted marketing campaign. When authorized by the marketer, our optimizers would help the marketer with campaign objectives and strategy setting, advertisement placement, budget allocating, marketing material uploading. At the same time, our optimizers also provide regular marketing campaign optimization and communicate with marketers on the campaign effectiveness from time to time.

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- ***Campaign monitoring and management.*** During the whole campaign life cycle, our optimizers would continuously monitor and improve on an on-going basis the related marketing performance.
- ***Settlement.*** We generally settle payment of service fee for customized digital marketing after the relevant marketing campaign is completed. The service fee is calculated based on the marketer’s gross billing related to such marketing campaign and the pre-agreed service fee rate.

Service Scope of SaaS-based Digital Marketing

We provide SaaS-based digital marketing services through Adorado, our proprietary SaaS platform developed in-house and first launched in 2018, which utilizes big data and AI technologies to conduct delivery and optimization of marketing campaigns automatically, intelligently and simultaneously in large volume and velocity. Through Adorado, marketers can conveniently initiate marketing campaigns on a larger scale and achieve continuous optimization results without the need for extensive human involvement. By applying our first-hand experiences and insights as well as multi-dimensional and targeted data analytical capabilities, Adorado is aimed to serve our marketers with an enhanced customer experience and more effective marketing performance for user acquisition and conversion while in tandem maximizing the monetization potential of our media publishers.

The number of paying marketers on Adorado increased significantly during the Track Record Period from two in 2019 to 64 in 2020 and further to 323 in 2021, respectively. The number of such paying marketers was 391 for the nine months ended September 30, 2022. As of the Latest Practicable Date, Adorado primarily served China-based cross-border e-commerce merchants covering an array of product categories such as 3C, automobiles and accessories, home and garden, beauty and health, apparel accessories.

To serve the differentiated needs of our marketers, we have launched two versions of Adorado in recent years, namely: (i) Adorado Basic in April 2018; and (ii) Adorado Advance in February 2019.

Adorado Basic

Adorado Basic aims to provide SMB marketers with the rudimentary functions for digital marketing ranging from account opening, topping-up and management to automatic placement and tracking of advertisements and marketing content on media publishers’ platforms. We generally adopt the Adorado Basic as a means to exploring the application of our SaaS-based expertise and technologies for enhancing customer experience and loyalty of our SMB marketers.

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The following screenshot illustrates the marketing campaign placement dashboard of our Adorado Basic:

The screenshot displays the '创建广告' (Create Ad) dashboard in the Adorado Basic system. The interface is in Chinese and features a four-step progress bar at the top: 1. 选择您的推广类型 (Select your promotion type), 2. 向什么人群展示广告 (Show ads to what audience), 3. 想要推广的商品/内容 (Products/content you want to promote), and 4. 想要花费的预算和投放时间 (Budget and duration you want to spend). The current step is 4. The form includes sections for '请选择您的每日预算' (Please select your daily budget) with radio buttons for '为所有商品设置总预算' (Set total budget for all products) and '为每个商品设置预算' (Set budget for each product), a '请输入金额' (Please enter amount) field, and '请选择您的投放时间' (Please select your ad duration) with radio buttons for '立即开始' (Start immediately) and '自定义时间' (Custom time). Below these are '广告命名设置' (Ad naming settings) for '广告系列命名' (Ad campaign naming), '广告组命名' (Ad group naming), and '广告命名' (Ad naming), each with a text input field, a '名称预览' (Name preview) field, and a '恢复默认设置' (Restore default settings) button. At the bottom, there are '上一步' (Previous step) and '发布广告' (Publish ad) buttons.

To serve the direct digital marketing needs of the SMB merchants who operate on third-party cross-border e-commerce platforms, we introduced an updated version of Adorado Basic. In the past, these SMB merchants largely relied on the re-distribution of media resources as centrally directed by third-party e-commerce platform operators within their platforms. Under the updated version of Adorado Basic, the e-commerce platform operator, with a view to energizing the merchants on its platform for user acquisition, would enable the merchants to be diverted from the e-commerce platform’s back-end dashboard to our Adorado platform which serves as a marketing tool for the e-commerce platform. As such, merchants on the e-commerce platform can have direct access to external user traffic from media publishers and conduct digital marketing with more accessibility and flexibility.

Merchants can initiate instructions on a marketing campaign by submitting a work order on the e-commerce platform specifying the campaign parameters such as targeted country or region, budget and duration, choice of media publishers (we, as of the Latest Practicable Date, provided two major media publishers for them to choose), as well as the underlying products to be marketed in their online shops on the platform. After accepting the work order transmitted from the e-commerce platform, our Adorado would automatically come up with the marketing campaign strategy and implementation plan based on the previous information and feedback from the merchants. Merchants can continuously provide feedback on the plan before the

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marketing campaign is ready for launch. On top of automatic advertisement placement and marketing campaign launch, we also assign optimizers specialized in the merchants’ relevant industry verticals to give marketing advice where needed, covering areas such as home appliances, women fashion and 3C products. Smoothly running since the second half of 2020, this innovated SaaS-based service model has helped enhance the merchants’ capability to leverage media resources diverted to e-commerce platforms, while at the same time bringing more merchants as marketers to our Adorado platform.

As of the Latest Practicable Date, all of our marketers under the updated version of Adorado Basic were China-based cross-border e-commerce merchants operating on Marketer A’s platforms. We are also working with other e-commerce platforms to expand such service model.

The following screenshot illustrates the interface of entering into our updated version of Adorado Basic from the third-party e-commerce platform:



Adorado Advance

Adorado Advance is equipped with stronger and more automated data processing and analytical capability. It is designed to help primarily large-scale marketers, such as fully-developed cross-border e-commerce platform operators, with more sophisticated digital marketing needs to undertake highly automated, data-enriched and customized marketing campaigns on a large scale. The following sets forth the key working steps of our Adorado Advance:

- (1) Translating marketers’ business targets into our marketing parameters.

Marketers’ business targets are usually set from their own business perspective and do not directly reflect any marketing parameter applicable to media publishers’ platforms for further implementation of marketing campaigns. For instance, marketers’ new buyer acquisition target may not be directly linked with, or reflected by, merely the number of new app installations. We need to consider in totality a series of user actions such as browsing of product pages, add-to-cart and placement of purchase orders when strategizing the suitable marketing parameter. Based on our analysis of historical big data

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available from both media publishers and marketers, we have established a series of data modeling to help translate often-used business targets in e-commerce industry into applicable marketing parameters. The translation function of Adorado Advance enables us to help marketers design marketing strategies and plans in a more convenient and efficient manner.

- (2) Formulating marketing plans and predicting marketing performance and results.

After the translation of business targets, Adorado Advance would continue to help generate an initial marketing plan automatically with details, such as marketing content structure, breakdown of optimization targets, countries and/or regions covered, target audiences, budget allocation and key KPIs of marketers with our prediction. Such automatic processing is more based on our big data analysis and AI technologies.

- (3) Creating, launching and optimizing marketing campaigns.

Upon the approval of the initial marketing plan, Adorado Advance would start to create vast volume of advertisements based on the preset marketing campaign strategies and launch them according to the running schedule. During the marketing campaign running period, Adorado Advance measures each single advertisement of the whole marketing campaign to see if it is in line with the predicted marketing performance and results. If not, the system would make optimization adjustments automatically. For instance, the system would reset the marketing budget for this particular underperforming advertisement and reallocate the budget to other outperforming ones. All of such optimization operations are automatically processed by Adorado Advance. During the peak season for marketers from e-commerce industry, it is able to handle over 10,000 advertisements simultaneously without human involvement.

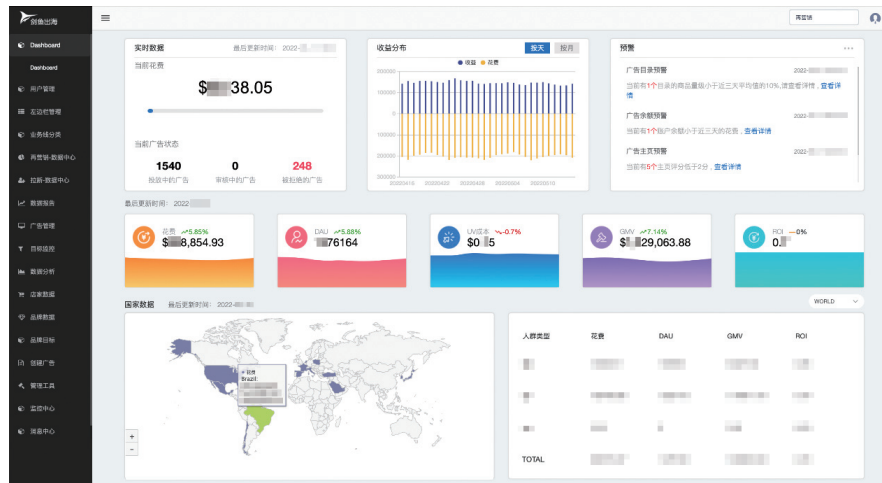
- (4) Monitoring marketing campaigns and reporting results.

Adorado Advance is able to generate the marketing data report automatically. Marketers can choose the indicators and criteria of their business operation status (such as page views, unique visits, CPM and CPC) and display type for the generation of the report. Adorado Advance also provides monitoring and alert functions to remind marketers if it detects any substantial deviation from usual patterns, which allows our optimizers or marketers to respond and adjust marketing campaigns in a timely manner.

During the Track Record Period, a substantial portion of our revenue from SaaS-based digital marketing services was from Adorado Advance.

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The following screenshot illustrates the interface of monitoring marketing campaigns through our Adorado Advance:



Differences between Adorado and Customized Digital Marketing Services

The following table sets forth major differences between Adorado, including Adorado Basic and Adorado Advance, and our customized digital marketing services:

	Customized digital marketing services	Adorado Basic	Adorado Advance
Targeted marketers	Marketers (including both SMB and large-scale marketers) who have less experience in marketing and may selectively need in-depth customized services among our wide range of service offerings in order to achieve user acquisition goals in a more results-oriented and performance-based manner and generally not involving online marketing on a simultaneously large scale.	SMB marketers utilizing our Adorado platform who are less familiar with the delivery of cross-border digital marketing campaigns with little demand for customized functions.	Large-scale marketers utilizing our Adorado platform with more sophisticated digital marketing needs to undertake highly automated, data-enriched and data-driven customized marketing campaigns on a large scale.

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	Customized digital marketing services	Adorado Basic	Adorado Advance
Service focus and value to marketers	<p>Marketers of customized marketing services usually have limited or no experience in marketing, and therefore they may need various assistance with respect to target market and consumer behavior analysis, improvement of fan pages or online shops, media selection, production of marketing materials, and implementation and optimization of marketing campaigns. Our experienced dynamic team closely communicates with marketers to have a deep understanding of their differentiated and tailored needs and provide customized services focusing on achieving targeted marketing effects and user acquisition goals.</p>	<p>Marketers of our Adorado platform usually already have a preliminarily marketing plan in shape, and therefore our services focus more on the execution of marketing plan and strategy and further marketing performance monitoring and optimization. Our Adorado platform enables marketers to deliver marketing campaigns and achieve non-stop optimization in a convenient and highly efficient manner without the need for extensive human involvement as opposed to our customized digital marketing services.</p>	
SaaS platform utilized	<p>None.</p> <p>The whole service process is completed manually by our dynamic team, including integrated marketing experts, optimizers, creative designers, quality assurance specialists, etc.</p>	<p>Adorado Basic</p> <p>We utilize SaaS platform to help marketers complete automatic delivery, monitoring and optimization of marketing campaigns supported by our big data analysis and AI capabilities.</p>	<p>Adorado Advance</p>

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	Customized digital marketing services	Adorado Basic	Adorado Advance
Level of customization	Highly customized. Marketers with highly customized needs are entitled to a selection of service offerings, including: target market and consumer behavior analysis, media strategies and coverage plan, marketing campaign content design, advertisement optimization and management, performance tracking and evaluation. Marketers can also communicate with us during the service process for any adjusted or further customized needs.	Generally not customized. Adorado Basic provides standard pre-equipped functions for marketers to complete marketing campaigns.	To some extent customized. On top of the pre-equipped functions similar to those in Adorado Basic, we are also able to develop and provide customized functions such as data access with the marketer’s own operating data to synergize with its business for more efficient operation and more effective data analysis, collection and modification of marketer’s own creatives and customized format of marketing performance report, according to the marketer’s needs.

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	Customized digital marketing services	Adorado Basic	Adorado Advance
Features as compared to other market players	<p>With years of focus on serving e-commerce merchants, especially our cooperation with the largest cross-border e-commerce marketplace in China by revenue in 2021, our dynamic team has accumulated extensive marketing experience in cross-border e-commerce industry, and our localization capabilities and familiarity with different marketing stages and types of products to be marketed give us distinct advantages over our competitors in providing a wide range of highly-customized and flexible service offerings.</p>	<p>We have accumulated over the years multi-dimensional data from the value chain of our digital marketing service process and SaaS solutions, which empowers our Adorado platform with more precise and efficient marketing capabilities.</p> <p>We have embedded Adorado’s digital marketing SaaS functions to Powershoppy, our SaaS platform for online-shop solutions, to provide an integrated service experience for cross-border e-commerce merchants along the industry value chain.</p> <p>Capitalizing on our mutually beneficial cooperation with media publishers and Marketer A, the largest cross-border e-commerce marketplace in China by revenue in 2021, we equip the back-end dashboard of Marketer A’s platform with an interface diverting merchants operating on Marketer A’s platform to our Adorado platform, and therefore such merchants can have direct access to external user traffic and conduct digital marketing with more accessibility and flexibility.</p>	<p>Adorado Advance has stronger capabilities of processing and analyzing data automatically and simultaneously in large volume and velocity to deal with sophisticated marketing campaigns on a large scale.</p>

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Dynamic Team

We provide different types of cross-border digital marketing services to marketers through, among others, our dedicated team of sales managers, business operation managers, integrated marketing experts, optimizers, creative designers, research and development specialists and quality assurance specialists depending on the needs and extent of the marketing services involved.

Sales managers

After our internal credit and qualification review of a new marketer, our sales managers designated for this marketer would be responsible for arranging for the marketer to enter into the framework agreement with us and prepare the marketer with necessary documentation for creation of media account(s) on the target media publisher’s platform.

Business operation managers

Our business managers would liaise with marketers to assist with the service process. They are responsible for opening media account(s) on the target media publisher’s platform and depositing a virtual amount into the account on behalf of the marketer. Business operation managers would also follow up on customer service request from marketers during the implementation of marketing campaigns.

Integrated marketing experts

Our integrated marketing experts communicate with marketers and propose the appropriate preliminary marketing strategies based on the marketer’s specific criteria, needs and marketing goals, so that the campaign parameters can be formulated, such as targeted audience, geographic regions, user preferences and the timing and duration of the marketing campaigns. Integrated marketing experts would also provide localization advices to marketers in order to help marketers optimize and deliver marketing materials that can tailor to the specific taste of the users from a specific country or region. Our integrated marketing experts have extensive experience in marketing industry.

Optimizers

Our team of optimizers are responsible for monitoring the marketing performance continuously in real time, making adjustments to marketing content or strategies to maximize marketing performance and generating reports for marketers on a real-time or specified-time basis. Our optimizers could provide strategic advice in terms of marketing content or placement to our marketers to support their marketing targets and ROI. We believe these efforts enable us to optimize marketing strategies and improve the marketing performance on an on-going basis.

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Creative designers

Our team of creative designers has contributed to our template library that comprises marketing formats and creatives including texts, images, videos and audios developed by our creative designer team as well as external designers over the years, which enables marketers to expedite the generation and optimization of tailored marketing materials. Our team of optimizers and creative designers maintain close communication with marketers to understand their demands for adapting to the changing market trends and user preferences. We believe the delivery of marketing materials with customized marketing formats and creatives, coupled with the execution of marketing plans and strategies through Adorado platform, are able to help marketers achieve better marketing results in an efficient and cost-effective way.

Quality assurance specialists

Our quality assurance specialists assist in scrutinizing marketing content and materials to help marketers comply with applicable laws and regulations, as well as policies of the media publishers. Our quality assurance specialists would also work with our sales managers and business operation managers to assist the marketer if any of its marketing content is detected and blocked as non-compliant and needs to be rectified or removed from the media publisher’s platform.

Research and development specialists

We have a dedicated team of research and development specialists to support the improvement and update of our systems. Our research and development specialists regularly communicate with our business operation managers, optimizers and creative designers to understand the market trends, marketers’ demand with a view to improving the performance of our services and the work efficiency of our optimizers and creative designers. See “– Technologies, Research and Development – Research and Development” for more details.

Marketers

We had accumulated over the years a diverse base of marketers who are primarily China-based enterprises in need of cross-border solutions to promote and sell products and services to targeted customers around the globe. As our business model and service offerings evolve and refine over the years, we are able to provide differentiated digital marketing and SaaS solutions to marketers serving their various needs at different marketing cycles and with different marketing sizes. Our marketers primarily include (i) large-scale marketers which are generally full-fledged industry players with considerable scale of operation, solid market position and relatively more sophisticated digital marketing needs and sizable marketing spending, and (ii) SMB marketers that are smaller in size and at a less mature marketing cycle but are nonetheless with potential to gradually embrace more differentiated digital marketing services as they develop along the way.

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As of September 30, 2022, we had served more than 1,900 marketers. More than 70% of our gross billing during the Track Record Period were attributable to marketers which have been working with us for more than three years in a row which is longer than the industry average for the cross-border digital marketing industry in China, according to Frost & Sullivan. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, we had 333, 296, 251 and 367 recurring marketers, respectively, to which we provided services in the respective periods and the immediately preceding three-year period. Our revenue generated from such recurring marketers amounted to US\$3.2 million, US\$10.6 million, US\$12.2 million and US\$6.8 million, representing 33.1%, 90.8%, 84.9% and 66.9% of our total revenue for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively. Our marketers come from a spectrum of industry verticals which can be generally categorized into (i) cross-border e-commerce merchants and platform operators, and (ii) other marketers primarily including online games developers and publishers, app developers and operators.

According to Frost & Sullivan, we ranked third among the digital marketing service providers in China for cross-border e-commerce in terms of gross billing in 2021. We have been the digital marketing service provider for a number of cross-border e-commerce marketers in China which are of high profile, high industry rankings and/or large operation scale, including, according to Frost & Sullivan, (i) Marketer A, the largest cross-border e-commerce marketplace in China by revenue in 2021 which is primarily engaged in domestic and international e-commerce business as well as other businesses such as cloud computing, digital media and entertainment; (ii) Customer F, the largest standalone online shopping platform for women’s apparel in China by revenue in 2021 which is primarily engaged in design, production and online cross-border sales of fast-fashion women’s apparel such as clothing, shoes, accessories and sportswear; (iii) Media Publisher B (as a marketer), the largest cross-border social networking platform operator in China by monthly active user in 2021 which primarily operates short-video media platforms and other relevant products in both domestic and overseas markets; and (iv) one of the leading online games companies in China.

Amongst our marketers, our business relationship with Marketer A is a case in point in illustrating how we are dedicated to providing our marketers with comprehensive and integrated services while further strengthening our competitive edges and industry position in the cross-border digital marketing service industry in China, especially for serving e-commerce marketers. We commenced our business relationship with Marketer A in 2019 after winning a bidding award from Marketer A for providing standardized and SaaS-based digital marketing services to one of Marketer A’s B2C e-commerce platforms targeting global consumers. As of the Latest Practicable Date, our services to Marketer A had extended to cover almost all of Marketer A’s cross-border business lines and platforms which we believe account for a relatively higher portion of gross billing to Marketer A as compared to peer companies in China from whom Marketer A procures media resources of Media Publisher A. In 2020, in addition to serving Marketer A, we had also commenced to directly provide SaaS-based digital marketing services to the SMB e-commerce merchants operated on Marketer A’s platforms on a standalone basis. As of the Latest Practicable Date, we had served more than 500 of such SMB e-commerce merchants. In view of our mutually beneficial and congenial business

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cooperation, we had in 2022 entered into a strategic supplier cooperation agreement with Marketer A as its “Group Purchasing Department Strategic Supplier”, which we believe is a recognition that is granted to only a few of Marketer A’s external service providers. Although other resellers of Media Publisher A also provide similar SaaS-based digital marketing services, few have demonstrated a highly integrated service capability and collaborated with a large-scale top e-commerce player such as Marketer A in the same depth and width as we do according to Frost & Sullivan. Such integrated service capability is reflected foremost in the stronger and more automated data processing and analytical capability of our Adorado platform, particularly Adorado Advance, which is tailored to address the more full-fledged and sophisticated digital marketing needs of Marketer A simultaneously in large volume and high velocity. Our integrated service capability for Marketer A is also reflected in our participation in, and contribution to, its business ecosystems, such as our engagement by the SMB merchants operated on Marketer A’s platforms as discussed above for direct access to external user traffic with more flexibility, which we believe has in turn enhanced the stickiness of SMB merchants and attractiveness and vibrancy of Marketer A’s platforms. Given our strong and trust-worthy business relationships with Marketer A over the years, especially by taking into account our integrated services provided to Marketer A in terms of its scale and depth as discussed above, we believe the risk of replacement or disintermediation is low for our cooperation with Marketer A to be materially and adversely affected or terminated.

The following table sets forth the breakdown of the gross billing to marketers by industry of the marketing campaigns for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
Cross-border										
e-commerce	244,973	68.4	337,452	70.7	427,043	69.9	314,037	67.0	218,026	64.6
Online games	89,501	25.0	111,812	23.4	171,248	28.0	138,060	29.4	99,747	29.5
Apps ⁽¹⁾	23,468	6.6	27,879	5.9	12,476	2.1	16,694	3.6	20,034	5.9
Total	357,942	100.0	477,143	100.0	610,767	100.0	468,791	100.0	337,807	100.0

Note:

- (1) Apps primarily refer to video-based apps, utility apps, and social networking apps but excluding e-commerce and online games-related apps.

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The following table sets forth the breakdown of the revenue generated from our cross-border digital marketing services by industry of the marketing campaigns for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
Cross-border										
e-commerce	8,020	84.2	10,038	85.9	11,756	82.1	7,941	78.5	6,784	70.9
Online games	1,023	10.7	1,250	10.7	2,353	16.5	1,817	17.9	1,524	15.9
Apps ⁽¹⁾	488	5.1	398	3.4	206	1.4	366	3.6	1,259	13.2
Total	9,531	100.0	11,686	100.0	14,315	100.0	10,124	100.0	9,567	100.0

Note:

- (1) Apps primarily refer to video-based apps, utility apps, and social networking apps but excluding e-commerce and online games-related apps.

The diversity of our marketer base deepens our understanding of digital marketing and user acquisition needs in different industries and positions us well to capture new business opportunities. When a marketer approaches us for our digital marketing services, it normally provides us with an indicative maximum lump sum marketing budget. We evaluate the trustworthiness of marketers before entering into any formal engagement for the provision of services. We review, among others, the size of the marketer’s business and profitability together with its industry, its history and reputation, the products or services it is seeking to market and promote, its marketing positioning and requirements, the punctuality of payment, and the potential of deepening our business cooperation with the marketer in various aspects. After formal engagement and as a marketing campaign progresses, the marketing budget may change depending on the actual marketing performance and effects.

We take into account a combination of factors in determining the pricing for marketers with respect to gross billing and applicable service fees and incentives. These factors generally include: (i) the type of industry and segment market of the marketers, (ii) the underlying products and services for the marketing campaigns, (iii) the type of media publishers and media resource to be utilized, and (iv) the nature and complexity of the digital marketing services involved, for instance, whether it is basic or value-added services and whether the marketers would place the marketing campaigns on the media publishers’ platforms by themselves or we could operate their media publisher accounts on their behalves.

Key Terms of Our Agreements with Marketers

We typically enter into annual framework agreements with marketers for digital marketing services. The key terms of such agreements generally include:

- **Term.** Generally one year.

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- ***Our service scope.*** The agreement sets forth our service scope as negotiated and agreed with the marketer, primarily including one or more of the following: (i) media account opening and topping-up; (ii) account management and maintenance; (iii) formulating marketing plans and strategies; (iv) producing and/or modifying marketing creatives and content; (v) monitoring, optimizing and evaluating the marketing implementation and performance; and (vi) other marketing related consultation and technical support. The service scope and depths may vary depending on whether the marketer is only seeking our standardized digital marketing services or our additional services as well, such as customized or SaaS-based digital marketing.
- ***Compliance representation.*** The marketer shall ensure that the marketing content or materials they provide do not violate applicable laws and regulations in the relevant jurisdiction(s), policies and guidelines of the media publisher, or infringe any third-party rights.
- ***Allocation of liability for marketing content.*** The marketer shall be liable for any third-party claims, or penalties imposed by media publishers or governmental authorities in connection with or arising from the marketing content or materials it provides.
- ***Incentives to the marketer.*** If incentives are agreed to be offered to the marketer, the agreement would also set forth the conditions to, and applicable rates of, such incentives (including how such incentives shall be calculated and settled).
- ***Payment and settlement.*** We generally issue invoices to the marketer on a monthly basis, which typically set out the gross billing, the pricing model, any applicable service fees, as well as the total invoiced amount for their confirmation. We typically settle any incentives granted to marketers on a quarterly basis which can be deducted against the gross billing receivables from marketers. Payment from marketers is usually settled by bank transfer in U.S. dollars.
- ***Termination.*** The agreement may be terminated by both parties’ written consent.

We place an insertion order generally in electronic form with the relevant media publisher’s platform for each marketing campaign we engage it to undertake on behalf of our marketers, which specifies key terms such as the specific media platform involved, the marketer, marketing content and materials, pricing model, payment and settlement terms for the marketing campaign.

In September 2022, we entered into a strategic supplier cooperation agreement with Marketer A. We are granted the recognition of “Group Purchasing Department Strategic Supplier” of Marketer A and are entitled to be publicly introduced and promoted through Marketer A’s website(s), online official account(s) and supplier introduction and marketing events pursuant to the agreement. We are required to provide stable digital marketing services

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with prices favorable to Marketer A for the procurement of media resources from Media Publisher A and also provide relevant trainings and technical support as needed by Marketer A during the period of the strategic cooperation agreement. Each party shall maintain the confidentiality of information obtained in the performance of the agreement. The agreement has a fixed term of one year and can be terminated when there is a material breach of agreement terms by either party or by mutual consent. Marketer A may also terminate the agreement when there is any material adverse impact on Marketer A’s business as a result of our misconduct.

Overlapping of Marketer and Media Publisher

We may, from time to time, have overlapping marketers and media publishers, which, according to Frost & Sullivan, is a common practice in our industry as resellers and agents of media publishers may offer to one another different media resources depending on their respective focused media platforms and media coverage, and in certain cases, media publishers may become marketers when they have products or services to market of their own.

During the Track Record Period, Customer E, one of our top five customers, procured media resources of Media Publisher A from us. The revenue generated from Customer E as a percentage of our total revenue was 15.6%, 13.1%, 3.2% and 0.5% for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively. In the meantime, we also procured media resources from Customer E, as it was also an agent for Media Publisher C, and the gross spending to Media Publisher C (through Customer E) as a percentage of our total gross spending was 0.3%, nil, nil and nil for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively.

During the Track Record Period, we procured media resources from Media Publisher B, either indirectly from its agent(s) or directly as its reseller. The gross spending to Media Publisher B as a percentage of our total gross spending was 0.10%, 0.04%, nil and 0.15% for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively. In the meantime, we also provided cross-border digital marketing services to Media Publisher B (as a marketer) during the Track Record Period to help Media Publisher B market their own products such as a short video app and a video editing app. The revenue generated from Media Publisher B as a percentage of our total revenue was nil, 2.2%, 2.0% and 1.5% for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively.

Negotiations of the terms of our agreements with Customer E and Media Publisher B with respect to such overlapping transactions were conducted on an individual basis and the relevant services procured and offered were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of such transactions with Customer E and Media Publisher B during the Track Record Period were conducted in the ordinary course of business under normal commercial terms and on arm’s length basis. For more details, see “– Customers, Sales and Marketing – Top Five Customers” and “– Business Model of Cross-border Digital Marketing – Media Publishers – Top Five Media Publishers.”

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Media Publishers

As of September 30, 2022, we had curated and collaborated with 19 major and well-known media publishers globally, including major media publishers such as Media Publisher A, Google, Twitter, TikTok, LinkedIn, YouTube and Snapchat, covering social networking, instant messaging, search engine and short-video media platforms, as well as more than 50 industry-specific media publishers each focusing on a specific niche market.

We have been cooperating with Media Publisher A since 2017 as its reseller, being a first-tier digital marketing agent for Media Publisher A in China. According to Frost & Sullivan, we ranked third among Media Publisher A’s resellers in China in terms of gross billing attributable to Media Publisher A in 2021 and we are among the few resellers for Media Publisher A in China with capabilities to serve marketers across industries. Media Publisher A was our largest media publisher for the Track Record Period and our gross spending with it was US\$355.7 million, US\$472.7 million, US\$608.0 million and US\$336.1 million for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively, accounting for 99.6%, 99.2%, 99.6% and 99.6% of our total gross spending for the respective periods.

Apart from Media Publisher A, we also became a reseller of Media Publisher B in 2022 for its short video media platform targeting overseas market. Media Publisher B is the largest cross-border social networking platform operator in China by monthly active user in 2021, according to Frost & Sullivan. Save from Media Publisher A and Media Publisher B and as of the Latest Practicable Date, we served as a secondary agent to our other media publishers and procured media resources indirectly from these media publishers through their resellers or agents. We entered into the relevant business contracts with the resellers or agents of such media publishers. For details, see “– Business Model of Cross-border Digital Marketing – Media Publishers – Key Terms of Our Cooperation with Media Publishers.”

We became a reseller of Media Publisher C, a top search engine media publisher, by the end of 2014 mainly for developing our then marketer base under the B2B model. In early 2017, we chose not to continue to be a reseller of Media Publisher C as we gradually undergone the strategic transfer of our business focus from B2B to B2C model. However, we still kept collaboration with Media Publisher C through its resellers or agents to provide our customers relevant media resources where needed. As our revenue in 2017 significantly increased as compared to 2016 during which we operated as a reseller of Media Publisher C, our Directors are of the view that our cession of being its reseller did not have a material adverse impact on our Group’s business.

The foremost factor we would consider before we first enter into a cooperation with a media publisher is the specific digital marketing needs of our marketers and whether the media resources offered by the relevant media publishers would be suitable for undertaking the marketing campaigns of our marketers. For instance, our close cooperation with Media Publisher A is largely driven by the needs and choice of our marketers, the majority of which came from the cross-border e-commerce industry for the Track Record Period with user acquisition needs for consumers in overseas markets. As our marketer base evolved and diversified over the years, we are also seeking to collaborate with media publishers capable of offering user traffic in non- e-commerce areas or focusing on niche markets so that we are able to serve the diversified and industry-specific marketing needs of our marketers.

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As of September 30, 2022, the media coverage of our collaboration with media publishers reached more than 240 countries and regions in the world, achieving an aggregate of approximately 594 billion impressions and 15 billion number of clicks, respectively, during the Track Record Period. The following table sets forth a breakdown of our gross spending with media publishers by geographic coverage for the periods indicated:

	Year ended December 31,						Nine months ended	
	2019		2020		2021		September 30,	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
United States	95,750	26.8	116,564	24.4	107,180	17.5	57,984	17.2
France	20,024	5.6	29,657	6.2	49,983	8.2	15,777	4.7
Taiwan, China	16,869	4.7	16,934	3.6	21,881	3.6	11,219	3.3
Germany	16,637	4.7	20,898	4.4	30,353	5.0	9,710	2.9
United Kingdom	15,908	4.5	25,123	5.3	27,078	4.4	10,284	3.0
Mexico	14,341	4.0	16,241	3.4	28,426	4.7	9,390	2.8
Spain	12,452	3.5	21,128	4.4	39,159	6.4	15,305	4.5
Russia	12,432	3.5	18,761	3.9	24,395	4.0	4,596	1.4
Italy	11,065	3.1	18,049	3.8	17,895	2.9	5,912	1.8
Canada	9,817	2.7	15,080	3.2	16,573	2.7	5,456	1.6
Brazil	9,328	2.6	18,911	4.0	49,912	8.2	17,676	5.2
Netherlands	8,170	2.3	8,205	1.7	7,144	1.2	2,843	0.8
Israel	7,832	2.2	7,139	1.5	6,998	1.1	6,562	1.9
Australia	7,279	2.0	9,827	2.1	7,890	1.3	4,923	1.5
India	7,014	2.0	6,894	1.4	6,423	1.1	10,089	3.0
Thailand	5,554	1.6	6,994	1.5	5,869	1.0	4,686	1.4
Poland	5,378	1.5	7,791	1.6	11,220	1.8	3,689	1.1
Japan	5,194	1.5	6,751	1.4	11,275	1.8	11,931	3.5
Korea	4,709	1.3	6,792	1.4	7,977	1.3	4,427	1.3
Hong Kong, China	4,325	1.2	4,091	0.9	7,416	1.2	3,637	1.1
Malaysia	4,002	1.1	3,770	0.8	5,345	0.9	6,740	2.0
Indonesia	3,995	1.1	3,493	0.7	3,491	0.6	4,910	1.5
Saudi Arabia	3,950	1.1	3,630	0.8	2,896	0.5	9,184	2.7
Chile	3,950	1.1	6,698	1.4	9,018	1.5	4,414	1.3
Philippines	3,378	0.9	5,259	1.1	8,834	1.4	14,214	4.2
Others ⁽¹⁾	47,879	13.4	71,829	15.1	95,664	15.7	81,840	24.3
Total	357,232	100.0	476,509	100.0	610,295	100.0	337,398	100.0

Note:

- (1) Others consisted of more than 210 countries and regions, including Sweden, Belgium, Turkey, Vietnam, Austria, Switzerland, Singapore, Norway, etc.

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According to Frost & Sullivan, it is uncommon and not economically efficient for media publishers to transact with marketers directly and the reasons that most media publishers do not transact with marketers directly are twofold:

- From marketers' perspective, efficiently and effectively utilizing their marketing spending and acquiring marketing products from media publishers involve huge investment in overcoming a steep learning curve and acquiring technology, data and experienced team of marketing talents who can execute the marketing plans. Engaging a marketing expert who can provide a suite of comprehensive digital marketing solutions greatly increases the effectiveness of the marketers' marketing plans by achieving their desired marketing results and enhance the efficiency of their marketing spending by lowering the cost of acquiring these marketing products from the media publishers.
- From media publishers' perspective, a comprehensive digital marketing service provider can attract a broad range of marketers of different backgrounds by rendering cross-media neutral marketing advice, providing knowledge on the features and advantages of a multitude of marketing products that are constantly evolving, and sharing the marketing expert's experiences and knowhow amassed from serving a broad spectrum of marketers which a particular marketer cannot attain from its own limited marketing experiences. As an industry norm, marketers usually do not directly liaise with media publishers, especially top media publishers, since it is not cost-effective for top media publishers to maintain a large team of manpower to handle marketing requests from large numbers of marketers, according to Frost & Sullivan.

Above all, as the new generation marketing era becomes dominated by the internet and digitalized marketing solutions, data-enriched technological capabilities becomes pivotal to the operations of the market players in the digital marketing industry in serving the marketers in collaboration with media publishers.

Key Terms of Our Cooperation with Media Publishers

For our collaboration with media publishers, our counterparties would be (i) the media publisher itself, such as in the case of Media Publisher A where we serve as its reseller, or (ii) other digital marketing service providers or media agents which serve as the resellers or agents of the relevant media publishers.

We typically enter into annual framework agreements with media publishers or, as the case may be, their resellers or agents. The key terms of such agreements generally include:

- ***Term.*** Generally one year.
- ***Marketing content.*** We should ensure the marketing content to be placed on the media publisher's platform is not false, fraudulent or misleading, and that such marketing content does not violate any applicable laws and regulations of the relevant jurisdiction(s), policies or guidelines of the media publisher, or infringe any third-party rights.

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- **Rebates.** The agreement sets forth the conditions and rates of any rebates offered to us by the media publisher (or their resellers or agents), including how such rebates shall be calculated and adjusted.
- **Data verification.** The media publisher’s reports or confirmations shall be the definitive evidence regarding the marketing performance data, the calculation of the gross spending and the applicable rebates. We are not contractually required to verify the data provided by the media publisher or its resellers or agents.
- **Payment and settlement.** Media publishers (or their resellers or agents) generally issue invoices to us for settlement of payments on a monthly basis, which typically set out the gross spending, the pricing model, as well as the total invoice amount for our confirmation. Payment is generally required to be made within 30 to 60 days from invoice date. Media publishers, or their resellers or agents, typically grant applicable rebates to us on a quarterly basis. Payment from us is usually settled by bank transfer in U.S. dollars. We are not required to make any prepayment or upfront fees to the media publishers before placing the gross spending with the media publishers for the marketers’ online campaigns.
- **Confidentiality.** Except as otherwise provided by laws and regulations or with the prior written consent of the other party, each party shall maintain the confidentiality of information obtained in the performance of the relevant agreement and its contractual terms.
- **Termination.** The agreement may be terminated by both parties’ written consent.

For more information on the pricing model of media publishers, see “– Business Model of Cross-border Digital Marketing – Pricing Models – Pricing Model of Media Publishers.” For more information on the rebates by media publishers, see “– Business Model of Cross-border Digital Marketing – Revenue Models – Revenue Model of Standardized Digital Marketing.”

Media Publishers’ Policies on Marketing Content

Pursuant to terms and conditions of the annual framework agreements with media publishers or, as the case may be, their resellers or agents, they generally require the marketing content to comply with applicable laws, regulations and their policies. Generally speaking, media publishers’ policies are to regulate marketing content involving subject matters that are sensitive in nature, such as alcohol, drugs and gambling, to ensure no prohibited marketing content is published. We have built in necessary terms in the digital marketing service agreements with marketers to ensure that our marketers are aware of and will comply with such policies, and that they are ultimately liable for any non-compliance thereof. Our quality assurance specialists would assist the media publishers in monitoring the marketing content and materials in relation to the compliance of marketing content and materials with applicable laws, regulations and policies of the media publishers and assist with following up with the relevant marketer if any of their marketing campaign materials is found to be non-compliant by the media publishers.

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Prevention of Click Fraud

Click fraud occurs when a person, through automated scripts or computer programs, repeatedly clicks on the marketing content without a genuine interest in such content. The problem of click fraud normally happens when marketers choose long-tail or unknown media publishers for their ad inventories. We generally cooperate with major and well-known media publishers and the quality of their ad inventories is widely recognized in the cross-border digital marketing industry, including by the marketers we serve. Nevertheless, to the extent marketers (mostly those with their own apps) have concerns about the genuineness and quality of the ad inventories on media publishers’ platforms (especially those long-tail media publishers), the marketers would normally engage, sometimes at our recommendation, trust-worthy third party tracking service providers to monitor abnormal traffic generated by the ad inventories purchased from media publishers’ platforms. In doing so, such tracking service providers would help the marketers install software development kits (“**SDKs**”) to the marketers’ apps to block fraudulent clicks in real-time and flag suspicious or unusual behaviours and activities simultaneously for further prevention of click fraud. Such anti-click fraud SDKs generally recognize and block fraudulent behaviours by taking into account indicators such as click-to-install time and user behaviours and are able to record specific details of click fraud incidents for marketers’ further investigation and verification with media publishers. We may, in limited cases, advise our marketers on further analysis of suspicious clicks if requested by such marketers.

Top Five Media Publishers

The following tables set forth details of our top five media publishers during the Track Record Period:

Rank	Media publisher	Background	Our cooperation model ⁽¹⁾	Length of business relationships with us <i>(Year)</i>	Gross spending <i>(US\$'000)</i>	Percentage of total gross spending <i>(%)</i>	Rebates received by us <i>(US\$'000)</i>	Percentage of total rebates <i>(%)</i>
For the nine months ended September 30, 2022								
1	Media Publisher A ⁽²⁾	A social networking platform operator	Direct	Six	336,130	99.62	32,272	99.75
2	Media Publisher C ⁽⁴⁾	A search engine operator	Indirect	Eight	655	0.20	55	0.17
3	Media Publisher B ⁽³⁾	A social networking platform operator	Direct	Less than four	521	0.15	14	0.04
4	Media Publisher D ⁽⁵⁾	A social networking platform operator	Indirect	Less than four	91	0.03	11	0.04
Total					337,397	100.00	32,352	100.00

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Rank	Media publisher	Background	Our cooperation model⁽¹⁾	Length of business relationships with us <i>(Year)</i>	Gross spending <i>(US\$'000)</i>	Percentage of total gross spending <i>(%)</i>	Rebates received by us <i>(US\$'000)</i>	Percentage of total rebates <i>(%)</i>
For the year ended December 31, 2021								
1	Media Publisher A ⁽²⁾	A social networking platform operator	Direct	Six	608,018	99.63	58,163	99.91
2	Media Publisher C ⁽⁴⁾	A search engine operator	Indirect	Eight	1,696	0.28	5	0.01
3	Media Publisher D ⁽⁵⁾	A social networking platform operator	Indirect	Less than four	508	0.08	47	0.08
4	Media Publisher E ⁽⁶⁾	An image sharing and social networking platform operator	Indirect	Two	60	0.01	–	–
5	Media Publisher F ⁽⁷⁾	An instant messaging app operator	Indirect	Two	13	0.00*	–	–
Total					610,295	100.00	58,215	100.00
For the year ended December 31, 2020								
1	Media Publisher A ⁽²⁾	A social networking platform operator	Direct	Six	472,691	99.20	45,462	99.26
2	Media Publisher C ⁽⁴⁾	A search engine operator	Indirect	Eight	2,880	0.60	276	0.60
3	Media Publisher D ⁽⁵⁾	A social networking platform operator	Indirect	Less than four	603	0.13	48	0.11
4	Media Publisher B ⁽³⁾	A social networking platform operator	Indirect	Less than four	213	0.04	15	0.03
5	Media Publisher E ⁽⁶⁾	An image sharing and social networking platform operator	Indirect	Two	107	0.02	–	–
Total					476,494	99.99	45,801	100.00

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Rank	Media publisher	Background	Our cooperation model ⁽¹⁾	Length of business relationships with us <i>(Year)</i>	Gross spending <i>(US\$'000)</i>	Percentage of total gross spending <i>(%)</i>	Rebates received by us <i>(US\$'000)</i>	Percentage of total rebates <i>(%)</i>
For the year ended December 31, 2019								
1	Media Publisher A ⁽²⁾	A social networking platform operator	Direct	Six	355,727	99.58	33,832	99.75
2	Media Publisher C ⁽⁴⁾	A search engine operator	Indirect	Eight	1,152	0.32	39	0.12
3	Media Publisher B ⁽³⁾	A social networking platform operator	Indirect	Less than four	352	0.10	46	0.13
4	Media Publisher G	Aggregate of long-tail media publishers	Indirect (ad network)	Less than one	1	0.00*	-	-
5	Media Publisher H	Aggregate of long-tail media publishers	Indirect (ad network)	Less than one	0*	0.00*	-	-
Total					357,232	100.00	33,917	100.00

* Less than US\$500 or less than 0.005 percent.

Notes:

- Direct cooperation model means we transact directly with the media publisher as its reseller; indirect cooperation model means we transact with the reseller(s) or other agent(s) of the media publisher, as the case may be; indirect (ad network) cooperation model means we transact indirectly through ad network which aggregates such long-tail media publishers, generally in massive numbers.
- Media Publisher A, established in 2004 in the United States, is the world’s leading online social media platform operator and a dominant digital media content provider with total revenue of over US\$117 billion in 2021. As of the Latest Practicable Date, Media Publisher A was listed on Nasdaq Stock Market LLC.
- Media Publisher B, established in 2012 in the PRC, primarily engages in the operation of mobile applications covering short-video, social networking, news, etc. We primarily purchase media resources of Media Publisher B with respect to one of its short video media platform targeting overseas market.
- Media Publisher C, established in 1998 in the United States, is an Internet search engine and other Internet-based product operator with total revenue of over US\$237 billion in 2021. As of the Latest Practicable Date, Media Publisher C was listed on Nasdaq Stock Market LLC.
- Media Publisher D, established in 2006 in the United States, is an online social media platform operator with total revenue of over US\$5 billion in 2021.
- Media Publisher E, established in 2010 in the United States, engages in the operation of a pinboard-style photo-sharing website with total revenue of over US\$2 billion in 2021. As of the Latest Practicable Date, Media Publisher E was listed on the New York Stock Exchange.
- Media Publisher F, established in 2011 in the United States, engages in the operation of a instant communication mobile application with total revenue of over US\$4 billion in 2021. As of the Latest Practicable Date, Media Publisher F was listed on the New York Stock Exchange.

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Our Relationship with Media Publisher A

Background of Media Publisher A

Media Publisher A is the world’s leading online social media platform operator and a dominant digital media content provider. It was founded in 2004 in the United States. As of the Latest Practicable Date, Media Publisher A was listed on Nasdaq Stock Market LLC with a market capitalization of US\$465.4 billion. Media Publisher A primarily offers advertising services to marketers globally by displaying marketing products on platforms including its own and third-party affiliated websites and mobile applications and it generated approximately 97% of its revenue from advertising business in 2021. Marketing formats that can be presented on Media Publisher A’s platforms primarily include feeds ad, instant story, short-video, in-stream video, overlay short-video, search result, message and instant article. Media Publisher A focuses on attracting and retaining marketers and providing them with support throughout the stages of the marketing cycle from marketing decision-making to real-time optimization and post-campaign analytics. Media Publisher A also invests in and relies on self-service tools to provide direct customer support to its users and business partners. The average monthly active users of the largest media platform of Media Publisher A increased from 2.50 billion for 2019 to 2.96 billion for 2022, ranking the first among all social media platforms in the world over such a period. According to Frost & Sullivan, Media Publisher A works with marketers in China generally through advertising agencies and resellers and cross-border digital marketing gross billing attributable to China-based marketers on Media Publisher A’s platforms accounted for 46.6%, being the largest market share, of the total cross-border digital marketing gross billing in China in 2021, which, together with Google represented in aggregate more than 80% of such market share.

Our Gross Spending with Media Publisher A

We have been the reseller in China for Media Publisher A since 2017. Media Publisher A assigns a business manager to work closely with us and offer direct support. We believe our in-depth industry knowledge and experience accumulated over the years are, in part, attributable to our cooperation with dynamic industry players, such as Media Publisher A, in keeping us abreast of the latest industry trends, online marketing insights and technological development, for us to provide consistently high-quality and scalable digital marketing services. Media Publisher A was our largest media publisher for the Track Record Period and our gross spending with it was US\$355.7 million, US\$472.7 million, US\$608.0 million and US\$336.1 million for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively, accounting for 99.6%, 99.2%, 99.6% and 99.6% of our total gross spending for the respective periods.

The reasons why Media Publisher A accounted for the predominate part of our gross spending during the Track Record Period are two-fold. For one thing, it is due to the trust and long-standing cooperation between Media Publisher A and us. For another, it is also by the choice of our marketers which were mostly cross-border e-commerce merchants and platforms targeting consumer customers in overseas markets. And naturally, Media Publisher A, being the

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forerunner in amassing global consumer user traffic, would be the first and foremost choice as a media publisher for our marketers to undertake user acquisition endeavors. According to Frost & Sullivan, it is quite common for cross-border digital marketing service providers, in particular major players such as us, to work mainly with one to two media publishers, especially top ones in China such as Media Publisher A, for acquiring user traffic and conducting cross-border digital marketing campaigns, which is mainly out of the need of the type of marketers served by digital marketing service providers and due to the dominant market leadership and market share of such top media publishers. For instance, the marketers we serve, especially our e-commerce marketers, are likely to prefer conducting digital marketing with major media publishers such as Media Publisher A as it is the largest social media platform operator in the world with a social media-driven and consumer-dominant user composition and abundant user traffic that comes with such industry stature. By focusing to work with Media Publisher A, we are able to cultivate and reap the benefits from a more close-knit relationship with, and a thorough understanding of, Media Publisher A, which would consequently induce more relevant services to our marketers with maximized return and marketing effects.

The Role Played by Resellers

According to Frost & Sullivan, resellers to major media publishers, such as us to Media Publisher A, play an important part in China's cross-border digital marketing services industry for both the media publishers and the cross-border marketers as follows:

For media publishers, resellers can help with: (i) aggregation and cultivation of marketers. Only a limited number of cross-border digital marketing service providers with high-quality and sizable scale of marketers can meet the criteria to become a reseller of major media publishers. Resellers can leverage their extensive marketer base to identify and explore potential customers for media publishers in strengthening the business reach of media publishers targeting China market; and (ii) promotion of media products. Resellers assist media publishers in the promotion of their marketing services and media products. With the assistance from resellers, media products offered by media publishers can be better utilized by marketers in terms of their functions, programs and marketing formats and in turn generating better results for the promotion of media products of media publishers.

For cross-border marketers, resellers can provide: (i) cross-border marketing services with a competitive edge. With the optimized and tailored services offered by resellers, marketers in need of online marketing on media publishers targeting overseas users can have better access to marketing products and media resources with a competitive advantage; and (ii) compliance support. Resellers have strong relationships with media publishers and are more familiar with the latest policies constantly updated by, and the compliance requirements in relation to, the media publishers. Resellers can assist marketers to be better acquainted with such latest developments of, and requirements from, the media publishers.

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Remote Disintermediation Risk

Our Directors believe, and the Sole Sponsor concurs that, the risk of disintermediation on our business sustainability, i.e., for Media Publisher A to directly transact with marketers, is remote. According to Frost & Sullivan, it is uncommon and not economically efficient for media publishers, especially top media publishers like Media Publisher A to transact with marketers directly which is due to the following reasons:

- First, for media publishers, monetizing user traffic is more economically efficient than providing value-added services, such as customization, optimization and SaaS-based services, directly to marketers as they have to invest substantial amount of time and resources to develop such service and technical capabilities on their own and to acquaint themselves with marketers’ diverse and evolving marketing needs and closely monitor the marketing plans to achieve desired results. For instance, as we have strong ties with both Media Publisher A and our major marketers, we have access to and have analyzed large amount of marketing and/or business data from both sides and have developed proven marketing strategies to optimize marketing effect for our marketers on Media Publisher A’s platforms. Disintermediation would necessarily mean that Media Publisher A would need to incur on their part huge resources to redevelop systems, data interface and other technological infrastructure, as well as marketing strategies. Such practices are not cost effective for Media Publisher A and it needs digital marketing service providers such as our Group to handle a massive population of marketers so that they can concentrate on the development of their core business;
- Second, it is normally time-consuming and commercially impracticable for overseas media publishers to establish and build their own local team, infrastructure and presence in China for the acquisition and cultivation of local marketers. Cross-border digital marketing service providers, such as us, can therefore bridge the gap by providing more localized and tailored services to China-based marketers so that overseas media publishers are able to reach out to these local marketers in a more effective manner; and
- Third, for marketers, they generally do not have comprehensive expertise, technologies, marketing talents and resources to execute their desired marketing plans directly with media publishers. We provide comprehensive and differentiated cross-border digital marketing services as well as cross-border online-shop SaaS solutions to customers which media publishers normally do not offer themselves. We believe Media Publisher A relies on the expertise of experienced digital marketing service providers such as us in better guiding the marketers with cross-media neutral marketing advice and providing knowledge on the features and advantages of a multitude of ever-evolving marketing products offered on Media Publisher A’s platforms.

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Selection of Resellers by Media Publisher A

To the best of our knowledge based on communication with Media Publisher A and the observations of our industry and industry peers in general, the selection process of resellers by Media Publisher A generally includes: (i) Media Publisher A’s sourcing team would come up with a shortlist of potential reseller candidates based on their market research and would get in touch with these digital marketing service providers through emails and/or telephone communications, and subsequently through face-to-face meetings to get a thorough understanding of the candidates, as well as to assess the prospects for business cooperation, (ii) digital marketing service providers would generally be serving as non-reseller agents to Media Publisher A before being considered further for reseller-ship and there are typically three to five such non-reseller agents which are concurrently being reviewed by Media Publisher A as potential resellers, (iii) the selection process of resellers usually takes two to three rounds for a duration of typically six months which comprise background check, onsite inspection and presentation on business plan for cooperation with Media Publisher A as a reseller. Sometimes, Media Publisher A may set up certain KPIs for candidates to fulfill before final selection; and (iv) representatives from multiple internal functions of Media Publisher A would be involved in the evaluation and selection process of resellers, including business, technical, finance and legal teams.

According to Frost & Sullivan, Media Publisher A generally does not have fixed quantitative criteria for selecting a reseller and such criteria may vary from time to time and from one candidate to another depending on the specific attributes of the candidate and how such attributes can prove to be conducive to the business development of Media Publisher A at a specific point of time. That being said, based on our observation of the cross-border digital marketing industry in China and as advised by Frost & Sullivan, top media publishers such as Media Publisher A would typically consider the following factors (largely qualitative) when selecting a reseller to work with:

- **Business scale and industry position:** the reseller needs to be a forerunner in China’s cross-border digital marketing industry with a prominent position in the overall industry or in certain segment markets as valued by the media publishers, such as e-commerce, online games or apps. According to Frost & Sullivan, the business scale of Media Publisher A’s resellers in China generally ranges from US\$0.1 billion to US\$5.0 billion in terms of annual gross billing;
- **Marketer base with new marketer acquisition capability:** the reseller needs to have a high-quality and sizable scale of marketer base together with a robust new marketer acquisition capability, compatibility with the user composition and profile of the relevant media platforms, and consequently the monetization potential for effective marketing. According to Frost & Sullivan and based on publicly available information as of the Latest Practicable Date, Media Publisher A’s resellers in China typically serve more than 500 marketers each;

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- **Technological capabilities:** the reseller needs to have proficient industry knowhow, self-developed or self-enriched marketing products and development skills of marketing related technologies, which enable a scalable full-service coverage and formulation of effective marketing strategies meeting high service standards;
- **Management team and internal infrastructure:** the reseller shall have a stable management team with sufficient industry experience and business acumen, as well as well-established internal infrastructure and execution capabilities in complying with the rules and policies of the relevant media publishers;
- **Financial fundamentals:** the reseller shall have sufficient financing resources and proper financial record-keeping. According to Frost & Sullivan and based on publicly available information as of the Latest Practicable Date, Media Publisher A’s resellers in China generally have an annual revenue exceeding US\$10 million each;
- **Knowledge of the media publishers:** In the more particular case of Media Publisher A, it would also be looking at whether a potential reseller is familiar enough with Media Publisher A’s media products and policies, as well as its business development directions and focus in tune with the specific attributes of the potential reseller; and
- **On-boarding KPIs:** To have a closer review of the candidates especially during the final stages of a selection process, Media Publisher A may set up certain on-boarding KPIs for candidates to fulfill within a fixed time frame (typically for one to two months). Such KPIs may be in relation to, amongst others, the number of specific new types of marketers to be engaged, pipeline management of marketers, rate of bad trade accounts and implementation plan for enhanced IT infrastructure (including for marketing automation tools).

Our Competitive Edges over Peers for Media Publisher A

We believe we are a valuable business partner to Media Publisher A and we possess the following competitive edges over our peer companies (including other resellers of Media Publisher A in China) which have accorded us with the necessary bargaining power and capabilities in establishing and nurturing a mutually beneficial cooperative relationship with Media Publisher A:

- we are a well-established market player with rapid growth in the cross-border digital marketing industry in China, in particular, in e-commerce, which is the marketer industry likely for Media Publisher A to tap into for more monetization opportunities considering its social media-driven and consumer-dominant user composition. In terms of gross billing in 2021, we ranked third among digital marketing service providers in China for cross-border e-commerce with a market share of 6.2%, according to Frost & Sullivan;

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- we serve a sizable, diversified and fast-growing China-based marketer base with tremendous potential in their cross-border business undertakings, which, together with our technological capabilities, in-depth experience and seasoned industry insights in the e-commerce sector and our proven track record of serving high profile and industry-leading marketers, is believed to manifest considerable value and relevance to Media Publisher A in seeking regional connection to these marketers, in particular:
 - As of September 30, 2022, we had served more than 1,900 marketers. More than 70% of our gross billing during the Track Record Period were attributable to marketers which have been working with us for more than three years in a row which is longer than the industry average for the cross-border digital marketing industry in China, according to Frost & Sullivan. Amongst our major marketers include high-profile frontrunners in various industry verticals of China’s cross-border businesses, including, according to Frost & Sullivan: (i) Marketer A, the largest cross-border e-commerce marketplace in China by revenue in 2021, (ii) Customer F, the largest standalone online shopping platform for women’s apparel in China by revenue in 2021, (iii) Media Publisher B (as a marketer), the largest cross-border social networking platform operator in China by monthly active user in 2021, and (iv) a leading and representative online games developer and publisher in China;
 - Our cooperation with Marketer A is a case in point which demonstrates our capabilities in delivering technology-driven, data-enriched and highly integrated intelligent marketing solutions through the seamless coordination between our Adorado SaaS platform and our dynamic team of veteran optimizers and other marketing experts. We had been collaborating with Marketer A for around five years covering almost all of its cross-border business lines and platforms. In 2020, in addition to serving Marketer A, we had also commenced to directly provide SaaS-based digital marketing services to the SMB e-commerce merchants operated on Marketer A’s platforms. As of the Latest Practicable Date, we had served more than 500 of such SMB e-commerce merchants. In September 2022, Marketer A also entered into a strategic supplier cooperation agreement with us in recognition of, and with a view to strengthening, our mutually beneficial and long-term cooperation. Although other resellers of Media Publisher A also provide similar customized and/or SaaS-based digital marketing services, few have demonstrated a highly integrated service capability and collaborated with a large-scale top e-commerce player such as Marketer A in the same depth and width as we do according to Frost & Sullivan. Such integrated service capability is reflected foremost in the stronger and more automated data processing and analytical capability of our Adorado platform, particularly Adorado Advance, which is tailored to address the more full-fledged and sophisticated digital marketing needs of large-scale e-commerce marketers undertaken simultaneously in large volume and high velocity. For instance, Adorado Advance provides data access

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with the marketers' own business and operating data to synergize with its business for more efficient operation and more effective data analysis. Adorado Advance also enables marketers to more seamlessly translate their various types of business targets set from their own business perspectives into marketing parameters applicable to media publishers' platforms. Based on our analysis of multi-dimensional data available from both media publishers and marketers and considering in totality a number of user actions such as browsing of product pages, add-to-cart and placement of purchase orders when strategizing the suitable marketing parameters, we have established a series of data modeling to help translate often-used business targets in e-commerce industry into applicable marketing parameters in a more customized and effective manner. Moreover, during the marketing campaign running period, Adorado Advance makes automated optimization adjustments handling during e-commerce marketers' peak season over 10,000 advertisements simultaneously without human involvement, including dynamically resetting marketing budget for under-performing advertisements and reallocating budget for out-performing ones. Our integrated service capability is also reflected in our participation in, and contribution to, the business ecosystems of our marketers, such as our engagement by the SMB merchants operated on Marketer A's platforms for direct access to external user traffic with more flexibility, which we believe has in turn enhanced the stickiness of SMB merchants and attractiveness of Marketer A's platforms;

- Our dedication and capabilities to serve marketers have also enabled us to grow together with our marketers and contribute to their business growth. For instance, we started to work with Customer F by providing technical services for the development of automated marketing tools targeting online campaigns with Media Publisher A and gradually expanded our services to cover a comprehensive scope of cross-border digital marketing solutions as Customer F rapidly built itself into a highly coveted cross-border online shopping brand for women's apparel; and
- Almost all of our marketers are direct marketers with no other marketing agents involved in between. Our revenue generated from direct marketers accounted for 96.3%, 97.3%, 99.2% and 99.4% of our total revenue of cross-border digital marketing services for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively. This gives us the benefit of first-hand knowledge of our marketers' pain points and concerns, as well as the agility in responding and adapting to their aspirations and evolving needs on an ongoing basis. In doing so, we are able to foster a mutually beneficial and trustworthy relationship with our marketers in accumulating and nurturing a high-quality and loyal clientele and enhancing our service capabilities and expertise along the way;

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- Overseas media publishers such as Media Publisher A normally do not have a local presence in China with their own local teams and infrastructure for reaching out to targeted China-based marketers. In this connection, we believe we are more adept than our peer companies at bridging the gap and providing localized and tailored services to China-based marketers by capitalizing on our integrated service capabilities and industry experience cumulated over the years in serving our major marketers in China, which would in turn help Media Publisher A explore more local business opportunities in a more effective manner; and
- We believe the risk of our being replaced or disintermediated in our industries is low by comparing us with other existing market players in the following aspects:
 - ***Width and depth of product offerings.*** Unlike many other cross-border digital marketing service providers in China, we have also, in addition to the provision of digital marketing services, embarked on the cross-border online-shop SaaS solutions business which gives us the leverage to foster more in-depth cooperation with e-commerce marketers and subsequently in stimulating their needs for conducting online marketing campaigns with media publishers (including Media Publisher A) for the promotion of their online shops. According to Frost & Sullivan, we were the only reseller of Media Publisher A in China as of the Latest Practicable Date and the only one among the top five cross-border digital marketing service providers in China in 2021 which provides cross-border online-shop SaaS solutions. This expansion in our business scope and product offerings has further complemented our attractiveness to, and service capability for, cross-border e-commerce marketers and added to our credential as a versatile digital marketing service provider to Media Publisher A. Moreover, as discussed above, although other resellers of Media Publisher A also provide similar customized and/or SaaS-based digital marketing services, few have demonstrated a highly integrated service capability and collaborated with a large-scale top e-commerce player such as Marketer A in the same depth and width as we do according to Frost & Sullivan. The fact that we have won the bids from Marketer A over other competitors to have served Marketer A and being recognized as its strategic supplier also illustrate such capability as our competitive edge over other market players;
 - ***Types of targeted customers.*** Almost all of our marketers are direct marketers with no other marketing agents involved in between, which equips us with the first-hand knowledge of our marketers’ pain points and concerns, as well as the agility in responding and adapting to their aspirations and evolving needs and fostering a mutually beneficial and trustworthy relationship with our marketers on an ongoing basis. We believe that our strategy to serve direct marketers allows us to leverage our marketing experience to maximize effect of marketers’ campaigns and marketers’ satisfaction which can in turn contribute to stronger loyalty of our customers base, whereas resellers serving marketing agents mainly focus on procurement of media resources which to a large extent

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involve minimum added-value. According to Frost & Sullivan, we had the highest contribution of business from direct marketers among the top five cross-border digital marketing service providers in China in 2021. In addition, we have been since our inception dedicated to serving marketers from the e-commerce industry, which is the largest and the fastest-growing industry served by cross-border digital marketing service providers in China, according to Frost & Sullivan, making us well-positioned to benefit from the long-term development of such industry with a first-mover’s advantage. According to Frost & Sullivan, we have a longer history providing digital marketing services to the cross-border e-commerce industry in China, as well as a higher contribution of business from China-based e-commerce marketers, compared to the two largest cross-border digital marketing service providers in China. Moreover, according to Frost & Sullivan, we are also among the very few cross-border digital marketing service providers in China with the comprehensive and highly-integrated capability to serve top e-commerce platform operator such as Marketer A, coupled with the service experience to empower a vast number of e-commerce SMB marketers, and we had a relatively high level of gross billing per marketer in 2021 as compared to peer companies; and

- ***Level of services and customer stickiness.*** With solid industry experience accumulated over the years, we had served more than 1,900 marketers as of September 30, 2022, covering a variety of industry verticals of e-commerce, online games and apps. More than 70% of our gross billing during the Track Record Period were attributable to marketers which have been working with us for more than three years in a row which is longer than the industry average for the cross-border digital marketing industry in China according to Frost & Sullivan and manifests the loyalty from our marketers as we cultivated our customer relationships over the years.

We believe that the aforementioned competitive edges all serve as barriers for new market players to enter into the market or for existing ones to compete with us in an effective manner.

In recognition of our cooperative relationships, we have received a number of awards from Media Publisher A over the years, including the Fastest Growing Reseller Award, the Best Policy Performance Award and the Best Innovation Award (Partnership). According to Frost & Sullivan, we are one of the earliest industry players which became a reseller with Media Publisher A in China, and still remained one as of the Latest Practicable Date. For more information on our competitive strengths, see “– Strengths”. Years of in-depth cooperation with Media Publisher A and our competitive edges as discussed above have also accorded us with the necessary bargaining power to negotiate relatively better terms with Media Publisher A and bring more added-value to our marketers. For instance, as we have a dynamic grasp on the trends and traits of the user traffic from Media Publisher A in connection with the needs and aspirations of our marketers, we are able to ride on such an expertise and capitalize our bargaining power to negotiate relatively more rationalized and feasible gross spending targets

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with Media Publisher A so as to ensure a better rebate rate level. Moreover, to provide our marketers with an enhanced customer experience, we had, backed by our solid marketer base and our close-knit business relationship with Marketer A, successfully negotiated with Media Publisher A to set up a standalone API interconnection specifically dedicated to the SMB e-commerce merchants we serve from Marketer A's platforms to streamline the preliminary on-boarding process with account opening whereas normally such a process for SMB marketers may be time-consuming with more manually administrative procedures for regular resellers. In general, the account opening process through such standalone API interconnection could save as much as 90% of time as compared to normal manual processing.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material breach of terms, cessation, termination or deterioration of our business relationships with Media Publisher A, nor do we anticipate in the foreseeable future any such event that would negatively affect our long standing business relationships with Media Publisher A.

Based on the foregoing discussions with respect to (i) the essential role played by us as a reseller to Media Publisher A, (ii) the criteria adopted by Media Publisher A for selecting resellers and thus establishing an industry entry barrier, and, most importantly, (iii) our competitive edges over peer companies when cooperating with Media Publisher A, our Directors believe that our stable and cooperative relationships with Media Publisher A are mutually beneficial and we play a vital part as its reseller in connecting Media Publisher A and China-based marketers for cultivating a vibrant cross-border digital marketing ecosystem. In this regard, our Directors are of the view, and the Sole Sponsor concurs that, we are a key and valuable business partner to Media Publisher A and the risk is low for our relationship with Media Publisher A as a reseller to materially and adversely change or terminate, or for us to be otherwise replaced by other industry players as Media Publisher A's reseller.

Key Terms of Agreements with Media Publisher A

We have entered into annual framework agreements with Media Publisher A, which are subject to annual renewal. We place an insertion order generally in electronic form with Media Publisher A for each marketing campaign we engage it to undertake on behalf of our marketers, which specifies key terms such as the specific platform under Media Publisher A, the marketer, marketing content and materials, pricing model, payment and settlement terms for the campaign. The key terms and conditions of our framework agreement with Media Publisher A are generally as follows:

- **Term.** Generally one year.
- **Marketing content.** We undertake to ensure the marketing content we place on Media Publisher A's platforms is not false, fraudulent or misleading, and that such marketing content does not violate any applicable laws and regulations or any of Media Publisher A's internal policies, or not infringing any third-party rights.

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- **Insertion orders.** We may place insertion orders generally in electronic form with Media Publisher A for each marketing campaign, subject to Media Publisher A’s review and approval.
- **Rebate.** The agreement sets forth the conditions, calculations and rates of any rebates offered to us by Media Publisher A. The rebates are typically consisted of basic rebate and other rebates linked to different KPIs typically as assessed on a quarterly basis. Such rebate-achieving KPIs primarily include (i) “sales target” KPI with respect to the total level of gross spending, (ii) “SMB marketer” KPI with respect to the portion of gross spending attributable to SMB marketers, and (iii) “recurring marketer” KPI with respect to the portion of gross spending attributable to recurring marketers.
- **Payment and settlement.** Media Publisher A shall issue invoice to us after the end of each calendar month. Payment shall be made within 30 days from the date of invoice. Payment shall be settled by bank transfer in U.S. dollars.
- **Reviews.** We agree to participate in regular management reviews with Media Publisher A to discuss performance under the agreement, including account reviews, marketing plan and other relevant issues.
- **Confidentiality.** Except as otherwise provided by applicable laws and regulations or with the prior written consent of the other party, each party shall maintain the confidentiality of information obtained in the performance of the relevant agreement and its contractual terms.
- **Termination.** The agreement may be terminated by Media Publisher A for any or without any cause upon 30 days’ prior written notice.
- **Contract renewal.** Our agreement with Media Publisher A can be automatically renewed for the next year unless either party notifies the other regarding contract termination.

Ongoing Relationship with Media Publisher A

In the unlikely event that our agreement with Media Publisher A as its reseller is terminated, we believe that it is unlikely to have a material adverse effect on us based on the following reasons:

First, even if we cease to be a reseller of Media Publisher A, we can, if needed, continue to procure user traffic from Media Publisher A through its resellers. According to Frost & Sullivan, depending on the industry credentials and marketer base of a non-reseller agent of Media Publisher A and the level of gross spending it may generate on Media Publisher A’s platforms, the rate of rebates received from Media Publisher A indirectly as a non-reseller agent may be comparable to those received directly from Media Publisher A as resellers. In this connection, we had entered into agreements with another reseller of Media Publisher A (“**Company C**”) pursuant to which we can procure user traffic indirectly from Media Publisher A through Company C. We are not required to notify Media Publisher A prior to entering into

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such agreements with Company C or similar arrangements with other resellers of Media Publisher A. The rebate rate offered by Company C is up to a level relatively comparable to our historical rebate level directly with Media Publisher A. In the scenario that we become and operate as a non-reseller of Media Publisher A, we can still continue to procure user traffic indirectly from Media Publisher A and we believe that any decrease in rebates we obtain from its resellers or incentives we may subsequently offer to our marketers would be limited.

Company C, an Independent Third Party, is one of China's top five cross-border digital marketing service providers with a gross billing of more than US\$1.0 billion and a market share of 4.9% in 2021. According to Frost & Sullivan, Company C is more focused on online games and apps industries and is one of the latest market players in China's cross-border digital marketing industry to become a reseller of Media Publisher A. As of the Latest Practicable Date, Company C had around 500 employees with a registered capital of around RMB10.0 million and paid-in capital of around RMB0.2 million. We commenced to procure user traffic of media publishers through Company C since we entered into a framework agreement with Company C on June 2, 2020. Our latest framework agreement with Company C was entered into on January 1, 2022 with a term of two years under which we also entered into a rebate agreement with Company C on the same date with a term of one year (which was supplemented on June 30, 2022 and renewed on January 1, 2023 with a term of one year). Both of the framework agreement and rebate agreement can be renewed upon mutual consent of the parties and can be terminated by one party in the event of material default of the other party. According to Frost & Sullivan, the pricing for procuring user traffic from resellers of major media publishers (such as Media Publisher A) is more focused on the level of gross spending to be achieved by the non-reseller agent whereas the pricing for procuring user traffic directly from major media publishers maybe subject to more complex considerations and metrics. For instance, pursuant to the rebate agreement with Company C, we need to reach certain level of gross spending on a quarterly basis in achieving the rebates from Company C (whereas the level of rebates we receive directly from Media Publisher A is determined not only by quarterly gross spending but also multiple other KPIs, such as those linked to the level of SMB marketers and recurring marketers acquired, etc). Apart from the user traffic we procure from Company C, we are not required to pay or prepay any other fees to Company C with respect to user traffic from Media Publisher A. According to Frost & Sullivan and generally speaking, relatively longer payment terms may be offered to a non-reseller agent when procuring user traffic from resellers as compared to directly procuring the same from the major media publishers. This is because major media publishers such as Media Publisher A usually tend to request shorter credit terms from counterparties. For example, we are required to make payment to Company C within 60 days from the date of invoice whereas our credit term with Media Publisher A is 30 days from the date of invoice. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, we had procured user traffic of Media Publisher A through Company C in the gross spending of nil, around US\$4,242, nil and nil, respectively. Our procurement of user traffic of Media Publisher A through Company C in 2020 was for testing purpose to ensure a smooth purchasing flow with Company C when we just started cooperating with Company C to procure user traffic in 2020. In addition, we had also during the Track Record Period procured user traffic of Media Publisher B and Media Publisher C through Company C as Company C is also a reseller of Media Publisher B and Media Publisher C, respectively.

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Based on our prior communication with Company C and to the best knowledge of our Directors, Company C has its commercial rationale in entering into the aforementioned agreements with our Group and offering us a rebate rate that is relatively comparable to what we directly received from Media Publisher A during the Track Record Period. The rebate arrangements with us are not only expected to enlarge Company C's business scale in terms of gross spending with Media Publisher A (and hence with better KPIs), but also to broaden its marketer base and optimize its marketer acquisition efficiency, especially for the expansion of its e-commerce marketer base (over which our Group relatively has a competitive edge), both of which are believed to be conducive in strengthening Company C's ties with Media Publisher A for procurement of media resources and solidifying its industry position for business development in the long run.

In the unlikely event that we ceased to be a reseller of Media Publisher A, we would currently only consider entering into relevant rebate arrangements with first-tier resellers but not secondary agents of Media Publisher A for indirectly procuring user traffic from Media Publisher A, which is primarily because, due to their direct cooperation with Media Publisher A, first-tier resellers generally have more bargaining power with Media Publisher A in subsequently offering better terms to us under the circumstances together with a relatively more straightforward business flow as compared to when secondary agents are involved.

According to Frost & Sullivan and to the best knowledge of our Directors based on our communication with Media Publisher A, major media publishers such as Media Publisher A normally would not prohibit its resellers to further enter into the aforementioned rebate arrangements with other resellers or agents, as such arrangements would ultimately induce more gross spending (whether directly or indirectly) on media publishers' platforms and so long as the media resources are procured in accordance with the media policies of such media publishers. As such, resellers would normally not be under a contractual obligation to report to, or obtain a consent from, the relevant media publishers for entering into such rebate arrangements as is the case with Company C.

Second, whilst we may cease to enjoy certain benefits from directly working with Media Publisher A, especially in terms of payment and rebates settlement, direct connection to Media Publisher A's platform for management and topping-up of media accounts and direct training from Media Publisher A on media products and market trend, we can still have access to and interact with the technology and product teams of Media Publisher A as a non-reseller for working on technological integration of media products and resolving related technical issues. In addition, even though a non-reseller agent needs to open and manage media accounts on Media Publisher A's platforms via the reseller(s) or other agent(s), it practically makes no difference from the perspective of marketers in terms of the nature and function of the media accounts opened on their behalves and the quality of user traffic procured from Media Publisher A's platforms. Moreover, the termination of our reseller-ship with Media Publisher A would not impact the function of our Adorado platform for our digital marketing business or the upgrade of Adorado in the normal course of our business. As Adorado is a relatively full-fledged SaaS platform, it can be upgraded based on public technical documentation without necessarily relying on or resorting to exclusive instructions and support from media publishers such as Media Publisher A.

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Third, we have become a well-established market player with the ability to acquire, cultivate and leverage on marketers based more on our own merits as opposed to simply the reseller credential granted by Media Publisher A. When a digital marketing service provider is relatively new to the market, the reseller qualification it possesses with a major media publisher may play a more prominent role in procuring more marketers and business opportunities at the outset of its business. As a market player reinforces its presence and influence in the industry over time, counterparties are more likely to look beyond the reseller credentials for other attributes in this market player when considering to strengthen and maintain a more conducive and cooperative business relationship. These attributes, with which we are endowed, include among others, experienced management team, in-depth industry knowledge, and more importantly, the solid marketer base built over the years with high customer stickiness and recurring rates as well as strong technology and data capabilities for providing effective marketing and maintaining solid and stable relationships with major customers such as Marketer A. We believe these are the exact attributes that constitute our competitive edge which will enable us to carry on with our business operations without material disruptions or changes to our user acquisition or business development even in the absence of the reseller status with Media Publisher A.

Fourth, our agreements with Media Publisher A do not contain any non-competition or exclusivity clause which prevents us from working with competitors of Media Publisher A both during or after the period of our cooperation. We have been and will be continuously and actively seeking business opportunities to foster new business relationships with other media publishers. For instance, in 2022, we became a reseller of Media Publisher B for its short video media platform targeting overseas market. As of the Latest Practicable Date, we were also in the process of negotiation with several other noteworthy media publishers in establishing or furthering our cooperation (including serving as reseller(s) for some of them). For further details, see “– Media Publishers – Our Relationship with Media Publisher A – Diversification of Media Publisher Base.”

Furthermore, in addition to our diversification of media publishers for our cross-border digital marketing services, we had also commenced to provide cross-border online-shop SaaS solutions in late 2021 with the introduction of our Powershopy platform. This new business line does not necessarily hinge on a reseller relationship with media publishers for digital marketing and is expected to stimulate our business growth and diversify our revenue streams as we provide more integrated and one-stop services to empower China-based marketers’ cross-border endeavors in reaching out to overseas customers.

For more information, see “Risk Factors – Risks Relating to Our Business and Industries – Media Publisher A was our single largest media publisher during the Track Record Period. If we fail to maintain our business relationship with Media Publisher A or develop relationship with new media publishers, or if we violate the policies of Media Publisher A and are suspended from conducting business with them, or if Media Publisher A fails to develop at a desired pace or loses its leading market position or popularity, our business operations and financial results would be materially and adversely affected.”

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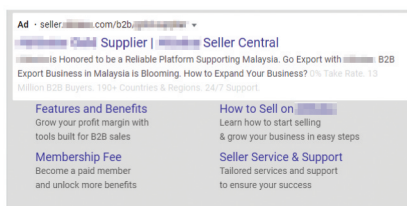
Diversification of Media Publisher Base

We have made efforts to reduce our media publisher concentration on Media Publisher A by diversifying our media publisher base and seeking opportunities to cooperate with other major industry players. As of the Latest Practicable Date, we had, other than Media Publisher A, collaborated with 18 major and well-known media publishers globally, including major media publishers such as Google, Twitter, TikTok, LinkedIn, YouTube and Snapchat, covering social networking, instant messaging, search engine and short-video media platforms, as well as more than 50 industry-specific media publishers each focusing on a specific niche market such as home and garden, lighting, office and school supplies, electrical equipment and supplies and vehicle professional tool and equipment. In 2022, we became a reseller of Media Publisher B for its short video media platform targeting overseas market. Media Publisher B is the largest cross-border social networking platform operator in China by monthly active user in 2021, according to Frost & Sullivan. In particular, we are planning to strengthen our cooperation with Media Publisher B through more investment in research and development for online marketing on Media Publisher B’s short video media platform(s). Moreover, as we expand our non-e-commerce marketer base such as for our SaaS-based digital marketing services, we may have more collaboration with other media publishers not necessarily hinging on social networking features as with Media Publisher A. As of the Latest Practicable Date, we were also in the process of negotiation with several other noteworthy media publishers in establishing or furthering our cooperation (including serving as reseller(s) for some of them).

Formats of Cross-border Digital Marketing

Online marketing campaigns delivered through our cross-border digital marketing services can be presented in an array of formats depending on the nature, size and targeted audience of the marketing campaign based on our marketers’ varied needs. The formats of our digital marketing services primarily include search engine key words, feeds ads and in-stream video as illustrated by the screenshots below. We are committed to continuously customizing additional marketing formats to meet diversified demands of marketers.

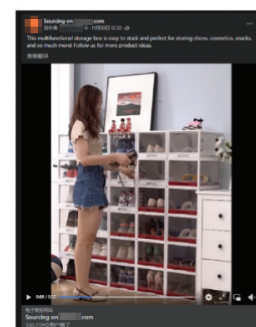
Search engine key words



Feeds ads



Video



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Case Studies of Cross-border Digital Marketing

(1) *Project Star X*

We have cumulated extensive marketing experience and marketing strategies over the years through our cooperation with Marketer A, the largest cross-border e-commerce marketplace in China, which are applicable to large target audience and diversified products. To capture more potential business opportunities from serving the direct cross-border digital marketing needs of the SMB merchants operating on Marketer A’s platform, we launched Project Star X supported by an updated version of Adorado Basic. For further details, see “– Business Model of Cross-border Digital Marketing – Service Scopes – Service Scope of SaaS-based Digital Marketing – Adorado Basic.” In doing so, we help the SMB merchants reach high-quality target audience and access a closed-loop user traffic pool in a more direct and precise manner. We also attract and connect with more high-quality e-commerce merchant marketers along the way.

In Project Star X, Marketer A introduces the SMB merchants and their marked products to us. The media publisher provides user traffic and we provide cross-border digital marketing services through Adorado platform. Media publisher makes available to us the necessary technical support and higher-level of API connection to enable a more convenient implementation of marketing campaigns in terms of media account opening, topping-up and automatic placement of marketing content. Moreover, we also cooperate closely with Marketer A to ensure a better integration of their business targets and the marketing parameters we can offer through our services.

As of the Latest Practicable Date, the number of SMB merchants on Marketer A’s platform for Project Star X had increased by more than seven times as compared to its initial clientele in the second half of 2020. During the peak seasons for special sales event, the ROI of some of these SMB merchants from major industry verticals such as electronics, furniture, electric appliance and shoes could increase to three to five times higher than their usual level before utilizing our services, which also prompted more merchants from different industry verticals to join Project Star X. We believe Project Star X has helped enhance the merchants’ capability to leverage the media resources diverted to Marketer A’s platform, while at the same time attracting more marketers to our SaaS-based digital marketing services.

(2) *Media Publisher B (as our marketer)*

In early 2020, Media Publisher B, as a marketer, engaged us to promote their major short video mobile app in overseas markets. According to Frost & Sullivan, Media Publisher B is the largest cross-border social networking platform operator in China by monthly active user in 2021. Their marketing goal is to grow new user base. After conducting research and study of the targeted overseas markets, our integrated marketing experts provided detailed marketing plan with the theme of “Year of Media Publisher B” for rolling out in Philippines, South Korea, United Kingdom, Egypt, United Arab Emirates and Kingdom of Saudi Arabia markets. The marketing content included captivating human interest stories, wishes for and the welcoming of the New Year, as well as looking back on the impact of COVID-19 pandemic in the world, all being materials intended for the audience to identify with. After the marketer agreed on our

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tailor-made marketing plan, we started implementing the marketing campaign and our optimizers maintained observation and analysis of marketing performance data on a regular basis to adjust the marketing plans in a timely manner. During and after our marketing activities, the marketer recorded significant increase in the number of new registered users for such short video mobile app.

(3) *Marketer B*

Marketer B, a well-known online games developer in China, engaged us to promote their first-launched online card game in South Korea market. We helped conduct market research and identified suitable target audience for such game, and design the marketing strategy and execution plan based on the unique features of the game, the marketer’s budget as well as its marketing goal. We strategically focused on marketing the game on Media Publisher A’s platform and a top search engine platform considering their significant influences in Marketer B’s target market. Our experienced team assisted Marketer B to execute the whole marketing process step by step. As a result of the implementation of our marketing campaigns, such game product accumulated a significant increase in the number of fans and a high ranking in app downloads in Apple app store.

BUSINESS MODEL OF CROSS-BORDER ONLINE-SHOP SAAS SOLUTIONS

Powershopy, which was pilot launched in November 2021, is our proprietary one-stop online-shop SaaS solutions platform provided to cross-border e-commerce merchants in China for the set-up, operation and digital marketing of their own standalone online shops.

Our target customers for Powershopy platform primarily include: (i) cross-border merchants with existing online shops operated on third-party e-commerce platforms who wish to establish and operate their own standalone online shops; and (ii) new market entrants with manufacturing and/or supply chain capabilities offline who wish to establish an online presence to their customers directly under a DTC model. According to Frost & Sullivan, the penetration rates of cross-border e-commerce businesses in China operating standalone online shops was only 7.5% in 2021 in terms of GMV.

As we navigate the cross-border digital marketing and e-commerce landscape with our marketers, we find it laden with ample opportunities to embark on the cross-border online-shop SaaS solutions business riding on our expertise and experiences from digital marketing. Compared to those industry peers which tend to focus more on the SaaS functionality side of service offerings to standalone online shops, we are dedicated to addressing the first and foremost pain-point confronting marketers, being user acquisition. As we gradually extend our SaaS solutions, we are striving to provide a cross-media and omni-channel one-stop solution to China-based e-commerce merchants along the industry value chain. Powershopy enables merchants to manage and display products, process orders and payments, build customer relationships and leverage data analysis and can be embedded with our Adorado function to conduct intelligent marketing activities. According to Frost & Sullivan, we are one of the few digital marketing service providers in China to transform into a “digital marketing + online-shop SaaS” dual business mode, serving China-based cross-border e-commerce merchants along the industry value chain.

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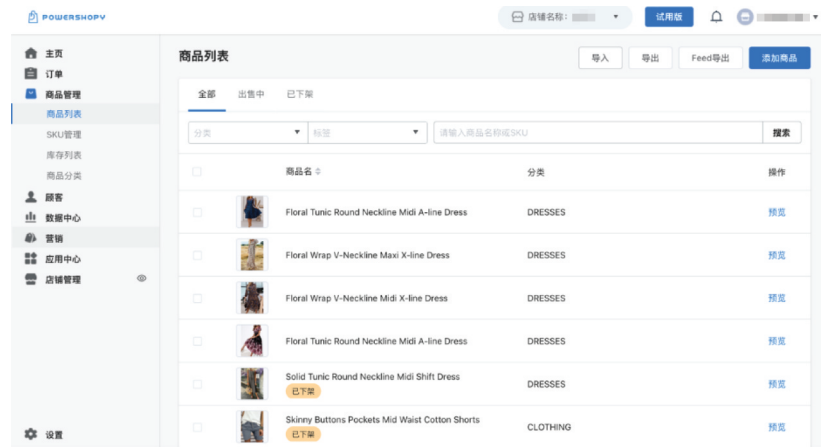
As of September 30, 2022, we had established more than 1,900 standalone online shops for our Powershopy customers with a GMV of US\$25.9 million for the nine months ended September 30, 2022.

Revenue Model of Cross-border Online-shop SaaS Solutions

We generate revenue from the Powershopy platform by charging our customers: (i) a fixed amount of a monthly subscription fee for the use of our platform; and/or (ii) a commission representing a pre-determined percentage of the GMV generated by our customers through our Powershopy platform. We currently offer three kinds of monthly subscription plans, namely standard, advanced, and flagship versions with differentiated subscription fees primarily based on the number of operators of our customers whom we grant access to our Powershopy platform for each standalone online shop. We started to generate revenue from cross-border online-shop SaaS solutions business in the fourth quarter of 2021 amounting to US\$31,034 for the year ended December 31, 2021, all of which represented monthly subscription fees for our Powershopy platform. Our revenue from cross-border online-shop SaaS solutions amounted to US\$603,784 for the nine months ended September 30, 2022, the majority of which represented monthly subscription fees for our Powershopy platform and the remaining represented the aforementioned commissions.

Key Functions and Benefits of Powershopy

Merchants can quickly register and log onto the intuitive interface of our Powershopy platform which is integrated with a variety of functionalities and features for merchants to design and establish their own online shops. Powershopy platform gives merchants clear instructions step by step to set up their own online shops, primarily including, but not limited to, (i) uploading product information and assigning product categories; (ii) creating unique storefront utilizing our template library; (iii) setting up logistics and delivery options; (iv) bundling applicable custom domain; and (v) setting up payment methods.



(Interface of Uploading Product Information in Powershopy Platform)

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In addition to the five-step online shop set-up functions as set out above, our Powershopify platform can provide merchants other key functions including (i) order management, which helps to deal with and manage customer orders including canceling orders timely; (ii) product management, which provides product display, SKU management, inventory management and product categorization; (iii) customer management, which helps to manage customer membership and unregistered customers; (iv) data center, which provides merchants real time business operating information such as GMV, number of visitors, orders, average revenue per user and conversion rate; (v) marketing center, which helps merchants access marketing and promotion channel information and manage marketing campaigns and advertisements; and (vi) application library, providing several add-in applications for merchants to improve operation and management efficiency.



(Interface of the Data Center in Powershopify Platform)

Key Terms of Our Agreements with Cross-border Online-Shop SaaS Solutions Customers

We typically enter into framework agreements with customers for our cross-border online-shop SaaS solutions. The key terms of such agreements generally include:

- **Term.** The framework agreement usually does not have a fixed term. The customer can renew the subscription generally on a monthly basis.
- **Amendment.** We can amend terms of the framework agreement from time to time upon public notice through our official website(s).
- **Payment and settlement.** We earn subscription fees and commissions for our cross-border online-shop SaaS solutions. See “– Business Model of Cross-border Online-shop SaaS Solutions – Revenue Model of Cross-border Online-shop SaaS Solutions.” Subscription fees are required to be paid prior to the subscription period takes effect. The commission, which represents a predetermined percentage of the GMV generated by the online shop(s) established and/or operated through our cross-border online-shop SaaS solutions, is required to be paid within 30 days from the date of invoice. We typically issue invoice for payment settlement on a monthly basis.

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- **Data protection and privacy.** The customer agrees to and is contractually required to obtain users’ informed consent and authorization to collect and use the user data (including personal information) in connection with utilizing our online SaaS solutions via our Powershopy platform. The customer shall be liable for any third party claims, penalties or legal consequences arising from, or in connection with, the data protection and privacy terms as stipulated in our agreement.
- **Confidentiality.** Parties receiving confidential information are required to keep all such information confidential and shall not disclose to any third party without the other party’s consent.
- **Regulatory compliance.** The customer is required to ensure that its operations and activities through our cross-border online-shop SaaS solutions, including but not limited to, sales of commodity, release of product details, marketing materials and other information, do not violate any applicable laws and regulations as well as our policies or infringe upon any third-party intellectual property rights.
- **Termination.** The agreement can be terminated by mutual consent. We have the right to terminate the agreement when there is a material breach of the agreement by the customer or as required by relevant laws and regulations.

TECHNOLOGIES, RESEARCH AND DEVELOPMENT

IT Infrastructure

Supported by universally recognized technologies such as clouding computing and AI technologies, our highly scalable and solid IT infrastructure is engineered with the capability to enhance the functions of our SaaS platforms, solidify the operation reliability, steadiness, security and volume elasticity of our services and support our marketing tools and internal systems for boosting customer experience and business performance. Details of key features of our IT infrastructure are set out below:

- **Reliability and steadiness.** We have maintained cooperation with two famous and large-scale cloud computing companies in China and the U.S., respectively, which provide us comprehensive solutions for cloud computing, server redundancy and data storage recovery technologies on a distributed computing architecture. Moreover, we have adopted an off-site disaster recovery system to avoid disruption or collapse of our operations in the event of malfunction of media publishers’ platforms or the third parties we work with.
- **Security compliance.** We cooperate with cloud service providers to deploy data security compliance system as well. We utilize a role-based access control authority management system, which grants the system users different levels of authority and access right based on their roles, to guarantee the security of our data system.

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- ***Service volume elasticity.*** Our data processing architecture is clustered based, and we can easily deploy and integrate more servers into the existing server farm which is built on the side of the cloud-computing service providers. The flexibility of computing and storage capability make us more agile to support different business demands and processes.

We intend to continue to strengthen our computing capabilities, optimize our system architecture and enhance our IT infrastructure. For details, see “– Strategies – Continue to optimize and upgrade our Adorado and Powershop platforms.”

Big Data and AI Technologies

Empowered by innovated marketing related technologies, and utilizing big data and AI algorithms, we form a data-driven and cloud-computing oriented foundation for our cross-border digital marketing and online-shop SaaS solutions businesses. Big data and AI algorithms, as the backbone of our SaaS-based solutions and platforms, lie at the heart of our technological capabilities as we achieve organic growth and accumulate more insights as we navigate the landscape of our industries. The aggregate multi-dimensional data we amass from the value chain of our digital marketing service process and SaaS solutions can be applied in the entire marketing cycle and utilized in the SaaS platforms that we developed to better serve our customers.

Different data modeling is established for data analytical assessment of the marketing effect of our services. Details of key features realized by our big data and AI technologies are set out below:

- ***Marketing result prediction.*** We use machine learning technologies, for example, XGBoost framework, to train deep learning models to predict the acquisition cost for new buyers and ROI for existing buyers in e-commerce industry which is more complicated than the prediction of basic number of page views or clicks. We embed these trained learning models into our Adorado platform to obtain suggestions on our marketing strategies and plans based on these predications in a relatively accurate and timely manner during the advertisement creation and optimization process.
- ***Automatic advertisement placement and optimization.*** After the creation of advertisements according to predicated performance data, Adorado platform would allocate more budget to the advertisements with higher performance automatically. In addition, it provides recommendations on optimizing the placement of these advertisements, such as more suitable target user group, place of ad inventory and time duration of the placement. The system also continuously optimizes the advertisement in accordance with the pre-set marketing performance goals and budget automatically.

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- ***Performance monitoring and reporting.*** Our Adorado platform monitors the media accounts and relevant performance data in real time. It is also able to generate real-time or specified time duration report with various performance indicators such as marketing spending, effect and specific business indicators through AI technologies, which significantly saves time and manual involvement for us.

Research and Development

We have housed a team of research and development professional and experienced talents for our product development and application and technological advancement and technical support. Our research and development cost was US\$0.6 million, US\$1.0 million, US\$1.0 million, US\$0.9 million and US\$1.0 million for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, respectively. As of September 30, 2022, the number of our research and development employees accounted for more than 25% of our total employees. Our research and development team consisted of employees with an average of approximately eight years of industry related experience, a substantial number of whom have had prior work experience at leading internet and technology companies in China. More than 60% of our research and development personnel as of September 30, 2022 held college degrees or above related to fields such as computer sciences and information engineering. We have established and adopted an internal protocol to govern the design, research and development of new products and to monitor the major steps of our research and development projects, including project proposal and initiation, development stage, and inspection and maintenance.

Driven by the demands from customers and media publishers and the intensified competition in our industries, our research and development team is focusing on enhancing our IT infrastructure and supporting the development and maintenance of our proprietary systems and platforms, algorithm and services, in particular, our Adorado and Powershopy SaaS platforms. Our research and development team works under comprehensive and strict procedures covering demand analysis, project initiation, design and development, and testing and launching.

We are committed to continually enhancing and innovating our information technologies in accordance with our development plan and based on our assessment of market demand. During the Track Record Period and up to the Latest Practicable Date, our research and development efforts mainly focused on the development and upgrade of our Adorado and Powershopy SaaS platforms in terms of enhanced functionality, degree of RPA, data analytical capabilities, as well as scalability adopting to the requirements of media publishers and the evolving needs of a broader marketer base from various industry verticals. In doing so, our on-going research and development initiatives primarily cover areas including cloud services, big data technologies, AI technologies, data security and cybersecurity, and RPA enabling automation.

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DATA PROTECTION AND PRIVACY

We place great emphasis on data protection and privacy and strive to comply with all applicable laws and regulations relating to privacy and data collection, processing, use and disclosure.

For our cross-border digital marketing business, media publishers would provide us with marketing performance data such as the number of clicks, page views and impressions, for data analytical, marketing performance optimization, and settlement purposes. In certain cases, marketers may voluntarily share with us their performance-oriented business operating data, such as the number of newly sign-ups, paying customers or purchase orders, to better facilitate our digital marketing analysis.

For our cross-border online-shop SaaS solutions business, certain user data of consumers collected by our merchant customers for the online shops we help establish and/or operate are stored in the cloud servers of third-party cloud service providers engaged by us. We may, upon requests by our merchant customers together with their authorization, process such user data to the extent within the service scope of online-shop SaaS solutions we provide. Our merchant customers are required to ensure us that they have obtained the users’ informed consent and authorization to collect and use such data (including personal information) in connection with utilizing our online SaaS solutions via our Powershopy platform.

Data Protection Measures

We have implemented a series of measures for data security and privacy protection purposes. Data transmission is based on a particular encryption method we agree upon with the relevant media publishers or marketers through secured APIs. We have internal data privacy protection technical measures put in place, which include our data monitoring system, firewall, regular system and log checks, digital access authentication and data backup. We have strict data confidentiality management protocols to require our employees to access and use data only for the specific and necessary purpose and scope specifically authorized by the customers or media publishers with prior consent from the relevant users, and which is commensurate with the scope of services we provide to our customers and media publishers, such as for data analytical purposes in evaluating marketing performance. We have data security and maintenance specialists to be responsible for the review and evaluation of data access needs of our employees with strict and different control strategies for different risk levels. The employees can access data only after being approved by our data security and maintenance specialists and can only have access within a limited duration. In addition, we generally include the relevant clause in our contracts to require our contractual counterparties to comply with our policies and relevant laws and regulations on data protection and privacy.

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Recent Regulatory Measures on Cybersecurity and Data Security in the PRC

PRC regulators have been increasingly emphasizing laws and regulations in the areas of cybersecurity and data protection:

- The Data Security Law of the PRC (《中華人民共和國數據安全法》) was promulgated in June 2021 and became effective in September 2021 which stipulates that the PRC government shall establish a data security review system under which data processing activities that affect or may affect national security shall be subject to national security review.
- The Security Protection Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the “**CII Protection Regulations**”) were promulgated in July 2021 and became effective in September 2021 which mainly include (i) identification of CII, or critical information infrastructure and (ii) responsibilities and obligations of a CII operator.

Pursuant to the CII Protection Regulations, CII refers to the important network facilities and information systems in important industries and fields such as public telecommunications, information services, energy, transportation, water conservancy, finance, public services, e-government and national defense related science, technology and industry, as well as other important network facilities and information systems which, in case of destruction, loss of function or leak of data, may result in serious damage to national security, the national economy, the people’s livelihood and public interests. The competent authorities and supervisory authorities are the authorities responsible for the security protection of CII.

- The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) was promulgated in August 2021 and became effective in November 2021 which stipulates that the PRC government shall establish a sound personal information protection system, prevent and punish the infringement upon personal information rights and interests. A personal information processor shall, according to the purpose and method of processing personal information, types of personal information, impacts on personal rights and interests and possible security risks, take measures to ensure the compliance of personal information processing activities with provisions of laws and regulations and prevent unauthorized access and divulgence, falsification and loss of personal information. Where personal information has been or may be divulged, tampered with or lost, the personal information processor shall immediately take remedial measures and notify the authorities performing duties of personal information protection and the individuals concerned.

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- On November 14, 2021, the CAC published the Draft Data Security Regulations (《網絡數據安全管理條例(徵求意見稿)》) for public consultation, which specify that any data processor seeking a listing in Hong Kong, which affects or may affect national security, shall apply for cybersecurity review.
- On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which came into effect in February 2022. The Cybersecurity Review Measures provide that, among others, (i) CII operators purchasing cyber products and services and the network platform operators (the “**Network Platform Operators**”) which engage in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office (網絡安全審查辦公室), the department which is responsible for the implementation of cybersecurity review under the CAC; and (ii) the Network Platform Operators with personal information data of more than one million users that seek for listing overseas are obliged to apply for a cybersecurity review by the Cybersecurity Review Office.

After discussion with our Directors, our PRC Legal Advisors are of the view that, as of the Latest Practicable Date, the risk for our business and operation to be subject to the cybersecurity review initiated by CAC is remote. This is mainly because: (i) our cross-border digital marketing services are provided with online marketing campaigns implemented on media publishers’ platforms targeting overseas customers. Our cross-border online-shop SaaS solutions are provided to standalone online shops targeting overseas customers. These targeted overseas customers predominantly comprise of overseas consumer users with their personal information and data (if any) collected outside of China, (ii) we do not possess the personal information of more than one million users for our business operation in the PRC, (iii) during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material information leakage or loss of user data, nor had we been subject to any material fines, administrative penalties, or other sanctions by any relevant regulatory authorities in the PRC in relation to violation of cybersecurity and data protection laws and regulations, and (iv) as of the Latest Practicable Date, we were not involved in any investigations on cybersecurity review or CII identification made by CAC and we had not received any inquiry, notice, warning, penalty, or sanctions in such respect from the relevant PRC authorities. Based on the foregoing and with the advice of our PRC Legal Advisors, our Directors are of the view, and the Sole Sponsor concurs (based on the due diligence conducted by the Sole Sponsor), that the Cybersecurity Review Measures will not have a material adverse impact on our Group.

However, we cannot guarantee that further interpretive rules, guidance or notices may be published or promulgated in the future which may affect the impact and applicability of the cybersecurity and data security regulatory measures on our business and operations, and thereby our business and operations could be materially and adversely affected. See “Risk Factors – Risks Relating to Our Business and Industries – Our business is subject to complex and evolving laws and regulations, in particular with respect to cybersecurity, data privacy and information security. 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 and reputation.”

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For further details on the regulatory environment in relation to cybersecurity and data security, see “Summary – Recent Developments and No Material Adverse Change – Recent Developments of Regulatory Environment.” and “Regulatory Overview – PRC Regulatory Overview – Regulations Relating to Privacy Protection.”

App Tracking Transparency

In April 2021, Apple introduced the ATT Policy which relates to a new app tracking transparency feature in its iOS software that requires explicit permission from iOS device users before tracking them across other apps for cross-selling and other marketing activities among the apps. This policy affects how consumers using iOS devices receive targeted digital marketing content on the platforms of media publishers, as consumers may opt to share less information with media publishers about their off-site user behaviours in other apps. This may lead to less accuracy and more difficulties in the measurement of targeted online marketing, together with a higher cost in driving outcomes from marketing campaigns.

According to Frost & Sullivan, it is generally recognized that many of the media publishers (including Media Publisher A) engaging in digital marketing had seen fluctuations in their online marketing activities in the short term following the implementation of the ATT Policy. This was particularly the case in the third and the fourth quarters of 2021 when media publishers were still in the early process of adapting to such tracking policy changes and working on feasible adjustment on the marketing products in response to such changes. For instance, the advertising revenue of Media Publisher A in the third quarter of 2021 represented a 33% increase from the same period in 2020 whereas such an increase was slowed to around 20% in the fourth quarter of 2021. Online marketing activities of marketers were likewise affected following the introduction of the ATT Policy, especially those in the app and online games industries, which had accordingly slowed down their pace in marketing spending by the end of 2021.

As further advised by Frost & Sullivan, Media Publisher A does not seem to expect a noticeable long-term impact from the ATT Policy for the following reasons:

- the effect of the ATT Policy was generally on all media publishers alike, not on Media Publisher A alone. As of the Latest Practicable Date, there were no other media publishers with similar industry strength and position as Media Publisher A that remained unaffected by the ATT Policy. Media Publisher A is the largest social media platform operator in the world and the leading media publisher for cross-border marketers in China. According to Frost & Sullivan, the market share of Media Publisher A in global digital advertising market has increased from 23% in 2020 to 25% in 2021 in terms of revenue and in China’s cross-border digital marketing industry, the market share of Media Publisher A was 46.6% in 2021 and is estimated to be 44.2% in 2022 in terms of gross billing. With its large user base and user traffic, Media Publisher A is still considered by the marketers as a desirable major media publisher and a preferred choice for digital marketing. According to Frost & Sullivan, in comparison to other media publishers (especially those with

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newer media types such as short video and live streaming), the user base of Media Publisher A has proven to have relatively higher user conversion capability for China-based marketers, especially when conducting cross-border marketing campaigns targeting overseas users in geographic locations such as North America, Europe and South America. Moreover, larger media publishers such as Media Publisher A are in fact less likely to be affected by the ATT Policy when compared to smaller media publishers. This is largely because marketers, if compelled to reduce their marketing spending due to the ATT Policy, are more likely to spend the budget available to them with larger media publishers than smaller ones. Media Publisher A’s advertising revenue decreased slightly from US\$114,934 million in 2021 to US\$113,642 million in 2022. However, such decrease was not caused largely by the ATT Policy but the combined result of a number of factors including, amongst others, macroeconomic environment, the appreciation of the U.S. dollars, the COVID-19 pandemic, changes to the iOS operating system (including the ATT Policy) and other global and regional business and geopolitical conditions;

- the ATT Policy is only applicable to iOS device users and Media Publisher A still has plenty of opportunities to track users on non-iOS apps. In addition, some consumers would still decide to opt-in for cross-app tracking despite the ATT Policy so that digital marketing can still be carried out on Media Publisher A’s platforms as before; and
- Media Publisher A has been working on new digital marketing tactics and protocols in response to the ATT Policy. For instance, the aggregated event measurement (“AEM”) protocol is being adopted by Media Publisher A to improve marketing campaign reporting of iOS 14+ users with less user data to be used for measuring the effectiveness of online marketing campaigns. AEM changes how user conversions are measured for marketing campaigns placed on Media Publisher A’s platforms with respect to conversion events (such as purchase, view content, add to cart, etc.) taken place on marketers’ domains (such as their apps and websites). As of the Latest Practicable Date, marketers were limited to tracking a maximum of eight conversion events per domain and are required to rank such conversions in the order of importance. Media Publisher A will, upon receiving such AEM instructions from the marketers, use this ranking to decide how to track conversions from users who opt-out of tracking. If a user who has opted out of Media Publisher A’s tracking makes multiple conversions after clicking on a marketing campaign (such as purchasing an order and then signing up for a newsletter), only the highest-ranked conversion will be reported by Media Publisher A for assessment and optimization of marketing campaigns. In early 2022, Media Publisher A also implemented Conversion API (“CAPI”) in response to the ATT Policy which facilitates a more reliable and flexible connection between Media Publisher A’s platform and marketing data from marketers’ own domains, such as their websites, apps or even their offline stores (if any). Such marketing data on users’ activities and interactions on marketers’ domains can be sent through CAPI to Media Publisher A’s platform to help marketers improve marketing performance and user acquisition efficiency.

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For instance, the aforementioned eight conversion events under AEM protocol can be sent to Media Publisher A through CAPI. Marketers can customize and control which kind of information to share with Media Publisher A through CAPI. With CAPI, marketers can use relatively more precise user action parameters to increase the precision of their marketing campaigns delivery. Media Publisher A is continually developing similar protocols or tools and privacy-enhancing technologies which aim to help minimize the amount of personal information being processed while still allowing the relevant marketing campaigns to be conducted with its performance to be measured for marketers.

The impact of the ATT Policy on our business was mostly reflected in the reduced marketing spending of some of our marketers (mainly in the online games industry) which had experienced a visible decrease in gross billing in the fourth quarter of 2021 compared to the previous quarter. For instance, the gross billing of our marketers in the online games industry decreased from US\$48.4 million in the third quarter of 2021 to US\$32.9 million in the fourth quarter of 2021, which are attributable to seasonal factors as well as the impact of the ATT Policy. Our online games marketers are more susceptible to the ATT Policy as compared to marketers in other industries (such as those in e-commerce). According to Frost & Sullivan, this is primarily because online games are predominately in the form of apps on mobile devices and under the ATT Policy, online games marketers could no longer access by default Apple mobile users’ identifier for advertisers (“**IDFA**”) for ascertaining which part of the online marketing has attributed to the download of their apps or the conversion of retained users. As online games marketers rely more than other marketers on the IDFA for attribution and measurement of online marketing effects, they had become more affected by the ATT Policy as a result. Our online games marketers also experienced a relatively low level of gross billing in the first three quarters of 2022 amounting to US\$37.6 million, US\$34.4 million and US\$27.8 million, respectively, which is primarily due to the delays in the launch of new online games to the market and a subsequent slow-down in marketing activities, coupled with a much less impact of the ATT Policy. According to Frost & Sullivan, such delay in the launch of new online games to the market by some marketers in the online games industry was primarily due to the impact of COVID-19 in China for much of 2022 with various lockdown restrictions imposed which caused limited attendance in the workplace, delayed development progress of online games and increased R&D costs for the online games industry.

We proactively communicate with media publishers, conduct market research and compile training documents for our marketers to acquaint themselves with available tactics, protocols and tools (such as AEM and CAPI) to tackle any limitation that may be brought by the ATT Policy and improve marketing performance by analyzing user conversions with respect to those who opt-out of tracking from other perspectives. Our relevant marketers are gradually starting to join in AEM protocol and/or adopt CAPI to optimize marketing performance. As both the media publishers and marketers are gradually working on solutions to cope with the changes brought by the ATT Policy, any negative impact that may be brought alone by the ATT Policy on the marketing spending of the aforementioned marketers is expected to be gradually diminished over time. Notwithstanding as discussed above and as of the Latest Practicable Date, there was no material negative impact caused solely on the account of the ATT Policy on

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our cooperation with Media Publisher A or subsequently on our business relationships with marketers as we were not aware of any marketer requesting us to reduce or terminate the marketing campaigns on Media Publisher A or terminate business relationship with us as a result of the limitations imposed by the ATT Policy. Furthermore, our gross billing of US\$115.2 million in the third quarter of 2022 is picking up as compared to our gross billing of US\$114.6 million and US\$108.0 million in the first and second quarters of 2022, respectively, which was, amongst others, partly attributable to the actions taken by us in collaboration with our marketers and media publishers to tackle the changes brought by the ATT Policy. Based on the foregoing, the Directors are of the view, to which the Sole Sponsor concurs based on the due diligence works conducted by the Sole Sponsor, that our Group’s business operations have not been materially and adversely affected by the introduction of the ATT Policy. For more information, see “Risk Factors – Risks Relating to Our Business and Industries – Limitations on or challenges to our right to use and analyze the data we have access to for conducting our business could significantly diminish the value of our technologies and services and cause us to lose customers and media publishers, and adversely affect our business and results of operations.”

INTELLECTUAL PROPERTY

Intellectual property rights are important to our success and competitiveness. We rely on a combination of trademarks, copyrights, domain names as well as employee and third-party confidentiality agreements to protect our intellectual property. In general, our standard employment contract also includes specific intellectual property rights provisions such that all inventions, software copyrights, trademarks or other intellectual properties created or developed by them on our behalf during the course of employment are owned by and belong solely to us.

As of the Latest Practicable Date, we had registered three, eight, 13, one, two and one trademarks in the PRC, Hong Kong, Singapore, the United States, the European Union and the United Kingdom, respectively. As of the Latest Practicable Date, we had registered 24 software copyrights in the PRC in connection with our Adorado and Powershopy platforms. We had also registered nine domain names in the PRC as of the Latest Practicable Date. Moreover, we were as of the Latest Practicable Date in the process of applying for registration of one software copyright in the PRC and a total of 13 trademarks in various jurisdictions. For more details of our material intellectual property rights, see “Appendix V – Statutory and General Information – B. Further Information about Our Business – 2. Intellectual Property Rights of Our Group” and “Risk Factors – Risks Relating to Our Business and Industries – We may not be able to prevent others from making unauthorized use of our intellectual property” and “Risk Factors – Risks Relating to Our Business and Industries – We may be subject to intellectual property infringement claims, which may be time consuming and costly to defend.”

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any of material breach of our intellectual property rights and we were not engaged in or threatened with any claim for any material infringement of any intellectual property rights, whether as a claimant or as a defendant.

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CUSTOMERS, SALES AND MARKETING

As of the Latest Practicable Date, our customers were comprised of: (i) marketers for our cross-border digital marketing services, such as e-commerce merchants and platforms, online games developers and publishers, and app developers and operators, and (ii) customers for our cross-border online-shop SaaS solutions, all of which were cross-border e-commerce merchants.

Our sales and marketing efforts are focused on finding suitable new customers, deepening our relationships with existing ones, assessing business opportunities and associated risks and enhancing awareness for our brand. We engage with existing and potential customers using different means such as mobile and email communication channels and physical visits. We endeavor to provide effective cross-border digital marketing services and online-shop SaaS solutions and diversify our service offerings to further enhance customers’ stickiness or introduce customers of our existing services to our newer services or users of our SaaS platforms. We actively conduct market researches to keep ourselves abreast with industry development. We may also be invited to, or voluntarily, participate in tender and bidding process by our customers. Our management team would work together with our sales and marketing team to determine our bidding strategy and action plan. In addition, our existing customers may also refer us to new customers as a recognition for the high-quality services we provide.

During the Track Record Period, we typically granted to our customers a credit term ranging from 30 to 90 days from the invoice date. We may at times request for advance payments from customers, mostly SMB marketers, before the commencement of any marketing activity. We generally settle our payments with customers by bank transfers.

Third-party Payment Arrangements

During the Track Record Period, some of our customers as China-based marketers settled their outstanding payments to us through third parties primarily out of the need to settle payments in U.S. dollars, which, according to Frost & Sullivan, is a general market practice for China’s cross-border digital marketing industry as settlement with overseas media publishers generally needs to be made in U.S. dollars. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, there were 130, 68, 58 and 50 third-party payors that were involved in such third-party payment arrangements out of which around 71% were corporate entities and around 29% were individuals. To the best knowledge of our Directors, there were as of the Latest Practicable Date no other past or present relationships (business, employment, family, trust, shareholding, financing or otherwise) between our Group and such third-party payors, their directors, shareholders or senior management, or any of their respective associates. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, the aforementioned third-party payments were US\$6.9 million, US\$10.8 million, US\$9.1 million and US\$3.8 million which accounted for 1.9%, 2.3%, 1.5% and 1.1% of our gross billing, respectively. We had ceased such third-party payment arrangements since the end of May 2022. Subsequently, relevant customers had either made necessary arrangements on their end and started to settle U.S. dollar payments to us directly or, to the extent the original contracting entities still are not able to settle U.S. dollars

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directly, had arranged for their alternative entities with the direct settlement capability to enter into supplemental business contracts with us. To the best of our knowledge, customers did not use such alternative entities to enter into business contracts with us in the first place primarily because (i) the customers chose the entities which they customarily use for procuring digital marketing services when contracting with us and such entities may not necessarily be the alternative entities with direct U.S. dollar settlement capability, and (ii) at the time when we first contracted with the customers (before we started to strengthen internal control on third-party payment arrangements), we did not specifically request the customers to use a contracting entity with direct U.S. dollar settlement capability. As of the Latest Practicable Date, there were two customers that had terminated business relationships with us due to the cessation of third-party payment arrangements. Our gross billing to such terminated customers accounted for nil, nil, 0.02% and 0.04% of our total gross billing, and nil, nil, 1.2% and 3.9% of our gross billing to all customers with third-party payment arrangements, for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively. As of the Latest Practicable Date, we had implemented enhanced internal control measures to avoid recurrence of such events in the future, which include adding clauses prohibiting the relevant third-party payment arrangements in the business contracts with counterparties and setting protocols for our business and financial staff to regularly monitor counterparty transactions and to follow up with counterparties with respect to circumstances that may give rise to such third-party payments. Our Directors are of the view, and the Sole Sponsor concurs, that since the third-party payments in aggregate accounted for a limited portion of our gross billing during the Track Record Period, and that our business did not deteriorate after the cessation of the third-party payment arrangements and with the implementation of the enhanced internal control measures, the cessation of such arrangements is not expected to have a material adverse effect on our business, financial condition, results of operations or prospects. As of the Latest Practicable Date, there was no material impact to our results of operations or financial position as a result of our cessation of the aforementioned third-party payment arrangements. Furthermore, as advised by our PRC Legal Advisors, our Group did not violate any applicable PRC laws, rules or regulations in any material aspects regarding the aforementioned third-party payment arrangements, considering that (i) the relevant business contracts were entered into by our non-PRC subsidiary with our customers and the parties thereto have expressly agreed to settle such services payments in U.S. dollars in the contracts, (ii) our Group has not been subject to any investigation or penalty by any relevant PRC authorities with respect to such third-party payment arrangements, and (iii) our Group has ceased such third-party payment arrangements accordingly.

Top Five Customers

Our top five customers for the Track Record Period, which were primarily marketers in the e-commerce industry, accounted for 59.2%, 65.2%, 57.4% and 47.9% of our total revenue for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively. For the same periods, our single largest customers, being e-commerce business operators, contributed to approximately 21.6%, 22.7%, 23.2% and 12.9% of our total revenue, respectively. We have established ongoing business relationships with our five largest customers for more than three years on average. The credit terms we granted to our top five customers during the Track Record Period ranged from 30 to 90 days from date of invoice.

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We typically do not enter into long-term agreements with our customers, including our major customers. See “Risk Factors – Risks Relating to Our Business and Industries – If we fail to retain existing marketers and media publishers, deepen or expand our relationships with them, attract new marketers and media publishers, or provide up-to-standard and quality services to our marketers or monetization opportunities to our media publishers, our brand and reputation, financial condition, results of operations and prospects may be materially and adversely affected.” For the key terms of our business agreements with customers, see “– Business Model of Cross-border Digital Marketing – Marketers – Key Terms of Our Agreements with Marketers” and “– Business Model of Cross-border Online-shop SaaS Solutions – Key Terms of Our Agreements with Cross-border Online-Shop SaaS Solutions Customers”, respectively.

The following table sets forth details of our top five customers during the Track Record Period:

Rank	Customer ⁽¹⁾	Customer type and background as of the Latest Practicable Date	Length of business relationships with us (Year)	Services provided by us	Gross billing attributable to the customer (US\$'000)	Percentage of total gross billing (%)	Incentives to the customer (US\$'000)	Revenue from the customer (US\$'000)	Percentage of total revenue (%)
For the nine months ended September 30, 2022									
1.	Marketer A	Subsidiaries of a company listed on the Hong Kong Stock Exchange and the New York Stock Exchange primarily engaged in domestic and international e-commerce business as well as other businesses such as cloud computing, digital media and entertainment with a revenue of around US\$134.6 billion for the year ended March 31, 2022 and more than 0.2 million employees	Three	Cross-border digital marketing	144,332	42.8	14,420	1,308	12.9
2.	Customer A	A private company primarily engaged in e-commerce business (covering a variety of product types including home goods, automobile appliances, toys, jewelry and accessories) with issued share capital of HK\$10,000 and a revenue of around RMB2.0 billion for 2021	Four	Cross-border digital marketing	4,534	1.3	297	1,304	12.8

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Rank	Customer ⁽¹⁾	Customer type and background as of the Latest Practicable Date	Length of business relationships with us (Year)	Services provided by us	Gross billing attributable to the customer (US\$'000)	Percentage of total gross billing (%)	Incentives to the customer (US\$'000)	Revenue from the customer (US\$'000)	Percentage of total revenue (%)
3.	Customer H	A private company primarily engaged in e-commerce business with a focus on home and outdoor goods and clothing and issued share capital of HK\$10,000 and a revenue of over RMB50.0 million for 2021	One	Cross-border digital marketing	3,560	1.1	–	1,088	10.7
4.	Customer B	A private company (of Customer B group companies) primarily engaged in e-commerce business (covering a comprehensive range of product types including home and outdoor goods, health and beauty products, automobile appliances, photographic and video equipment, clothing, toys and 3C products) with issued share capital of around HK\$0.1 billion and a sales scale of around RMB7.0 billion for 2021	Five	Cross-border digital marketing	2,098	0.6	88	807	7.9
5.	Customer I	A private company primarily engaged in online games development and operation with issued share capital of HK\$1.0 million and a revenue of over RMB50.0 million for 2021	One	Cross-border digital marketing	2,248	0.7	141	368	3.6
Total					156,772	46.5	14,946	4,875	47.9

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Rank	Customer ⁽¹⁾	Customer type and background as of the Latest Practicable Date	Length of business relationships with us (Year)	Services provided by us	Gross billing attributable to the customer (US\$'000)	Percentage of total gross billing (%)	Incentives to the customer (US\$'000)	Revenue from the customer (US\$'000)	Percentage of total revenue (%)
For the year ended December 31, 2021									
1.	Customer A	A private company primarily engaged in e-commerce business (covering a variety of product types including home goods, automobile appliances, toys, jewelry and accessories) with issued share capital of HK\$10,000 and a revenue of around RMB2.0 billion for 2021	Four	Cross-border digital marketing	21,069	3.4	1,318	3,325	23.2
2.	Marketer A	Subsidiaries of a company listed on the Hong Kong Stock Exchange and the New York Stock Exchange primarily engaged in domestic and international e-commerce business as well as other businesses such as cloud computing, digital media and entertainment with a revenue of around US\$134.6 billion for the year ended March 31, 2022 and more than 0.2 million employees	Three	Cross-border digital marketing	232,005	38.0	23,182	2,553	17.8
3.	Customer B	Another private company (of Customer B group companies) primarily engaged in e-commerce business (covering a comprehensive range of product types including home and outdoor goods, health and beauty products, automobile appliances, photographic and video equipment, clothing, toys and 3C products) and headquartered in Shenzhen, the PRC with a registered capital of around RMB48 million and a sales scale of around RMB7.0 billion for 2021	Five	Cross-border digital marketing	4,250	0.7	172	1,151	8.0

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Rank	Customer ⁽¹⁾	Customer type and background as of the Latest Practicable Date	Length of business relationships with us (Year)	Services provided by us	Gross billing attributable to the customer (US\$'000)	Percentage of total gross billing (%)	Incentives to the customer (US\$'000)	Revenue from the customer (US\$'000)	Percentage of total revenue (%)
4.	Customer C	A private company primarily engaged in online games development and operation with issued share capital of HK\$10,000 and a revenue of over RMB490.0 million for 2021	Three	Cross-border digital marketing	36,714	6.0	3,225	637	4.4
5.	Customer D	A company primarily engaged in e-commerce business (covering a variety of product types including 3C products, home and outdoor goods, toys and automobile accessories) with issued share capital of HK\$10,000 and an annual revenue generally ranging from RMB2.0 billion to RMB3.0 billion, which is a subsidiary of a company listed on Shenzhen Stock Exchange	Three	Cross-border digital marketing	1,820	0.3	126	566	4.0
Total					295,858	48.4	28,023	8,232	57.4

For the year ended December 31, 2020

1.	Customer A	A private company primarily engaged in e-commerce business (covering a variety of product types including home goods, automobile appliances, toys, jewelry and accessories) with issued share capital of HK\$10,000 and a revenue of around RMB2.0 billion for 2021	Four	Cross-border digital marketing	31,892	6.7	2,307	2,654	22.7
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Rank	Customer ⁽¹⁾	Customer type and background as of the Latest Practicable Date	Length of business relationships with us (Year)	Services provided by us	Gross billing attributable to the customer (US\$'000)	Percentage of total gross billing (%)	Incentives to the customer (US\$'000)	Revenue from the customer (US\$'000)	Percentage of total revenue (%)
2.	Marketer A	Subsidiaries of a company listed on the Hong Kong Stock Exchange and the New York Stock Exchange primarily engaged in domestic and international e-commerce business as well as other businesses such as cloud computing, digital media and entertainment with a revenue of around US\$134.6 billion for the year ended March 31, 2022 and more than 0.2 million employees	Three	Cross-border digital marketing	126,091	26.4	12,604	1,547	13.3
3.	Customer E	A subsidiary of Company D, being a company listed on the Hong Kong Stock Exchange primarily engaged in SaaS tooling ecosystem business that includes products and solutions for mobile marketing, data analytics, creative automation, monetization, and elastic cloud cost optimization and headquartered in Guangzhou, the PRC with a revenue of around US\$755 million for 2021 and around 1,000 employees ⁽²⁾	Four	Cross-border digital marketing	20,688	4.3	1,102	1,532	13.1

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Rank	Customer ⁽¹⁾	Customer type and background as of the Latest Practicable Date	Length of business relationships with us (Year)	Services provided by us	Gross billing attributable to the customer (US\$'000)	Percentage of total gross billing (%)	Incentives to the customer (US\$'000)	Revenue from the customer (US\$'000)	Percentage of total revenue (%)
4.	Customer D	A company primarily engaged in e-commerce business (covering a variety of product types including 3C products, home and outdoor goods, toys and automobile accessories) with issued share capital of HK\$10,000 and an annual revenue generally ranging from RMB2.0 billion to RMB3.0 billion, which is a subsidiary of a company listed on Shenzhen Stock Exchange	Three	Cross-border digital marketing	17,727	3.7	1,247	1,498	12.8
5.	Customer F	A private company primarily engaged in e-commerce business focusing on women's apparel with issued share capital of around HK\$0.3 billion	Three	Cross-border digital marketing	66,921	14.0	6,087	383	3.3
Total					263,319	55.1	23,347	7,614	65.2

For the year ended December 31, 2019

1.	Customer A	A private company primarily engaged in e-commerce business (covering a variety of product types including home goods, automobile appliances, toys, jewelry and accessories) with issued share capital of HK\$10,000 and a revenue of around RMB2.0 billion for 2021	Four	Cross-border digital marketing	31,028	8.7	2,188	2,060	21.6
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Rank	Customer ⁽¹⁾	Customer type and background as of the Latest Practicable Date	Length of business relationships with us (Year)	Services provided by us	Gross billing attributable to the customer (US\$'000)	Percentage of total gross billing (%)	Incentives to the customer (US\$'000)	Revenue from the customer (US\$'000)	Percentage of total revenue (%)
2.	Customer E	A subsidiary of Company D, being a company listed on the Hong Kong Stock Exchange primarily engaged in SaaS tooling ecosystem business that includes products and solutions for mobile marketing, data analytics, creative automation, monetization, and elastic cloud cost optimization and headquartered in Guangzhou, the PRC with a revenue of around US\$755 million for 2021 and around 1,000 employees ⁽²⁾	Four	Cross-border digital marketing	35,432	9.9	2,973	1,491	15.6
3.	Marketer A	Subsidiaries of a company listed on the Hong Kong Stock Exchange and the New York Stock Exchange primarily engaged in domestic and international e-commerce business as well as other businesses such as cloud computing, digital media and entertainment with a revenue of around US\$134.6 billion for the year ended March 31, 2022 and more than 0.2 million employees	Three	Cross-border digital marketing	72,723	20.3	7,272	1,143	12.0
4.	Customer G	A private company primarily engaged in e-commerce business (with a focus on home goods) and headquartered in Guangzhou, the PRC with a registered capital of RMB10.0 million and a revenue of over RMB82.0 million for 2019	One	Cross-border digital marketing	5,686	1.6	–	582	6.1

BUSINESS

Rank	Customer ⁽¹⁾	Customer type and background as of the Latest Practicable Date	Length of business relationships with us (Year)	Services provided by us	Gross billing attributable to the customer (US\$'000)	Percentage of total gross billing (%)	Incentives to the customer (US\$'000)	Revenue from the customer (US\$'000)	Percentage of total revenue (%)
5.	Customer D	A company primarily engaged in e-commerce business (covering a variety of product types including 3C products, home and outdoor goods, toys and automobile accessories) with issued share capital of HK\$10,000 and an annual revenue generally ranging from RMB2.0 billion to RMB3.0 billion, which is a subsidiary of a company listed on Shenzhen Stock Exchange	Three	Cross-border digital marketing	3,894	1.1	207	367	3.9
Total					148,763	41.6	12,640	5,643	59.2

Notes:

- To the best knowledge of our Directors, different entities of customers under the same ultimate common control are consolidated as one single customer to illustrate the level of concentration of such customer group for purposes of the above tables of top five customers for the Track Record Period.
- Customer E, as a digital marketing service provider, is also an agent of Media Publisher C, from whom we procured media resources during the Track Record Period. For further details, see “– Business Model of Cross-border Digital Marketing – Marketers – Overlapping of Marketer and Media Publisher.”

All of our five largest customers for the Track Record Period are Independent Third Parties. As of the Latest Practicable Date, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest customers for the Track Record Period. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the best knowledge of our Directors, owns more than 5% of our issued share capital immediately following the completion of the [REDACTED] (without taking into account the exercise of the [REDACTED]), had any interest in any of our top five customers for the Track Record Period.

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SUPPLIERS AND PROCUREMENT

Our suppliers during the Track Record Period were mainly providers for services including server, research and development, cloud computing, storage capacity and telecommunications. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, purchases from our five largest suppliers, which were primarily research and development outsourced service providers and server rental providers, accounted for 100.0%, 98.7%, 100.0% and 100.0% of our total purchase amount, respectively. For the same periods, purchases from our single largest suppliers accounted for approximately 56.1%, 58.7%, 71.0% and 53.8% of our total purchase amount, respectively. We have established ongoing business relationships with our five largest suppliers for the Track Record Period for more than one year on average.

During the Track Record Period, we engaged third-party research and development service providers mainly for the upgrade of our CRM system, as well as the development of certain module components of our Powershopy platform. We generally enter into a framework agreement with research and development service providers. The agreement generally has a fixed term of one year. We settle the service fees on a monthly basis and pay our research and development service providers via bank transfer. Our research and development service providers typically do not grant us any credit term from invoice date. In the event of any material breach by either party, the non-breaching party has the right to claim for its actual losses and terminate the agreement.

We generally enter into a framework agreement with our server service providers. The agreement generally has a fixed term ranged from six months to one year. The agreement sets out the specific scope of services provided by such suppliers. We are required to prepay the service fees to our server service providers. Parties receiving confidential information are required to keep all such information confidential and shall not disclose to any third party without the other party's consent.

We select suppliers based on a variety of factors, including their qualification, reputation, pricing and overall services. We perform due diligence on our suppliers and monitor and review their performance. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulty in procuring sufficient supply of required services and products from our suppliers. Our top five suppliers for the Track Record Period usually do not provide us any credit term. We typically settle our payments with suppliers through bank transfer.

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The following table sets forth details of our top five suppliers during the Track Record Period:

Rank	Supplier	Supplier type and background as of the Latest Practicable Date	Length of business relationships with us (Year)	Types of products/ services supplied to us	Purchase amount (US\$'000)	Percentage of total purchase amount (%)
For the nine months ended September 30, 2022						
1.	Supplier J	A private company primarily providing software and information technology related services with issued share capital of HK\$10.4 million	One	Server rental	120	53.8
2.	Supplier D	A private company primarily providing internet visiting optimization services with issued share capital of HK\$10,000	Less than two	Server rental	50	22.4
3.	Supplier B	A subsidiary of a company listed on the Hong Kong Stock Exchange and the New York Stock Exchange primarily engaged in domestic and international e-commerce business as well as other businesses such as cloud computing, digital media and entertainment with more than 0.2 million employees	Less than three	Server rental	44	19.7
4.	Yunhe Century Technology Co., Limited	A private company primarily providing computer technology development and related services with issued share capital of HK\$10,000	Less than two	Server rental	5	2.2
5.	Supplier K	A private company primarily providing software and information technology related services with a registered capital of RMB5.0 million	Less than one	Software	4	1.8
Total					223	100.0

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Rank	Supplier	Supplier type and background as of the Latest Practicable Date	Length of business relationships with us (Year)	Types of products/ services supplied to us	Purchase amount (US\$'000)	Percentage of total purchase amount (%)
For the year ended December 31, 2021						
1.	Supplier A	A private company primarily engaged in information technology research and development with issued share capital of US\$10,000	Two	Research and development	240	71.0
2.	Supplier B	A subsidiary of a company listed on the Hong Kong Stock Exchange and the New York Stock Exchange primarily engaged in domestic and international e-commerce business as well as other businesses such as cloud computing, digital media and entertainment with more than 0.2 million employees	Less than three	Server rental	41	12.1
3.	Yunhe Century Technology Co., Limited	A private company primarily providing computer technology development and related services with issued share capital of HK\$10,000	Less than two	Server rental	37	11.0
4.	Supplier D	A private company primarily providing internet visiting optimization services with issued share capital of HK\$10,000	Less than two	Server rental	20	5.9
Total					338	100.0

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Rank	Supplier	Supplier type and background as of the Latest Practicable Date	Length of business relationships with us (Year)	Types of products/ services supplied to us	Purchase amount (US\$'000)	Percentage of total purchase amount (%)
For the year ended December 31, 2020						
1.	Supplier E	A private company primarily engaged in internet technology development with a registered capital of RMB2.0 million (dissolved)	One	Research and development	393	58.7
2.	Supplier F	A private company primarily engaged in computer and internet technology research and development with a registered capital of RMB10.0 million (dissolved)	One	Research and development	136	20.3
3.	Supplier G	A private company primarily engaged in app and software development with a registered capital of RMB5.0 million	One	Research and development	60	9.0
4.	Supplier A	A private company primarily engaged in information technology research and development with issued share capital of US\$10,000	Two	Research and development	60	9.0
5.	Supplier B	A subsidiary of a company listed on the Hong Kong Stock Exchange and the New York Stock Exchange primarily engaged in domestic and international e-commerce business as well as other businesses such as cloud computing, digital media and entertainment with more than 0.2 million employees	Less than three	Server rental	12	1.7
Total					661	98.7

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Rank	Supplier	Supplier type and background as of the Latest Practicable Date	Length of business relationships with us (Year)	Types of products/ services supplied to us	Purchase amount (US\$'000)	Percentage of total purchase amount (%)
For the year ended December 31, 2019						
1.	Supplier H	A private company primarily engaged in information technology research and development with a registered capital of RMB10.0 million (dissolved)	One	Research and development	272	56.1
2.	Supplier I	A private company primarily engaged in computer software research and development with a registered capital of RMB2.0 million (dissolved)	One	Research and development	155	31.9
3.	Supplier F	A private company primarily engaged in computer and internet technology research and development with a registered capital of RMB10.0 million (dissolved)	One	Research and development	58	12.0
Total					485	100.0

All of our five largest suppliers for the Track Record Period are Independent Third Parties. As of the Latest Practicable Date, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest suppliers for the Track Record Period save for Supplier E, Supplier F, Supplier H and Supplier I which had been dissolved as of the Latest Practicable Date. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the best knowledge of our Directors, owns more than 5% of our issued share capital immediately following the completion of the [REDACTED] (without taking into account the exercise of the [REDACTED]), had any interest in any of our five largest suppliers for the Track Record Period.

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COMPETITION

China’s cross-border digital marketing services industry is with relatively high entry barriers. We compete with other cross-border digital marketing service providers in areas such as established and strong marketer and media publisher base, comprehensive service capacity, technological, optimization and data analytical capabilities, professional talents, brand reputation and awareness, which are also the entry barriers in general for our industry. Separately, China’s cross-border online-shop SaaS solutions market is at a relatively early development stage and we compete with other cross-border digital marketing service providers, SaaS solution providers and other related technology companies serving China-based marketers targeting overseas markets.

Our ability to compete successfully depends on many factors, including the functionality and quality of our services, ability to acquire and retain marketers and media publishers, scalable and advanced technological infrastructure, competitiveness in pricing, brand awareness and reputation. We expect competition in our industries to intensify. See “Risk Factors – Risks Relating to Our Business and Industries – We expect to continue to experience intense competition. If we fail to compete effectively against other market participants, we could lose marketers, media publishers or other business partners and our revenue and profits may decline” and “Industry Overview – Competitive Landscape” in this document for more information of the competitive landscape of our industries.

SEASONALITY

During the Track Record Period, the fourth quarter of the year was the peak season for our cross-border digital marketing services serving marketers from the e-commerce industry which customarily allocate a significant portion of their marketing budgets around the holiday seasons (such as Christmas and New Year) and on special promotional occasions (such as Black Fridays) when increased consumer spending is expected. Meanwhile, during the Track Record Period, our marketers in online games industries as a general market practice were inclined to allocate the larger portion of their marketing budgets in the second and third quarters of the year during the summer vacations and ahead of the holiday seasons starting from the fourth quarter. As we have established a marketer base which comprises marketers from different industries and as we actively approach our marketers with marketing proposals throughout the year, our historical revenue growth had generally masked the impact of any seasonality with respect to marketers from different industries and our Directors believe that we did not experience material fluctuations in our operations due to seasonality during the Track Record Period.

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EMPLOYEES

As of September 30, 2022, we had a total of 94 full-time employees based in the Chinese mainland and Hong Kong. The following table sets forth the number of our employees by function, as of September 30, 2022:

Function	Number of employees
Management	4
Optimizers, designers and business operation	32
Sales and marketing	19
Research and development	24
Financial and administration	15
Total	94

We recruit high-quality talents from multiple channels based on a number of factors, including work experience, educational background and the requirements of a relevant vacancy. We enter into employment contracts with our full-time employees to cover matters such as wages, benefits and grounds for termination. These contracts typically include non-competition and confidentiality provisions effective during and after their employment with us for an agreed term.

The remuneration package of our employees includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. We assess our employees based on their performance to determine their salary, promotion and career development. We make contributions to the social insurance and housing provident fund as required by local authorities in accordance with relevant PRC laws and regulations. We consider the remuneration package of our employees to be competitive among our competitors. We also provide our employees with regular feedback as well as internal and external training to upgrade their skills and knowledge continuously. We have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, our employees did not negotiate their terms of employment through any labor union or by way of collective bargaining agreements nor did we experience any material labor disputes, strikes or shortages that may have a material adverse effect on our business, financial position and results of operations.

Social Insurance and Housing Provident Fund Contributions

Pursuant to applicable PRC laws and regulations, employers are required to make contributions to, and employees are required to participate in, a number of social insurance funds, including pension fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and the housing provident fund. For details,

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see "Regulatory Overview – PRC Regulatory Review – Regulations Relating to Employment, Social Insurance and Housing Fund." During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to the social insurance and housing provident funds for all of our employees in the PRC, which were mainly because (i) newly enrolled or probation period employees had not yet started contribution, and (ii) we had not made timely adjustment to the contribution base for certain employees after they passed probation period. Our outstanding amount for social insurance and housing provident fund contributions was in aggregate RMB3.0 million for the Track Record Period.

As advised by our PRC Legal Advisors, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments within the prescribed period, we may be liable to a fine of one to three times the amount of the outstanding contributions. Our PRC Legal Advisors have also advised us that, under the relevant PRC laws and regulations, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period, and if we fail to make such payments within the prescribed period, application may be made to a people's court in the PRC for compulsory enforcement.

As advised by our PRC Legal Advisors, the adjustment of the contribution base is typically made with the PRC authorities in a designated time each year, according to the relevant local governmental policies. Based on our previous practical experience processed with the relevant governmental authorities where our PRC subsidiaries are located, we expect to make full contributions of social insurance and housing provident funds for all of our eligible employees based in PRC on an adjusted contribution base by the third quarter of 2023. We have also implemented relevant internal controls to ensure that we make full contributions in relation to the social insurance and housing provident funds, including reviewing the calculation result of social insurance and housing provident funds for all eligible employees and actively communicate with local human resources, social security bureaus and housing fund management centers on a regular basis, to ensure we acquire the most updated information about the relevant laws and regulations.

As advised by our PRC Legal Advisors, the risk is remote for us to be penalized by the relevant PRC authorities with respect to social insurance and housing provident fund contributions based on the following reasons: (i) during the Track Record Period and up to the Latest Practicable Date, we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance or housing provident funds; (ii) we had not been subject to any administrative penalties, nor were we aware of any employee complaints nor involved in any labor disputes with our employees with respect to social insurance or housing provident funds; (iii) a majority of our PRC subsidiaries have obtained written confirmations from competent local government authorities which confirmed that no penalties had been imposed on us with respect to social insurance or housing provident funds during the Track Record Period; (iv) we have implemented relevant internal control measures to prevent such incidents from happening in the future; (v) we will make full contributions or pay any shortfall within a prescribed period if demanded by the

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relevant government authorities; and (vi) our ultimate Controlling Shareholders, Mr. Li and Ms. Yu, have undertaken to indemnify us upon the [REDACTED] against all of such obligations, losses and liabilities in the event that we are required to pay any of the abovementioned outstanding contributions, or any overdue charges or penalties imposed by the relevant PRC authorities.

In light of the above advice from our PRC Legal Advisors, our Directors are of the view that our failure to make full contributions to the social insurance and housing provident funds for our employees in the PRC would not have a material adverse effect on our business operations and financial condition. Accordingly, we did not make any provision as of the Latest Practicable Date with respect to the outstanding amount for social insurance and housing provident fund contributions for the Track Record Period. For further details, see “Risk Factors – Risks relating to Our Business and Industries – Failure to make adequate social insurance and housing provident fund contributions as required by the PRC laws and regulations may subject us to penalties.”

COMMERCIAL INSURANCE

As of the Latest Practicable Date, other than certain insurance in connection with our account receivables, we did not maintain any commercial insurances for our business operations or our employees. For instance, we do not have any property insurance, business liability or disruption insurance covering potential losses or damages in respect of our operations. Based on public information available to us and as advised by Frost & Sullivan, the limited coverage of commercial insurance is a customary industry practice in the cross-border digital marketing and online-shop SaaS solutions markets in China. Moreover, we have determined that the costs and difficulties associated with acquiring any other insurance on commercially reasonable terms make it impractical for us to have such insurance. For more details, see “Risk Factors – Risks Relating to Our Business and Industries – Our limited insurance coverage could expose us to significant losses and business disruption, our existing insurance may expire and not be renewed properly” in this document. During the Track Record Period and up to the Latest Practicable Date, we had not made, or been the subject of, any material insurance claims, and we did not experience any business interruptions which had a material adverse effect on our business or financial position.

PROPERTY

As of the Latest Practicable Date, we did not own any property and we leased eight properties with an aggregate gross floor area of approximately 1,578.2 square meters from Independent Third Parties in Beijing, Shenzhen and Hangzhou, the PRC, which were primarily used as our offices. As of the Latest Practicable Date, we had obtained valid title certificates or documents to prove their legal rights from relevant landlords for all of our leased properties in the PRC. We also leased office space in Hong Kong from an Independent Third Party. During the Track Record Period and up to the Latest Practicable Date, we did not experience any dispute arising out of our leased properties.

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As of the Latest Practicable Date, we had not registered four out of the eight lease agreements for our leased properties in the PRC with the relevant government authorities in accordance with applicable PRC laws and regulations and may be subject to fines ranging from RMB1,000 to RMB10,000 for each non-registered lease should we and our landlords fail to register the lease agreement upon request by the relevant authority. As of the Latest Practicable Date, we were not aware of any action, claim or investigation being conducted or threatened by the competent government authorities with respect to the defects in our leased properties. We are in the process of further liaising with the landlords and will take all practicable and reasonable steps to ensure that the unregistered leases are registered.

As of September 30, 2022, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

OCCUPATIONAL HEALTH, WORK SAFETY AND ENVIRONMENTAL PROTECTION

Due to the nature of our business and the industries in which we operate, our business operations do not involve significant occupational, health, work safety and environmental matters, other than being in compliance with applicable laws and regulations. Nevertheless, we endeavor to mitigate any negative impact of our operations on the environment and proactively identify any major environmental and social sustainability risks related to our business. For instance, we are improving our internal policies with respect to use of energy, paperless operation, climate change and employees’ welfare and safety. We also set up metrics and targets for environmental, health and safety management and review of major environmental and social sustainability risk performance on a regular basis. For further details, see “– ESG and Climate-related Internal Management.” During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, we did not experience any material occupational, health and safety and environmental incidents nor were we subject to any material claims for personal or property damages or for health or safety related compensation and we were in compliance with relevant PRC laws and regulations in all material respects. During the Track Record Period and up to the Latest Practicable Date, we did not incur any expenses in relation to the compliance with the applicable environmental laws and regulations.

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ESG and Climate-related Internal Management

Our ESG Governance

We believe that it requires collective effort from our Board of Directors to evaluate and manage material ESG issues, and therefore we have not established any sub-committee for ESG issues. Our Directors have overall responsibility for our strategy and reporting on environmental, social and governance (“ESG”) matters. Our Directors support our commitment to fulfilling environmental and social responsibilities which include but not limited to the following:

- formulating and adopting policies on environmental, social and corporate governance responsibilities (the “ESG Policy”);
- keeping abreast of latest ESG-related laws and regulations, including the applicable sections of the Listing Rules, and updating our ESG Policy in accordance with the latest regulatory updates;
- identifying our Group’s key stakeholders based on our business operations and establishing the communication channels to engage with them with respect to ESG matters;
- assessing ESG-related risks and opportunities on a regular basis according to applicable laws, regulations and policies, especially risks in relation to climate changes, to ensure our responsibilities with respect to ESG matters are met;
- monitoring the effectiveness and ensuring the implementation of our ESG Policy;
- preparing and reviewing the ESG report; and
- following and monitoring the latest requirements regarding ESG disclosure and regulatory compliance.

Moreover, our administration staff serve a supportive role to our Directors in monitoring the implementation of the agreed ESG Policy and strategies, reporting to our Directors on an annual basis on the implementation and effectiveness of our ESG Policy, and assisting in the preparation of ESG report.

Impact of Environment-related Risks on Our Group

We acknowledge that climate-related issues pose a certain level of impact on us. Climate-related risks identified by us can be classified into two major categories: physical risks and transitional risks.

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We define physical risks as risks that potentially cause physical impact to us. We believe that climate-related issues may bring about the risk of increasingly severe extreme weather events, such as more frequent storms and typhoons. The equipment and facilities for our business operations may encounter disruptions. Extreme weather may also cause threat to the health and safety of our employees. We may potentially be impacted by an increased operation and maintenance cost and an increased labor cost.

Transitioning to a lower-carbon economy, extensive policy, legal, technology and market changes may also take place to address mitigation and adaptation requirements related to climate changes. Transitional risks related to policy change include any risk that the environmental laws and regulations may be amended from time to time and changes in those laws and regulations may cause us to incur additional costs in order to comply with the more stringent rules. For example, due to climate change and climate-related issues, regulators may require increasing disclosure on emission. Such transitional risks which require us to move towards a sustainable business model may potentially lead to impacts such as increased operational cost from change of operational practices. Specifically, we may need to switch to energy efficient lighting or increase greenery areas on our operational premises. With regard to increasing responsibilities on emission disclosure, we may be impacted by increased cost to execute more stringent monitoring measures on emissions and resource consumption. Any failure to comply with environmental regulations would expose us to penalties, fines, suspensions or actions in other forms.

In view of the nature of our business, we do not anticipate the climate change and other environment-related risks to have any material impact on our business operation, financial performance and strategy. As of the Latest Practicable Date, we had not experienced any material impact on our business operation, strategy or financial performance as a result of environment-related issues.

For more details, see “Risk Factors – Risks Relating to Our Business and Industries – We face risks related to natural disasters, health epidemics such as COVID-19, civil and social disruption and other outbreaks, which could significantly disrupt our operations.”

Measures to Identify, Assess and Manage ESG Risks

We intend to adopt various strategies and measures to identify, assess and manage ESG risks under our ESG Policy, including but not limited to:

- reviewing and assessing ESG reports of similar companies in our industries to ensure relevant ESG related risks are identified on a timely basis;
- making reference, where applicable, to the local and international guidelines such as those issued by the International Sustainability Standards Board for the industry-specific ESG risks;
- discussing with the senior management from time to time to ensure material ESG related issues are addressed and reported;

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- establishing communication channels and discussing with key stakeholders on an ongoing basis to understand ESG related concerns and monitor how our environmental, social and climate-related performance has impacted key stakeholders; and
- engaging professional advisors to advise on compliance with ESG matters where needed.

Under our ESG Policy, we aim to build a sustainable community with our employees and business partners. We endeavor to reduce negative impact on the environment through our commitment to energy saving and sustainable development. For example, due to the online nature of our business, we are able to avoid the use and waste of paper in daily operations to the largest extent possible. We will continue to improve our power usage effectiveness. 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 health and safety training and updates to enhance their awareness of health and safety issues. We also focus on embracing diversity within our Group and equal and respectful treatment of all our employees in hiring, training, wellness, and professional and personal development. We will continue to promote work-life balance and create a positive workplace for all of our employees. Our Directors confirm that we had been in compliance with health and work safety requirements in all material respects during the Track Record Period and up to the Latest Practicable Date. 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, senior management or employees. 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 fulfill our corporate responsibility in respect of corporate governance and ESG matters following the [REDACTED].

Metrics and Targets for Assessing and Managing ESG Risks

The venue for our daily operations is our offices and the most significant resource consumption thereof is the use of electricity, water and paper. We monitor the following metrics to assess and managing the environmental and climate-related risks arising from our business operations:

- (i) electricity and water usage. We evaluate our electricity and water consumption in accordance with relevant regulations and policies and endeavor to proactively conserve energy in response to the government’s initiatives. Electricity usage is also the major source of our greenhouse gas (“GHG”) emissions during our business operations. We monitor our electricity consumption levels regularly and implement

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measures such as promoting use of natural lighting, reducing the use of air-conditioners and electronic equipment during non-working hours to save energy and reduce GHG emissions and to further enhance our employees’ awareness of efficient use of electricity and the importance of energy conservation. We mainly use annual electricity consumption per capita to assess our electricity usage level. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, our electricity consumption per capita was around US\$18 per capita, US\$31 per capita, US\$67 per capita and US\$75 per capita, respectively. We target to reduce our electricity consumption per capita by around 3% per year over the next three years. We also intend to organize more activities and events to foster water conservation culture in our Group;

- (ii) GHG emissions. GHG emissions, or carbon emissions, are closely related to climate change, which presents businesses with both long-term risks and opportunities. To better understand, quantify and manage the carbon and climate change related impacts, risks, and opportunities in connection with our business, it is integral to measure and disclose our carbon footprint as a first step in our ESG endeavor. GHG emissions are produced by us mainly due to the use of electricity during our daily operation. In 2022, our offices in the PRC used in total 56,599.6 kilowatt-hour of electricity, which accounted for around 32.9 tons of carbon equivalent emission under scope 2 indirect GHG emissions for electricity purchased. We aim to reduce carbon emission by improving energy efficiency in our operation. We monitor our electricity consumption levels regularly and implement measures such as: (i) reducing the use of electronic light when the natural lighting is sufficient; (ii) not using air-conditioners when the natural room temperature is suitable for office work; and (iii) turning off air-conditioners, computers and other electronic equipment during non-working hours to enhance our staff’s awareness of efficient use of electricity and the importance of energy conservation. In 2022, we also nominated five staff as responsible personnel, each of them being responsible for daily overseeing the implementation of relevant measures to save energy and reduce carbon emission within their designated areas. In particular, we endeavor to reduce the intensity of carbon emission by 5% of our current discharge (32.9 tons of carbon equivalent emission in 2022) for the next five years.

- (iii) paperless operation. We have adopted an internal policy to encourage paperless operation to reduce the use of paper and carbon emissions. We have adopted various online systems to support our daily business operation. We target to deepen the degree of our paperless operation by further developing our business and internal management systems such as CRM system to include more functions to be realized through them. We mainly monitor the number of piece of paper used in our offices to assess the effect of our paperless operation. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, we used around 40 thousand, 50 thousand, 50 thousand and 28 thousand pieces of paper in total, respectively, and we aim to reduce the number of piece of paper by around 20% per year over the next three years; and

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- (iv) *waste generated*. Due to the nature of our business, we do not generate any hazardous waste during our operations. In order to reduce the impact of our disposal of non-hazardous waste on the environment, we monitor our waste discharge level on a regular basis. Proper guidelines are provided to our employees on waste classification and disposal. We target to maintain 100% compliance rate in relation to waste disposal.

Scope 3 Emissions from Third-party Server Services

We utilize an increasing amount of third-party cloud storage and server services to operate, in particular, our cross-border online-shop SaaS solutions business. Energy consumption becomes a major component of the environmental footprint of a data center. Emissions from suppliers, such as our server service providers, are counted as scope 3 emissions in ESG disclosures, which tends to be reported voluntarily to avoid double counting. To mitigate our indirect impact through third-party server service providers, we plan to strengthen our ESG practices and actively research the carbon footprint of our third-party service providers and enlist environmental protection capability as one of our assessment elements when evaluating such service providers to ensure that our service providers are fully competent in carrying out sustainable operations and exerts continuous effort to minimize environmental impact. When screening server service providers in the future, low carbon will be our top priority criteria with evaluation metrics emphasizing environmental impact, energy and resource utilization, use of renewable energy and other innovative means for producing a smaller carbon footprint.

IMPACT OF THE OUTBREAK OF COVID-19 ON OUR BUSINESS

The COVID-19 pandemic has already demonstrated its large and long-lasting impact on global economy in general, and it may pose uncertainty to cross-border digital marketing and online-shop SaaS solutions industries in China. However, according to Frost & Sullivan, while COVID-19 has negatively affected the marketers in e-commerce and other sectors by the slowdown of global trade especially in the early periods of the COVID-19 outbreak, the negative effects are expected to be gradually diminishing. In addition, Frost & Sullivan is of the view that COVID-19 has a positive impact on the cross-border digital marketing and online-shop SaaS solutions industries in China, which is mainly reflected by the surge in demand for online businesses and digital marketing, including the growing user traffic on media platforms, the stagnation of offline commerce and marketing channels, as well as the acceleration of digital transformation of China-based marketers in their cross-border business endeavors. As the provision of cross-border digital marketing services and online-shop SaaS solutions does not require presence in the form of brick-and-mortar stores nor is marketers' demand for digital marketing solutions heavily reliant on offline activities, some marketers may have seen growth in their business because the prolonged quarantine time and limitations to traveling are contributing to the gradual shift of people's spending habits from offline to online, including playing more online games and spending on e-commerce apps.

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Despite the fact that our business was impacted by COVID-19 in the first quarter of 2020 mainly due to a slowdown of the business of our marketers from the e-commerce and online games industries, which negatively affected their marketing needs with us, our operations quickly resumed starting from the second quarter of 2020 and we achieved an increase in both revenue and gross billing for our cross-border digital marketing services in 2020 as compared to 2019, which was primarily attributable to: (i) a significant surge in demand globally, according to Frost & Sullivan, for online businesses and digital marketing services in lieu of offline transactions due to lock-downs and social distancing measures which led to a higher demand for our services in general; and (ii) an increase in demand for certain industry verticals, such as e-commerce and online games, which boosted the relevant marketer base and subsequently its demands for cross-border digital marketing services.

In response to the COVID-19 outbreak, we have taken a series of precautionary measures in compliance with government’s requirements and to maintain a safe and hygienic working environment for our employees, including (i) distribution of free hand sanitizers and facemasks regularly to employees, (ii) implementing remote working policies and arrangements and, where necessary, switching offline meetings with marketers and media publishers to online meetings to reduce the risk of COVID-19 exposure, (iii) conducting a complete cleanup and disinfection of our offices on a regular basis, (iv) keeping all employees informed of our COVID-19 precautions and handling measures, and (v) closely following up with and requiring any employees who have been to the outbreak area or in contact with any suspicious case to promptly notify us, conduct COVID test or quarantine as required by the government.

As of the Latest Practicable Date, notwithstanding as discussed herein, we did not experience material business disruptions or operating difficulties due to the COVID-19 outbreak. We believe the COVID-19 outbreak has not materially affected our business or our financial performance as explained above. However, there still remains uncertainties surrounding the COVID-19 outbreak and its further development as a global pandemic. For instance, the resurgence of COVID-19 in 2022, in particular in the first half and together with reimposed restricted measures and lock-downs in places including Southern and Eastern China, resulted in a slowdown of business of our marketers with dampened marketing needs, especially the e-commerce marketers in those regions with affected supply chain. This had, in turn, led to a decrease in our gross billing for the nine months ended September 30, 2022 as compared to the same period in 2021. However, our gross billing started to pick up in the third quarter of 2022 as compared to the first two quarters of the year. In the fourth quarter of 2022, the PRC authorities also announced a series of new guidelines and measures to optimize the COVID-19 prevention and control protocols and to accelerate the economic recovery and resume normal operations of the society. For further details, see “Risk Factors – Risks Relating to Our Business and Industries – We face risks related to natural disasters, health epidemics such as COVID-19, civil and social disruption and other outbreaks, which could significantly disrupt our operations.”

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RISK MANAGEMENT AND INTERNAL CONTROL

We are subject to various risks during our operations so risk management is important for our business, see “Risk Factors – Risks Relating to Our Business and Industries.” In addition, we are also exposed to various financial risks, such as credit, liquidity and interest rate risks that arise in the normal course of our business, see “Financial Information – Financial Risks.”

We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our audit committee and ultimately our Directors supervise the implementation of our risk management policies. Risks identified by our management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors. We have adopted or will continue to adopt, among other things, the following principles:

- establish an audit committee to review and supervise our financial reporting process and internal control system. Our audit committee consists of Mr. Li Kwok Tai James, chairman of the committee, Ms. Zhao Yan and Mr. Gong Peiyue. For the qualifications and experiences of these members, see “Directors and Senior Management – Board Committees – Audit Committee;”
- adopt various policies to ensure the compliance with the Listing Rules, including but not limited to policies in respect of risk management, connected transactions and information disclosure;
- appoint Ms. Yu and Ms. Lam Wing Chi as our joint company secretaries to ensure the compliance of our operation with applicable laws and regulations. For their biographical details, see “Directors and Senior Management – Joint Company Secretaries;”
- appoint Maxa Capital Limited as our compliance advisors upon the [REDACTED] to advise us on compliance with the Listing Rules;
- engage external legal advisors to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary;
- provide regular anti-corruption, anti-bribery, anti-money laundering and sanctions-related compliance training for senior management and employees in order to enhance their knowledge of and compliance of applicable laws and regulations; and
- arrange our Directors and senior management to attend training seminars on the Listing Rules requirements and the responsibilities as directors and senior management of a [REDACTED] company.

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Our Directors also have overall responsibility for our strategy and reporting on ESG matters. For more details of our ESG and climate-related internal control and management, see “– Occupational Health, Work Safety and Environmental Protection – ESG and Climate-related Internal Management.”

We have appointed an internal control consultant to conduct a comprehensive review of our internal control mechanism, to identify the deficiencies for improvement, advise on the rectification measures and review the implementation of such measures. We have adopted corresponding internal control measures to address on certain internal control issues identified. As of the Latest Practicable Date, we had implemented the recommendations made by our internal control consultant and our internal control consultant had completed follow-up procedures on internal control system for the remedial actions taken by us.

LEGAL PROCEEDING AND COMPLIANCE

We may be involved in legal proceedings in the ordinary course of our business from time to time. During the Track Record Period and up to the Latest Practicable Date, neither we nor any of our Directors were involved in any litigation, arbitration or administrative proceedings which, in the opinion of our management, could have a material adverse impact on our business, financial condition or results of operations. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us or our Directors which, in the opinion of our management, may have a material and adverse impact on our business, financial condition or results of operations.

As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable PRC laws and regulations in all material respects in connection with our operations in the PRC. As advised by the Legal Counsel, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable laws and regulations in Hong Kong in all material respects in connection with our operations in Hong Kong.

LICENSES AND PERMITS

As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, permits and approvals required for our operations in the PRC and such licenses, permits and approvals were valid and remained in effect as of the Latest Practicable Date. Based on our consultation with the Legal Counsel, we understand that, save and except for business registration certificate, we are not required to obtain any business- or industry-specific licenses or permits for our operations in Hong Kong from which we generate our revenue.

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Furthermore, our PRC Legal Advisors are of the view that the cross-border digital marketing services business and cross-border online-shop SaaS solutions business operated by our Group in the PRC are not subject to the value-added telecommunications licenses or foreign investment restrictions for the reasons that (i) during the Track Record Period, our business contracts with customers and media publishers were primarily entered into by Powerwin Media, one of our Hong Kong subsidiaries, for the provision of our cross-border digital marketing services and online-shop SaaS solutions, whereas our PRC subsidiaries mainly in this connection provided research and development and commercial support services to Powerwin Media, (ii) our network servers for cross-border online-shop SaaS solutions are located outside of the PRC, and (iii) the business operated by our Group in the PRC were not listed in the Negative List with respect to foreign investment in China as of the Latest Practicable Date.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), our Company will be owned as to (i) [REDACTED] by Lucky Linkage, which is wholly-owned by Ms. Yu; (ii) [REDACTED] by Total Best, which is wholly-owned by Mr. Li; (iii) [REDACTED] by Wealth Express, which is wholly-owned by Mr. Li; (iv) [REDACTED] by Common Excellence, which is indirectly held by the Trustee of the Tranquil Trust through its wholly-owned subsidiary, Total Mice; and (v) [REDACTED] by Into One, which is indirectly held by the Trustee of the Imperial Trust through its wholly-owned subsidiary, Honest Beauty. Ms. Yu is the spouse of Mr. Li. The Tranquil Trust is a discretionary trust established by Ms. Yu (as the settlor) and its beneficiaries include Mr. Li and Ms. Yu’s family members. The Imperial Trust is a discretionary trust established by Mr. Li (as the settlor) and its beneficiaries include Ms. Yu and Mr. Li’s family members. Mr. Li and Ms. Yu are spouses. Accordingly, Mr. Li, Ms. Yu (being spouses hence a group of controlling shareholders pursuant to Guidance Letter GL89-16), together with the entities controlled by them, being Lucky Linkage, Total Best, Wealth Express, Total Mice, Common Excellence, Honest Beauty and Into One, exercise control over our Group and are our Controlling Shareholders upon [REDACTED] for the purpose of the Listing Rules.

Mr. Li is the founder of our Group. He is also the chairman of our Board, our chief executive officer and one of our executive Directors. Ms. Yu is our deputy chief operating officer and one of our executive Directors. For further background of Mr. Li and Ms. Yu, see “Directors and Senior Management.” Lucky Linkage, Total Best, Wealth Express, Total Mice, Common Excellence, Honest Beauty and Into One are investment holding companies, and do not have any business activities.

Each of our Controlling Shareholders confirms that as of the Latest Practicable Date, he or she or it did not have any interest in a business, apart from our Group’s business which competes and is likely to compete, directly or indirectly, with our Group’s business, and would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR GROUP FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that our Group is capable of carrying on our Group’s business after the [REDACTED] independently from our Controlling Shareholders and their respective close associates and/or companies controlled by them:

Management independence

The Board consists of five Directors, of whom two are executive Directors and three are independent non-executive Directors. Our management and operational decisions are made by our executive Directors and senior management, who have served our Group for a considerable amount of time and have substantial experience in the industry in which we are engaged. For further details of our executive Directors and senior management, see “Directors and Senior Management.”

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Directors consider that we have management independence from our Controlling Shareholders and their respective close associates due to the following reasons:

- (i) each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
- (ii) 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) shall abstain from voting at the relevant meetings of the Board in respect of such transactions and shall not be counted in the quorum;
- (iii) our Board consists of three independent non-executive Directors, representing more than one-third of the members of the Board. There will be a sufficiently robust and independent voice within our Board to counter-balance any situation involving conflict of interest and protect the interests of our independent Shareholders;
- (iv) the management, operation and affairs of our Group are headed, managed and supervised by our Board as a whole and not by any individual Directors. According to the Articles, our Board must act collectively by a majority decision, and no individual Director is allowed to transact or make any decision for and on behalf of our Company alone unless he is authorized by our Board or act in accordance with the provisions of the Articles. Any view of a Director will be checked and balanced by the view of other Board members. The senior management team of our Group is also independent from our Controlling Shareholders; and
- (v) our Company has established corporate governance procedures in safeguarding the interests of our Shareholders and enhancing Shareholders' value. For details, see "– Corporate Governance Measures."

Having considered the above factors, our Directors are satisfied that they are able to perform their 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 [REDACTED].

Financial independence

We have our own independent financial and accounting system, internal control system, accounting and finance team and make financial decisions according to our own business needs. We have an independent audit system. We manage our bank accounts independently and do not share any bank accounts with our Controlling Shareholders (including their respective close associates). We manage our finances and make financial decisions according to our own business needs. We have independent sources of financing and our Controlling Shareholders

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

will not interfere with our use of funds. As at the Latest Practicable Date, we had an amount due to our Controlling Shareholders of approximately US\$1.3 million, which will be settled prior to the [REDACTED]. Saved as disclosed above, as at the Latest Practicable Date, there were no loans, advances or balances due to and from our Controlling Shareholders and their close associates which have not been fully settled.

We have sufficient capital to operate our business independently, and have adequate internal resources to support our daily operations. There will be no financial assistance, security and/or guarantee provided by our Controlling Shareholders or their respective close associates in our favor or vice versa (as the case may be) upon the [REDACTED]. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders and their respective close associates. We have engaged an independent internal control consultant, to assist us in putting in place controls in relation to transactions with connected persons and their associates to ensure that any advances to or from such persons are in compliance with the Listing Rules.

Taking into account of our Group’s internal resources and the estimated [REDACTED] from the [REDACTED], and we are capable of obtaining financing from third parties without the support of our Controlling Shareholders, our Group will be financially independent from our Controlling Shareholders and/or any of their respective close associates.

Operational independence

Our Group has established our own organizational structure made of individual departments, each with specific areas of responsibilities. Our Group did not share our operational resources, such as customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their close associates during the Track Record Period. Our Group has also established a set of internal control measures to facilitate the effective operation of its business.

DEED OF NON-COMPETITION

Our Controlling Shareholders have entered into the Deed of Non-competition in favor of our Company pursuant to which each of our Controlling Shareholders has undertaken to us (for ourselves and as trustee for each of our subsidiaries) that with effect from the [REDACTED], they will not and shall use their best endeavors to procure any other Controlling Shareholder, that their associates (except for any members of the Group) shall not, whether directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) carry on, participate, hold, engage, acquire or operate, or provide any form of assistance to any person, firm or company (except in or through any members of our Group) to conduct any business which, directly or indirectly, competes or is likely to compete with the principal business of our Group in Hong Kong or such other places as our Group may conduct or carry on business from time to time including but not limited to the cross-border digital marketing business and the cross-border online-shop SaaS solutions business (the “**Restricted Activity**”). Further, without the prior

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

written consent from our Company, the Controlling Shareholders shall not make use of any information pertaining to the business of our Group which may have come to his/her/its knowledge in his/ her/ its capacity as a controlling shareholder for any purpose of engaging, investing or participating in any Restricted Activity.

Each of our Controlling Shareholders has further undertaken to our Company (for ourselves and for the benefit of our subsidiaries) that, with effect from the [REDACTED], in the event that any of them and/or any of their associates (except any members of our Group) is offered or becomes aware of any future business opportunity relating to the Restricted Activity (the “**Business Opportunity**”):

- (a) he/she/it shall within 10 days notify our Company of such Business Opportunity in writing and refer the same to our Company for consideration, and shall provide the relevant information to the Company in order to enable the Company to make an informed assessment of such opportunity and whether it is in the interest of our Company and our Shareholders as a whole to pursue such Business Opportunity, including but not limited to the nature of the Business Opportunity and the details of the relevant costs;
- (b) he/she/it shall not, and shall procure their associates (except any members of our Group) not to, invest or participate in any Business Opportunity, unless such Business Opportunity shall have been rejected by the Company and the principal terms of which our Controlling Shareholders or any of their associates invest or participate in are no more favourable than those made available to our Company;
- (c) he/she/it may only engage in the Business Opportunity if (i) a notice is received by him/her/it from our Company confirming that the Business Opportunity is not accepted and/or does not constitute competition with the Restricted Activity (the “**Non-acceptance Notice**”); or (ii) the Non-acceptance Notice is not received by him/her/it within 30 days after the proposal of the Business Opportunity is received by the Company.

The above undertakings do not apply where our Controlling Shareholders and/or their respective associates have not more than 5% interests in the shares or any securities of a company that engages in the Restricted Activity whose shares are listed on a recognized stock exchange provided that (i) there is a holder (together where appropriate, with its associates) with a larger shareholding in that company than the aggregate shareholding held by our Controlling Shareholders and/or their respective associates at all times and (ii) the total number of the relevant Controlling Shareholders’ representatives on the board of directors of that company is not significantly disproportionate in relation to their shareholding in that company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The undertakings given by each of our Controlling Shareholders under the Deed of Non-competition shall lapse and our Controlling Shareholders shall be released from the restrictions imposed on them upon the occurrence of the earliest of any of the following events or circumstances:

- (a) the day on which the Shares cease to be [REDACTED] on the Stock Exchange; or
- (b) the day on which the relevant Controlling Shareholder and/or his/her/its associates cease to hold, taken together, 30% or more of the issued share capital of our Company or otherwise the relevant Controlling Shareholder ceases to be a controlling shareholder of our Company.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that he/she/it fully comprehends his/her/its obligations to act in the best interests of our Company and our Shareholders as a whole. To avoid potential conflicts of interest, our Group will implement the following measures:

- (a) the independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders; each of our Controlling Shareholders undertakes to provide all information requested by us which is necessary for fulfilment of the Deed of Non-competition, including the annual review by the independent non-executive Directors;
- (b) our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance with the Deed of Non-competition in our Company's annual reports;
- (c) our Controlling Shareholders will make an annual declaration in relation to compliance with the Deed of Non-competition in the annual reports of our Company;
- (d) in the event that there is conflict of interest in the operations of our Group and our Controlling Shareholders, any Directors, who is considered to be interested in a particular matter or the subject matter, shall disclose his interests to the Board. Pursuant to the Articles, if a Director has any material interest in the matter, he shall not vote on the resolutions of the Board approving the same and shall not be counted in the quorum of the relevant Board meeting;
- (e) our independent non-executive Directors may appoint independent financial advisers and other professional advisers as they consider appropriate to advise them on any matter relating to the non-competition undertaking or connected transaction(s) at the cost of our Company;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (f) our independent non-executive Directors will be responsible for deciding whether or not to allow any Controlling Shareholder and/or its/his/her close associates to be involved in or participate in a Restricted Business and if so, specifying any condition to be imposed;
- (g) our Board is committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on our Board which can effectively exercise independent judgment. Our Company has appointed three independent non-executive Directors. Our Directors believe that our independent non-executive Directors are of sufficient calibre, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders. Details of our independent non-executive Directors are set out in “Directors and Senior Management”; and
- (h) our Company has appointed Maxa Capital Limited as the compliance advisor, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and internal controls.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

Directors

The Board consists of five Directors, including two executive Directors and three independent non-executive Directors. We have entered into service agreements with each of our executive Directors. We have also entered into letters of appointment with each of our independent non-executive Directors.

The table below sets forth certain information regarding members of our Board:

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Principal roles and responsibilities	Relationship with other Directors and senior management
Mr. Li (李翔)	50	Chairman of the Board, Chief Executive Officer and Executive Director	August, 2013	June 7, 2019	Overall strategic and direction planning, business development and management of our Group	Spouse of Ms. Yu
Ms. Yu (余璐)	42	Deputy Chief Operating Officer and Executive Director	January, 2016	January 21, 2022	Internal management of our Group and assisting the chief executive officer in the overall strategic and direction planning of our Group	Spouse of Mr. Li
Ms. Zhao Yan (趙焱)	41	Independent non-executive Director	March, 2023	March 3, 2023	Supervising and providing independent judgment to our Board	Nil
Mr. Gong Peiyue (公佩鉞)	46	Independent non-executive Director	March, 2023	March 3, 2023	Supervising and providing independent judgment to our Board	Nil
Mr. Li Kwok Tai James (李國泰)	54	Independent non-executive Director	March, 2023	March 3, 2023	Supervising and providing independent judgment to our Board	Nil

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Li Xiang (李翔), aged 50, founded our Group on August 26, 2013 and was appointed as a Director on June 7, 2019. He was appointed as the chairman of our Board, the chief executive officer of our Company and was redesignated as an executive Director on January 21, 2022. He is mainly responsible for the overall strategic and direction planning, business development and management of our Group. He is the chairman of the nomination committee of our Company. Mr. Li is the spouse of Ms. Yu, our executive Director and the deputy chief operating officer of our Company.

Mr. Li currently holds the following positions in the subsidiaries of our Company as set out below:

Name of Company	Position
Able Best	Director and general manager
Powerwin Media	Chairman of the board of directors and general manager
Beijing Dingli	Chairman of the board of directors and general manager
Powerwin Shenzhen	Chairman of the board of directors and general manager
Powerwin E-commerce	Director and general manager
Beijing Yingli	Director and general manager

Mr. Li has over 24 years of business management and information technology-related experience. Prior to founding our Group, from 1997 to August 2009, Mr. Li served as the general sales manager of the Beijing Branch of Intel (China) Co., Ltd.* (英特爾(中國)有限公司北京分公司), a technology company specialised in chip-making. From September 2009 to July 2012, Mr. Li served as the greater China OEM general manager of Microsoft Corporation (China)* (微軟(中國)有限公司), a multinational technology company.

Mr. Li received a bachelor’s degree in computer application from the Shenyang University of Technology in the PRC in July 1996. Mr. Li received a master’s degree in business administration from the China Europe International Business School in the PRC in September 2006.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li was the director of the company below at the time of its dissolution. As confirmed by Mr. Li, the company was solvent at the time of dissolution and to his best knowledge, the dissolution of the company has not resulted in any actual or potential liability or obligation being imposed against him:

Name of Company	Place of incorporation	Nature of Business	Date of Dissolution	Means of dissolution	Reasons of Dissolution
Shenzhen Yingbaotong Information Technology Co., Ltd.* (深圳英寶通全網信息科技有限公司)	PRC	Advertising	November 26, 2019	Deregistration	Cessation of business

Ms. Yu Lu (余璐), aged 42, was appointed as an executive Director and the deputy chief operating officer of our Company on January 21, 2022. She is also one of the joint company secretaries of our Company. She joined our Group on January 1, 2016. She is mainly responsible for the internal management of our Group and assisting the chief executive officer in the overall strategic and direction planning of our Group. She is a member of the remuneration committee of our Company. Ms. Yu is the spouse of Mr. Li, the chairman of our Board, the chief executive officer of our Company and our executive Director.

Ms. Yu currently holds the following positions in the subsidiaries of our Company as set out below:

Name of Company	Position
Able Best	Director and deputy general manager
Powerwin Media	Director and deputy general manager
Beijing Dingli	Director and deputy general manager
Powerwin Shenzhen	Director and deputy general manager

Ms. Yu has over 13 years of sales and strategic planning experience. Prior to joining our Group, from March 2008 to June 2015, Ms. Yu last served as the channel account manager of Intel China Ltd.* (英特爾(中國)有限公司), a technology company specialising in chip-making.

Ms. Yu received a bachelor’s degree in forestry from Shihezi University in the PRC in June 2003. Ms. Yu received a master’s degree in business administration in finance from the Chinese University of Hong Kong in December 2011.

Independent Non-executive Directors

Ms. Zhao Yan (趙焱), aged 41, was appointed as our independent non-executive Director on March 3, 2023. Ms. Zhao is mainly responsible for supervising and providing independent judgment to our Board. She is also a member of the audit committee, remuneration committee and nomination committee of our Company.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhao has over 14 years of experience in the legal and finance field. Ms. Zhao worked as a solicitor in the Beijing headquarters of King & Wood Mallesons from July 2006 to May 2008, where she was responsible for advising clients on matters relating to corporate finance. From February 2009 to February 2011, Ms. Zhao worked as a lawyer in Beijing Dacheng Law Offices. Ms. Zhao was the managing director of the investment bank department of Caitong Securities Co., LTD. (財通證券股份有限公司), a securities company from February 2011 to January 2019. Ms. Zhao is now serving as the senior partner of Zhengxin Law Firm.

Ms. Zhao received a bachelor’s degree in laws from Yanshan University in the PRC in July 2003. Ms. Zhao received a master’s degree in litigation law from the China University of Political Science and Law in the PRC in June 2006. Ms. Zhao received a master’s degree in business administration in finance from the Chinese University of Hong Kong in December 2011. Ms. Zhao is admitted to the Doctoral of Professional Studies in Business program at the Gabelli School of Business, Fordham University in the United States. Ms. Zhao is a qualified lawyer in the PRC and she also holds securities qualification in the PRC.

Mr. Gong Peiyue (公佩鉞), aged 46, was appointed as our independent non-executive Director on March 3, 2023. Mr. Gong is mainly responsible for supervising and providing independent judgment to our Board. He is the chairman of the remuneration committee, a member of the audit committee and the nomination committee of our Company.

Mr. Gong has over 22 years of experience in auditing, business consulting and asset management. Mr. Gong was a senior consultant, project manager and senior project manager of BMI Consulting (Shenzhen) Co., Ltd.* (邦盟匯駿顧問(深圳)有限公司) from May 2002 to September 2009. From December 2009 to July 2013, Mr. Gong was an executive director of BMI Management Advisory (Xiamen) Limited* (邦盟匯駿管理諮詢(廈門)有限公司). Mr. Gong was a vice president of Sichuan Haocaitou Co., Ltd* (四川好彩頭實業股份有限公司) from April 2015 to January 2017. Mr. Gong now serves as a legal representative and an executive director in Huifu Taige (Xiamen) Asset Management Co., Ltd* (慧富泰格(廈門)資產管理有限公司), where he was responsible for the overall management of that company.

Mr. Gong received his bachelor’s degree of accounting from the Chang’an University (長安大學) (formerly known as Xi’an Highway Jiaotong University* (西安公路交通大學)) in the PRC in July 1998. Mr. Gong has been a member of The Hong Kong Independent Non-Executive Director Association since 2020.

Mr. Gong currently serves as an independent non-executive director of Universal Star (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2346) since July 2021.

Mr. Li Kwok Tai James (李國泰), aged 54, was appointed as our independent non-executive Director on March 3, 2023. Mr. Li is mainly responsible for supervising and providing independent judgment to our Board. He is the chairman of the audit committee of our Company.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li served as a staff accountant in the audit department of Ernst & Young from May 1994 to January 1997; a senior accountant in the global corporate finance division of Arthur Andersen & Co. from May 1998 to January 2000; a senior associate of DBS Asia Capital Limited from January 2000 to January 2001; a manager in the listing division of Hong Kong Exchanges and Clearing Limited, a company listed on the Stock Exchange (stock code: 388), from September 2002 to June 2006; a senior manager in the corporate finance execution department of BNP Paribas Capital (Asia Pacific) Limited from June 2006 to May 2007; a vice president in the investment banking coverage department of J.P. Morgan Securities (Asia Pacific) Limited from May 2007 to December 2008; a vice president of New World Strategic Investment Limited, a wholly-owned subsidiary of New World Development Company Limited, a company listed on the Stock Exchange (stock code: 17), from April 2009 to April 2010; a director in the investment banking department of CGS-CIMB Securities (Hong Kong) Limited (formerly known as CIMB Securities Limited, a wholly-owned subsidiary of CIMB Group Sdn Bhd) from April 2010 to January 2017 and a managing director of Futec International Holdings Limited (previously known as HeungKong Financial Group Limited) from July 2017 to May 2018. Mr. Li has served as a managing director in the investment banking department of Shanggu Securities Limited since June 2018. Mr. Li has been an independent non-executive director of Huasheng International Holding Limited, a company listed on the Stock Exchange (stock code: 1323), since September 2020; as well as in C&D Property Management Group Co., Ltd, a company listed on the Stock Exchange (stock code: 2156), since December 2020.

Mr. Li obtained a bachelor’s degree in engineering from the University of Liverpool in the United Kingdom in July 1990; a master’s degree in science from the Victoria University of Manchester in the United Kingdom in December 1991; and a bachelor of laws degree from the University of London in the United Kingdom in August 2005. Mr. Li has been a member of the American Institute of Certified Public Accountants since September 1999 and an associate member of the Hong Kong Institute of Certified Public Accountants since March 2000.

General

Save as disclosed in this section above, none of our Directors has held any other directorships in any other listed companies in Hong Kong or overseas during the three years immediately prior to the date of this document.

Please refer to “Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders” in Appendix V for details of our Directors’ respective interests or short positions (if any) in our Shares and particulars of our Directors’ service contracts and letters of appointment.

Each of our Directors has confirmed that he/she does not have any interest in a business apart from ours which competes or is likely to compete, directly or indirectly, with us which is discloseable under Rule 8.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed in this section above, each of our Directors has confirmed that there are no other matters relating to his/her appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of, or paragraph 41(3) of Appendix 1A to the Listing Rules.

SENIOR MANAGEMENT

The senior management team of our Group, in addition to our executive Directors, is responsible for our daily business operations. The table below sets forth certain information regarding the senior management of our Group:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management of our Company	Principal roles and responsibilities	Relationship with other Directors and senior management
Mr. Fan Qiyao (范啟堯)	35	Head of Marketing, E-commerce	August, 2020	January 21, 2022	Overall management of the sale and operation of the e-commerce business of our Group	Nil
Mr. Cao Xin (曹鑫)	36	Head of Technology	April, 2019	January 21, 2022	Providing technical support to business technology and the development and maintenance of product	Nil

Mr. Fan Qiyao (范啟堯), aged 35, was appointed as our head of marketing, e-commerce, on January 21, 2022 and is responsible for the overall management of the sale and operation of the e-commerce business of our Group.

Prior to joining our Group, from August 2013 to January 2016, Mr. Fan served as the information maintenance officer of Deutsche Bahn AG, the national railway company of Germany, where he was responsible for the maintenance of the information system. Mr. Fan then worked in Beijing Social E-Commerce Co., Ltd. (北京搜秀電子商務有限公司), an internet e-commerce company. From July 2019 to August 2020, Mr. Fan served as the overseas advertisement deployment manager of Beijing Zhongtian Hexin Information Technology Co., Ltd.* (北京中天和信資訊技術有限公司), a technology development and consulting company.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Fan received a bachelor’s degree in international finance and commerce from the Shanxi Agricultural University in the PRC in June 2011. Mr. Fan received a bachelor’s degree in business management from the Anhalt University of Applied Sciences in Germany in June 2013. Mr. Fan received a master’s degree in online communications from the Anhalt University of Applied Sciences in Germany in March 2019.

Mr. Cao Xin (曹鑫), aged 36, was appointed as our head of technology on January 21, 2022 and is responsible for providing technical support to business technology and the development and maintenance of products.

Prior to joining our Group, from October 2013 to December 2014, Mr. Cao worked for Zanbo Hengan Health Technology Development (Beijing) Co., Ltd.* (贊博恒安健康科技發展(北京)有限公司), formerly known as Beijing Ganmeng Technology Co., Ltd.* (北京甘蒙科技有限公司), an internet company hosting a website specialising in medical and healthcare education. From April 2016 to October 2017, Mr. Cao worked for Beijing Yiqilian Technology Co., Ltd.* (北京億起聯科技有限公司), a big data marketing company. Mr. Cao served as the technical director for Tianjin Xiakexing Technology Co., Ltd.* (天津俠客行科技有限公司), a big data marketing company, where he was responsible for software development, up to June 2018.

Mr. Cao completed his studies in a bachelor’s degree in computer science and technology from the School of Distance Learning and Continuing Education of the Beijing Jiaotong University through distant learning in the PRC in July 2014.

JOINT COMPANY SECRETARIES

Ms. Yu (余璐) was appointed as one of the joint company secretaries of our Company on January 21, 2022. For details of Ms. Yu’s biography, see “– Directors – Executive Directors”.

We have appointed Ms. Lam Wing Chi (林穎芝) as another joint company secretary of our Company on January 21, 2022, to assist Ms. Yu in discharging her duties as a joint company secretary, including compliance matters relating to the Listing Rules and other Hong Kong regulatory requirements for a period of three years commencing from the [REDACTED].

Ms. Lam Wing Chi is a senior manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Lam has over nine years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lam is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Lam received her bachelor’s degree in Accounting from the Hong Kong Shue Yan University in July 2012.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Lam currently holds company secretary positions in Raffles Interior Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1376), Canggang Railway Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2169), GoFintech Innovation Limited (formerly known as China Fortune Financial Group Limited, a company listed on the Main Board of the Stock Exchange, stock code: 290) and AIM Vaccine Co., Ltd (a company listed on the Main Board of the Stock Exchange, stock code: 6660).

BOARD COMMITTEES

Our Board has established the audit committee, the remuneration committee and the nomination committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group’s activities.

Audit Committee

Our Group has established the audit committee on March 6, 2023 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the CG Code. The audit committee consists of three members, namely, Mr. Li Kwok Tai James, Ms. Zhao Yan and Mr. Gong Peiyue, who are our independent non-executive Directors. Mr. Li Kwok Tai James is the chairperson of the audit committee and the independent non-executive Director with the appropriate professional qualifications.

The primary duties of the audit committee include, among others, (i) reviewing and supervising our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) providing advice and comments to our Board; and (iii) performing other duties and responsibilities as may be assigned by the Board.

Remuneration Committee

Our Group has established the remuneration committee on March 6, 2023 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the CG Code. The remuneration committee consists of three members, namely, Mr. Gong Peiyue, Ms. Yu and Ms. Zhao. Mr. Gong Peiyue is the chairperson of the remuneration committee.

The primary duties of the remuneration committee include, among others, (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

Our Group has established the nomination committee on March 6, 2023 with written terms of reference in compliance with paragraph B.3 of part 2 of the CG Code. The nomination committee consists of three members, namely Mr. Li, Ms. Zhao Yan and Mr. Gong Peiyue. Mr. Li is the chairperson of the nomination committee.

The primary duties of the nomination committee include, among others, (i) reviewing the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) assessing the independence of our independent non-executive Directors; and (iv) making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

CORPORATE GOVERNANCE

Our Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Pursuant to paragraph C.2.1 of part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Li is the chairman of our Board and the chief executive officer our Company. With extensive experience in business management, Mr. Li is responsible for the overall strategic and direction planning, business development and management of our Group and is instrumental to our growth and business expansion since our establishment. Our Board considers that vesting the roles of joint chairman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our senior management and our Board, which comprises experienced and high-caliber individuals. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at an appropriate time if necessary, taking into account the circumstances of our Group as a whole.

Our Company has adopted the code provisions stated in the CG Code. Save as disclosed above, we are in compliance with all code provisions of the CG Code. Our Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

DIRECTORS AND SENIOR MANAGEMENT

BOARD DIVERSITY

Our Company recognizes the benefits of having a diversified Board. Our Company has adopted a board diversity policy with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of our Group from time to time. In summary, our board diversity policy sets out that when considering the nomination and appointment of a Director, with the assistance of our nomination committee, our Board would consider a range of diversity of perspectives, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and the potential contributions that the candidate is expected to bring to our Board, in order to better serve the needs and development of our Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to our Board.

With respect to gender diversity, our executive Director Ms. Yu and our independent non-executive Director Ms. Zhao Yan, having extensive experience in their respective fields, contribute to gender diversity of our Board.

After [REDACTED], our nomination committee will review our board diversity policy and its implementation from time to time to ensure its continued effectiveness and we will disclose the policy or a summary thereof in our corporate governance report on an annual basis.

REMUNERATION POLICY

Our Directors and senior management of our Company receive compensation in the form of fees, salaries, contributions to pension schemes, other allowances, other benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and performance of our Directors and senior management, as well as the performance of our Group.

Our Group regularly reviews and determines the remuneration and compensation packages of our Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, respective responsibilities of our Directors and senior management and performance of our Group.

Following the [REDACTED], our remuneration committee will review and determine the remuneration and compensation packages of our Directors with reference to their experience, responsibilities, workload and time devoted to our Group and performance of our Group.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Group in the form of fees, salaries, housing allowance and contributions to a retirement benefit scheme. The aggregate remuneration (including fees, salaries, housing allowance and contributions to a retirement benefit scheme) paid to our Directors for the years ended December 31, 2019, 2020, 2021 and the nine months ended September 30, 2022 was US\$135,000, US\$240,000, US\$625,000 and US\$510,000, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

The aggregate amount of wages, salaries and bonuses, pension costs, housing funds, medical insurance and other social insurances paid to our five highest paid individuals in respect of each of the years ended December 31, 2019, 2020, 2021 and the nine months ended September 30, 2022 was US\$197,000, US\$414,000, US\$882,000 and US\$697,000, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office during the Track Record Period. Further, none of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowances and other benefits in kind) of our Directors for the year ending December 31, 2023 is estimated to be approximately HK\$34.8 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the [REDACTED], receive recommendation from the remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

COMPLIANCE ADVISOR

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Maxa Capital Limited as our compliance advisor to provide advisory services to our Company. Pursuant to Rule 3A.23 of the Listing Rules, it is expected that our compliance advisor will, amongst other things, advise our Company with due care and skill 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 shares issues and share repurchases;

DIRECTORS AND SENIOR MANAGEMENT

- where our Company propose to use the [REDACTED] from the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the [REDACTED] or [REDACTED] of our Shares.

The term of the appointment shall commence on the [REDACTED] and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the [REDACTED] and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised), the following persons will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, 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:

Long position in the Shares

Name of Shareholder	Capacity/nature of interest	As at the date of this document		Immediately following completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	
		Number of Shares ¹	Shareholding Percentage	Number of Shares ¹	Shareholding Percentage
Ms. Yu	Interest in controlled corporation ²	10,000(L)	1.0%	[REDACTED]	[REDACTED]
	Settlor of a discretionary trust ³	590,000(L)	59.0%	[REDACTED]	[REDACTED]
	Interest of spouse ⁴	400,000(L)	40.0%	[REDACTED]	[REDACTED]
Common Excellence	Beneficial owner ³	590,000(L)	59.0%	[REDACTED]	[REDACTED]
Total Mice	Interest in controlled corporation ³	590,000(L)	59.0%	[REDACTED]	[REDACTED]
Mr. Li	Interest in controlled corporation ⁵	160,000(L)	16.0%	[REDACTED]	[REDACTED]
	Settlor of a discretionary trust ⁶	240,000(L)	24.0%	[REDACTED]	[REDACTED]
	Interest of spouse ⁴	600,000(L)	60.0%	[REDACTED]	[REDACTED]
Into One	Beneficial owner ⁶	240,000(L)	24.0%	[REDACTED]	[REDACTED]
Honest Beauty	Interest in controlled corporation ⁶	240,000(L)	24.0%	[REDACTED]	[REDACTED]
Wealth Express	Beneficial owner ⁵	150,000(L)	15.0%	[REDACTED]	[REDACTED]
Trustee	Trustee of the Tranquil Trust ³	590,000(L)	59.0%	[REDACTED]	[REDACTED]
	Trustee of the Imperial Trust ⁶	240,000(L)	24.0%	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Notes:

1. The letter “L” denotes a person’s “long position” (as defined under Part XV of the SFO) in such Shares.
2. Our Company is held directly by Lucky Linkage as to [REDACTED]. Lucky Linkage is wholly owned by Ms. Yu. Ms. Yu is deemed to be, or taken to be, interested in all the Shares held by Lucky Linkage for the purpose of the SFO.
3. The Trustee, acting as the trustee of the Tranquil Trust, holds the entire issued share capital of Total Mice, which in turn holds the entire issued share capital of Common Excellence. The Tranquil Trust is a discretionary trust established by Ms. Yu (as the settlor) and the beneficiaries of which include Mr. Li and Ms. Yu’s family members. Our Company is held directly by Common Excellence as to [REDACTED]. As such, Ms. Yu is deemed to be interested in the Shares held by Common Excellence for the purpose of the SFO.
4. Mr. Li and Ms. Yu are spouses. Therefore, each of them is deemed to be interested in all the Shares the other party is interested in for the purpose of the SFO.
5. Our Company is held directly by Total Best and Wealth Express as to [REDACTED] and [REDACTED], respectively. Each of Total Best and Wealth Express is wholly owned by Mr. Li. Mr. Li is deemed to be, or taken to be, interested in all the Shares held by Total Best and Wealth Express for the purpose of the SFO.
6. The Trustee, acting as the trustee of the Imperial Trust, holds the entire issued share capital of Honest Beauty, which in turn holds the entire issued share capital of Into One. The Imperial Trust is a discretionary trust established by Mr. Li (as the settlor) and the beneficiaries of which include Ms. Yu and Mr. Li’s family members. Our Company is held directly by Into One as to [REDACTED]. As such, Mr. Li is deemed to be interested in the Shares held by Into One for the purpose of the SFO.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised), have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly 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 our Company or any of its subsidiaries. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

SHARE CAPITAL

The authorized and issued share capital of our Company is as follows:

<i>Authorized share capital:</i>	<i>US\$</i>
2,000,000,000 Shares of US\$0.01 each	20,000,000.00

The issued share capital of our Company immediately following completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised) will be as follows:

<i>Issued and to be issued, fully paid or credited as fully paid:</i>	<i>US\$</i>
1,000,000 Shares in issue as at the date of this document	10,000.00
[REDACTED] Shares to be issued pursuant to the [REDACTED]	[REDACTED]
[REDACTED] Shares to be issued pursuant to the [REDACTED] (excluding any Shares which may be issued under the [REDACTED])	[REDACTED]
<hr/>	<hr/>
<u>[REDACTED]</u> Shares in total	<u>[REDACTED]</u>

Assuming the [REDACTED] is exercised in full, the share capital of our Company immediately following the completion of the [REDACTED] and the [REDACTED] will be as follows:

<i>Issued and to be issued, fully paid or credited as fully paid:</i>	<i>US\$</i>
1,000,000 Shares in issue as at the date of this document	10,000.00
[REDACTED] Shares to be issued pursuant to the [REDACTED]	[REDACTED]
[REDACTED] Shares to be issued pursuant to the [REDACTED] and the [REDACTED]	[REDACTED]
<hr/>	<hr/>
<u>[REDACTED]</u> Shares in total	<u>[REDACTED]</u>

SHARE CAPITAL

Assumptions

The above tables assume the [REDACTED] has become unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account any Shares which may be allotted and issued or repurchased by our Company under the general mandate for the allotment and issue or the repurchase of Shares granted to our Directors as referred to below.

Ranking

The [REDACTED] and the Shares which may be issued pursuant to the [REDACTED] shall rank *pari passu* with all existing Shares in issue on the date of the allotment and issuance of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this document save for entitlements under the [REDACTED].

General mandate to issue Shares

Subject to the [REDACTED] becoming unconditional, Our Directors have been granted with an unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the [REDACTED] and the [REDACTED]; and
- (b) the aggregate nominal value of share capital of our Company repurchased by our Company, if any, under the general mandate to repurchase Shares referred to below.

The aggregate nominal value of the Shares which our Directors are authorized to allot and issue under this issuing mandate will not be reduced by the allotment and issue of Shares pursuant to (i) a rights issue; (ii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association; or (iii) any specific authority granted by the Shareholders in general meeting(s).

This issuing mandate will expire at the earliest of:

- (a) the conclusion of our Company's next annual general meeting;
- (b) the expiration of the period within which our Company is required by the applicable Cayman Islands laws or the Articles of Association to hold our next annual general meeting; or

SHARE CAPITAL

- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this issuing mandate, please see “A. Further Information about our Group – 3. Resolutions in writing of the Shareholders passed on March 3, 2023” in Appendix V.

General mandate to repurchase Shares

Subject to the [REDACTED] becoming unconditional, our Directors have been granted with a general unconditional mandate to exercise all powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the [REDACTED] and the [REDACTED].

This repurchase mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which the Shares are [REDACTED] (and which is recognised by the SFC and the Stock Exchange for this purpose) and which are made in accordance with all applicable laws and requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this document regarding the repurchase of Shares by our Company is set out in “A. Further Information about our Group – 6. Repurchases of our own securities” in Appendix V.

This repurchase mandate will expire at the earliest of:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the expiration of the period within which our Company is required by the applicable Cayman Islands laws or the Articles of Association to hold our next annual general meeting; or
- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this repurchase mandate, please see “A. Further Information about our Group – 3. Resolutions in writing of the Shareholders passed on March 3, 2023” in Appendix V.

FINANCIAL INFORMATION

You should read the following section in conjunction with our consolidated financial information, including the accompanying notes thereto, as set out in the Accountants’ Report included in Appendix I to this document. Our consolidated financial information for the Track Record Period has been prepared in accordance with HKFRSs, which may differ in material respects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Our future results could differ materially from those anticipated in these forward-looking statements. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed “Risk Factors” and “Business.”

OVERVIEW

We are a cross-border digital marketing service provider in China ranking third by gross billing in 2021 for cross-border e-commerce with a market share of 6.2%. According to Frost & Sullivan, we were also the fourth largest cross-border digital marketing service provider in China with a market share of 2.7% by gross billing in 2021. Over the years, we have been dedicated to empowering China-based marketers in user acquisition to better promote and connect themselves to customers worldwide while collaborating with major and well-known media publishers in helping them explore monetization opportunities.

Capitalizing on our deep understanding of marketers’ evolving needs and prompted by the cross-border digital marketing spending along with the growing demand of China-based enterprises to expand overseas business, we had served more than 1,900 marketers as of September 30, 2022, covering a variety of industry verticals of e-commerce, online games and apps. A substantial part of our gross billing during the Track Record Period was attributable to marketers which have been working with us for more than three years in a row, which is longer than the industry average for the cross-border digital marketing industry in China, according to Frost & Sullivan. We have been the digital marketing service provider for a number of high-profile marketers in China, including, according to Frost & Sullivan, (i) the largest cross-border e-commerce marketplace by revenue in 2021, (ii) the largest standalone online shopping platform for women’s apparel by revenue in 2021, (iii) the largest cross-border social networking platform operator by monthly active user in 2021, and (iv) one of the leading online games companies in China.

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We had, as of September 30, 2022, curated and collaborated with 19 major and well-known media publishers globally, including major media publishers such as Media Publisher A, Google, Twitter, TikTok, LinkedIn, YouTube and Snapchat, covering social networking, instant messaging, search engine and short-video media platforms, as well as more than 50 industry-specific media publishers each focusing on a specific niche market. As of September 30, 2022, the media coverage of our services reached more than 240 countries and regions in the world, achieving an aggregate of approximately 594 billion impressions and 15 billion number of clicks, respectively, during the Track Record Period. We have been cooperating with Media Publisher A since 2017 as its reseller, being a first-tier digital marketing agent for Media Publisher A in China. We are among the few resellers for Media Publisher A in China with capabilities to serve marketers across industries, according to Frost & Sullivan.

As we strengthened our digital marketing and SaaS capabilities over the years, we have cultivated and refined a business model comprising two business lines, namely, (i) our cross-border digital marketing services, as highlighted by our SaaS platform, Adorado, and (ii) our cross-border online-shop SaaS solutions, as supported by our SaaS platform, Powershopy. During the Track Record Period, we derived a substantial part of our revenue from cross-border digital marketing services under which we provided China-based marketers with standardized, customized and/or SaaS-based solutions to address their needs for cross-border marketing endeavors. We had in 2018 launched our Adorado platform to deliver our cross-border digital marketing services to marketers in a more data-driven and automated manner. In November 2021, we also commenced to provide cross-border online-shop SaaS solutions with the pilot launch of our Powershopy platform which enables cross-border e-commerce merchants to build, operate, manage and market their own standalone online shops in an “all-in-one” fashion.

Under this dual model, we are striving to offer our customers with a cross-media and omni-channel service offering and a one-stop experience to promote and sell products and services to their target customers around the globe, thereby establishing a stronger online presence for their cross-border business endeavors. In doing so, we are able to deepen our collaborations with major and well-known media publishers by connecting them to a broader variety of monetization opportunities from our vibrant assemble of marketers. According to Frost & Sullivan, we are one of the few digital marketing service providers in China to transform into a “digital marketing + online-shop SaaS” dual business mode, serving China-based e-commerce merchants along the industry value chain.

We believe our dual business model is able to create better synergies for our future development. On one hand, we are able to convert our marketers from cross-border digital marketing services to cross-border online-shop SaaS business as some of these marketers contemplate to establish and develop their own standalone online shops and are in need of SaaS-empowered supply chain related services, which can be accessed via our Powershopy platform. In tandem, as our cross-border online-shop SaaS solutions develop over time, customers utilizing such solutions would inevitably need to promote and market their online shops in a more integrated manner thereby retaining a pool of marketers for our cross-border digital marketing services, especially our Adorado digital marketing platform, as its functions can be embedded within our Powershopy platform to provide an integrated service experience for our customers.

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We had experienced rapid growth during the Track Record Period by leveraging our strong ties with both marketers and media publishers, our industry insight and caliber and our SaaS and data analytical capabilities. Our gross billing increased from US\$357.9 million in 2019 to US\$477.1 million in 2020 and further increased to US\$610.8 million in 2021. Our gross billing was US\$337.8 million for the nine months ended September 30, 2022. Our revenue increased from US\$9.5 million in 2019 to US\$11.7 million in 2020 and further increased to US\$14.3 million in 2021 at a CAGR of 22.7% from 2019 to 2021. Our revenue was US\$10.2 million for the nine months ended September 30, 2022.

BASIS OF PRESENTATION

During the Track Record Period, our business was conducted through Powerwin Media incorporated in Hong Kong and our subsidiaries incorporated in the PRC. Upon completion of the Reorganization, our Company became the holding company of the companies now comprising our Group which involved inserting newly formed investment holding entities with no substantive operations as holding companies of Powerwin Media and its subsidiaries, and there were no changes in the economic substance of the ownership and the business of our Group before and after the Reorganization. Accordingly, the historical financial information has been prepared and presented as a continuation of the consolidated financial statements of our Group’s business with the assets and liabilities recognized and measured at their historical carrying amounts prior to the Reorganization.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of our Group for the Track Record Period include the financial performance and cash flows of the companies now comprising our Group as if the current group structure had been in existence and remained unchanged throughout the Track Record Period, or since their respective dates of incorporation or establishment, whichever is a shorter period. The consolidated statements of financial position of our Group as of December 31, 2019, 2020 and 2021 and September 30, 2022 have been prepared to present the financial position of the companies now comprising our Group as of those dates as if the current group structure had been in existence as of the respective dates, taking into account the respective dates of incorporation or establishment, where applicable. Intra-group balances and transactions are eliminated in full in preparing the historical financial information.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial position are affected by a number of factors, including those factors set out in the section headed “Risk Factors” in this document and those discussed below:

Growth of the Cross-border Digital Marketing and E-commerce Industries

The growth of our business has been driven by the overall growth of the cross-border digital marketing and cross-border e-commerce industries in China. China-based enterprises engaging in cross-border digital marketing generally market on the platforms of multiple media

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publishers of same or different types simultaneously. Cross-border digital marketing market size refers to the total overseas digital marketing spending of China-based marketers. According to Frost & Sullivan, stimulated by digitalization, the proliferation of Internet and the trend of domestic enterprises’ expansion into overseas market, China’s cross-border digital marketing industry has witnessed rapid growth during the past few years with gross billing attributable to marketers increased from US\$4.8 billion in 2016 to US\$22.3 billion in 2021 at a CAGR of 36.0% and the industry is expected to continue to grow due to the technology innovation (such as AR, AI and big data) and the growing demand of China-based marketers for cross-border digital marketing services with gross billing expected to increase to US\$61.6 billion in 2026 at a CAGR of 22.5% from 2021 to 2026. Our gross billing increased from US\$357.9 million in 2019 to US\$477.1 million in 2020 and further increased to US\$610.8 million in 2021. Our gross billing was US\$337.8 million for the nine months ended September 30, 2022. Our revenue from cross-border digital marketing services, which represented a substantial part of our revenue generated during the Track Record Period, was US\$9.5 million, US\$11.7 million, US\$14.3 million, US\$10.1 million and US\$9.6 million for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, respectively.

In addition, a substantial part of gross billing for our cross-border digital marketing services during the Track Record Period was generated from marketers conducting marketing campaigns in the cross-border e-commerce industry and our cross-border online-shop SaaS solutions are also targeted at cross-border e-commerce merchants and businesses in China. As such, our business growth has been and is expected to be driven largely by the development of cross-border e-commerce industry in China. According to Frost & Sullivan, the total GMV for China’s cross-border e-commerce market increased from US\$0.6 trillion in 2016 to US\$1.7 trillion in 2021 at a CAGR of 22.0% and is estimated to reach US\$3.0 trillion in 2026 at a CAGR of 12.6% from 2021 to 2026. Moreover, according to Frost & Sullivan, driven by the growth of cross-border e-commerce business, the market size of cross-border online-shop SaaS solutions has increased in the past few years and is also expected to grow in the future with the technology innovation, development and prosperity of social media and the governmental support.

According to Frost & Sullivan, the total cross-border digital marketing spending and the industries in which we operate will continue to grow and we believe it will continue to increase demand for our services. However, our historical growth may not be indicative of our future performance if the industries in which we operate develop or grow more slowly than expected. In addition, if we fail to compete effectively against other market participants, we could lose customers, media publishers or other business partners and our revenue may decline.

Marketer Base and Cross-border Digital Marketing Spending of Marketers

Our results of operations are affected by the size, diversity and quality of our marketer base and the cross-border digital marketing spending of such marketers. We have rapidly grown our marketer base, and our business serves a sizeable base of marketers from a variety of industries, including cross-border e-commerce, online games and apps. We believe the size, diversity and quality of our marketer base has enabled us to grow our revenues and position

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us for continued sustainable growth. In particular, our marketer base has demonstrated high customer stickiness as more than 70% of our gross billing during the Track Record Period were attributable to marketers which have been working with us for more than three years in a row, which is longer than the industry average for the cross-border digital marketing industry in China, according to Frost & Sullivan.

In addition, our ability to increase marketing spending of marketers through our services hinges upon a number of key factors, including (i) our insights on the latest market trends to capture the marketers’ evolving user acquisition needs, (ii) our continuous innovation of know-how, marketing optimization capabilities and technologies to provide increasingly precise and targeted digital marketing services, and (iii) our capabilities to apply our industry experience and technologies to our service deliveries in response to the market trends, thereby maximizing the marketing effect of our marketers.

If we fail to retain existing marketers, deepen or expand our relationships with marketers, or attract new marketers, our results of operations and prospects may be adversely affected. In particular, as the gross billing to marketers correlates to our revenue from cross-border digital marketing, if our marketers reduce or terminate their cooperation with us which would hinder the growth of gross billing to marketers, it would have a material impact on our results of operations and business prospect.

For more information, see “Risk Factors – Risks Relating to Our Business and Industries – If we fail to retain existing marketers and media publishers, deepen or expand our relationships with them, attract new marketers and media publishers, or provide up-to-standard and quality services to our marketers or monetization opportunities to our media publishers, our brand and reputation, financial condition, results of operations and prospects may be materially and adversely affected” and “Business – Business Model of Cross-border Digital Marketing – Marketers.”

Relationship with Media Publishers

We collaborate with and acquire user traffic from a variety of media publishers to implement marketing campaigns that meet the needs of our marketers, which ultimately drives our revenue. Our results of operations are affected by the types of media publishers we work with and our ability to acquire high quality and cost-efficient user traffic suitable for our marketers’ needs and in a timely manner. As of September 30, 2022, we had collaborated with 19 major and well-known media publishers globally. In particular, we have been a reseller in China for Media Publisher A since 2017 and Media Publisher A was our largest media publisher for the Track Record Period and our gross spending with it was US\$355.7 million, US\$472.7 million, US\$608.0 million and US\$336.1 million for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively, accounting for 99.6%, 99.2%, 99.6% and 99.6% of our total gross spending for the respective periods. Top media publishers, such as Media Publisher A, generally have a stringent selection process for resellers and agents and place a heavy emphasis on working with business partners who can provide them with monetization opportunities with the delivery of quality marketing campaigns that are relevant, engaging and attractive for their user base. Therefore, if we are unable to effectively

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meet media publishers’ monetization needs, we may not be able to acquire sufficient and effective user traffic for our marketers and maintain our cooperation with media publishers, which would, among others, adversely impact our services provided to marketers and our business in general. For more information, see “Business – Business Model of Cross-border Digital Marketing – Pricing Models – Pricing Model of Media Publishers” and “Business – Business Model of Cross-border Digital Marketing – Media Publishers.”

Moreover, the rebate rates granted by media publishers (or their resellers or agents) will affect our Net Rebate Rates, which may affect our results of operations of standardized digital marketing business. For details, see “Business – Business Model of Cross-border Digital Marketing – Revenue Models – Revenue Model of Standardized Digital Marketing.” The following table sets forth a sensitivity analysis of our net profit for the periods indicated with reference to the fluctuations of our Net Rebate Rates assuming such changes only result from the decrease in Average Rebate Rates while all other factors remain unchanged:

	Year ended December 31,		Nine months ended	
	2019	2020	2021	September 30, 2022
Net Rebate Rate	1.5%	1.4%	1.2%	1.6%
Net profit (US\$’000)	5,204	5,891	5,775	2,721
Assuming 0.1 percentage point decrease in Net Rebate Rate				
Impact on net profit (US\$’000)	(301)	(404)	(514)	(293)
Assuming 0.2 percentage point decrease in Net Rebate Rate				
Impact on net profit (US\$’000)	(602)	(807)	(1,027)	(585)

Technology and Service Capabilities

Our results of operations depend upon our technology and service capabilities, including our big data analytics and AI capabilities for marketing optimization, the strength of our IT infrastructure and our service capabilities for our SaaS platforms. We believe our ability to develop and apply improved technologies and service standards affects our ability to achieve better marketing performance for our marketers and greater monetization efficiency for our media publishers, and in turn generate gross billing to marketers, gross spending with media publishers and subsequently revenue for our cross-border digital marketing services. Our cross-border SaaS-based digital marketing services and online-shop SaaS solutions business are empowered by our Adorado and Powershopy SaaS platforms, respectively. We must stay abreast of the constantly evolving industry trends and technical standards, and continue to enhance and improve the functionality and scalability of our technologies and services. Additionally, our ability to strengthen our technology capabilities and IT infrastructure will impact our ability to attract and retain customers and media publishers and impact our operating efficiency.

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Ability to control costs and expenses

We believe our future success depends on our ability to attract, hire, retain and motivate qualified and skilled talents which are critical to our business operation and future development, including without limitation our dedicated team of integrated marketing experts, optimizers, creative designers, business operation managers, sales managers, research and development staff for product development and technological upgrade and support. Competition for highly skilled and experienced professionals is extremely intense, which has and may continue to increase our costs and expenses to attract and retain talented employees. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our staff cost included in cost of sales amounted to US\$0.5 million, US\$0.8 million, US\$1.8 million, US\$1.4 million and US\$1.8 million, respectively, which accounted for 47.9%, 53.3%, 82.8%, 82.0% and 88.4% of our total cost of sales for the respective periods; our expenses of other staff in aggregate amounted to US\$0.5 million, US\$0.9 million, US\$1.8 million, US\$1.2 million and US\$1.3 million, respectively, which accounted for 25.9%, 52.1%, 45.5%, 55.3% and 37.1% of our total marketing and administrative expenses for the respective periods. The staff cost and expenses in aggregate accounted for a relatively higher percentage of our total cost of sales and marketing and administrative expenses during the Track Record Period. This was mainly because we implemented a significant increase in our staff salaries in 2020 and 2021 at a considerably higher level than 2019 with a view to motivating and retaining talents for the expansion of our business. Other than this, we expect to maintain a relatively steady increase in our staff cost and expenses in the future along with the organic growth of our business. In addition, we intend to keep our staff cost and expenses under control as we further develop our SaaS-based services with enhanced operating efficiency. If we fail to develop such businesses at a desirable pace, or if we fail to effectively hire and retain high-quality talent, or otherwise manage our staff costs and expenses, our business and results of operations would be adversely affected.

CERTAIN CRITICAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management to make subjective and complex judgements based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our significant accounting policies, (ii) the accounting judgements and estimates and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions, where applicable. We set out below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgements used in the preparation of our financial statements. Our significant accounting policies, which are important for an understanding of our financial condition and results of operations, are set out in further details in Note 2 of the Accountants’ Report in Appendix I to this document. For more details of our critical accounting judgments and significant accounting estimates in applying our accounting policies, see Note 3 of the Accountants’ Report in Appendix I to this document.

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The financial information of our Group for the Track Record Period has been prepared in accordance with HKFRSs, which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong. The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing our financial information for the Track Record Period in this document, we have adopted all applicable new and revised HKFRSs for the accounting period beginning on January 1, 2022. We have not early adopted any other new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2022. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2022 are set out in details in Note 28 to Appendix I of this document. Our financial information for the Track Record Period in this document also complies with the applicable disclosure provisions of the Listing Rules. The accounting policies set out below and discussed in further details in Appendix I have been applied consistently to all periods presented in our financial information for the Track Record Period. Our interim financial information for the nine months ended September 30, 2021 has been prepared in accordance with the same basis of preparation and presentation adopted in respect of our financial information for the years ended December 2019, 2020 and 2021 and the nine months ended September 30, 2022.

Revenue Recognition

Cross-border Digital Marketing Services

We derived a substantial part of our revenue from the provision of cross-border digital marketing services during the Track Record Period. We generally adopt a CPM pricing model for such services, with the remaining on a CPC basis. We recognize revenue on the CPM or CPC basis, when the related services are delivered. Revenue is measured at the fair value of the consideration received or receivable and represents the expected amounts receivable for services performed, net of discounts, returns and value-added taxes.

We follow the accounting guidance for principal-agent considerations to assess whether our Group controls the specified service before it is transferred to the marketer as the customer, the indicators of which include 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 from the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on each different circumstances.

For our cross-border digital marketing services, we neither make promises to marketers about the effectiveness of marketing campaigns nor do we control the underlying media resources before they are transferred to marketers. Therefore, we act as an agent when providing cross-border digital marketing services and do not include in revenue any payments from the marketers that are collected on behalf of the media publishers.

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(i) Standardized digital marketing services

We act as an intermediary by connecting marketers with media publishers and facilitating their transactions. We recognize revenue mainly based on the agreed amount of rebates earned from the media publishers, net of the incentives granted to the marketers. For further details, see “Business – Business Model of Cross-border Digital Marketing – Revenue Models – Revenue Model of Standardized Digital Marketing.”

(ii) Customized digital marketing services and SaaS-based digital marketing services

Revenue from such services is recognized at the agreed amount charged to the marketers, which is generally based on a certain percentage of the gross billing to the marketers for the specific media publisher’s platform.

Cross-border Online-shop SaaS Solutions

Revenue from our cross-border online-shop SaaS solutions consists of subscription fees and commission. During the subscription period, customers can access our SaaS platform but cannot take possession of the platform or transfer the proprietary rights pertaining to such a platform. Subscription fees are charged monthly for customers to sell their products and process transactions on the standalone online-shops established through our cross-border online-shop SaaS solutions and our Powershopy platform. Subscription fees are generally charged per online shop and are based on the online shop’s subscription plan to our solutions. The subscription fees are amortized on a straight-line basis over the term of the subscription. Commission consists of sharing of GMV earned by the customers from selling products in their standalone online shops established via our Powershopy platform and is recognized when the relevant transaction is completed.

Trade Receivables

Trade and other receivables are recognized when our Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Trade and other receivables are stated at amortized cost, using the effective interest method less allowance for credit losses. See Note 2(g)(i) in Appendix I to this document.

We estimate the loss allowances for trade receivables by assessing the expected credit losses (the “ECLs”). This requires the use of estimates and judgements. ECLs are based on our Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the original estimate, such difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is changed. We keep assessing the expected credit loss of trade receivables during their expected lives. We measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on aging status is not further distinguished between our different customer bases.

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Income Tax and Deferred Tax Assets

Our Group is subject to income taxes in different jurisdictions. During the Track Record Period, certain of our PRC subsidiaries provided intragroup research and development services and commercial support services to Powerwin Media, one of our Hong Kong subsidiaries. The evaluation of uncertain tax positions associated with such type of transactions involves significant judgment as to the ultimate outcome, the interpretation and application of the relevant tax laws and the determination of the appropriate transfer pricing that reflects the location of value creation. For further details, see Note 3(c) to Appendix I in this document.

Deferred tax assets are recognized for deductible temporary differences. As those deferred tax assets can only be recognized to the extent that it is probable that future profit will be available against which the deductible temporary differences can be utilized, our management’s judgment is required to assess the probability of future taxable profits.

DESCRIPTION OF SELECTED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth our selected consolidated statements of profit or loss and other comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
Revenue	9,531	100.0	11,686	100.0	14,346	100.0	10,124	100.0	10,171	100.0
Cost of sales	(977)	(10.3)	(1,461)	(12.5)	(2,177)	(15.2)	(1,711)	(16.9)	(2,016)	(19.8)
Gross profit	8,554	89.7	10,225	87.5	12,169	84.8	8,413	83.1	8,155	80.2
Marketing expenses	(211)	(2.2)	(434)	(3.7)	(785)	(5.5)	(577)	(5.7)	(451)	(4.4)
Administrative expenses	(1,570)	(16.5)	(1,245)	(10.7)	(3,222)	(22.4)	(1,523)	(15.0)	(3,044)	(29.9)
Expected credit losses										
on trade receivables	(44)	(0.4)	(768)	(6.6)	(158)	(1.1)	(197)	(1.9)	(291)	(2.9)
Other income/(losses)	1	-	18	0.2	(11)	(0.1)	(10)	(0.1)	5	0.0
Profit from operations	6,730	70.6	7,796	66.7	7,993	55.7	6,106	60.4	4,374	43.0
Finance costs	(577)	(6.0)	(903)	(7.7)	(1,188)	(8.3)	(859)	(8.5)	(1,281)	(12.6)
Changes in fair value										
of financial assets	28	0.3	60	0.5	56	0.4	43	0.4	43	0.4
Profit before taxation	6,181	64.9	6,953	59.5	6,861	47.8	5,290	52.3	3,136	30.8
Income tax	(977)	(10.3)	(1,062)	(9.1)	(1,086)	(7.5)	(825)	(8.2)	(415)	(4.0)
Profit for the year/period	<u>5,204</u>	<u>54.6</u>	<u>5,891</u>	<u>50.4</u>	<u>5,775</u>	<u>40.3</u>	<u>4,465</u>	<u>44.1</u>	<u>2,721</u>	<u>26.8</u>

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Revenue

During the Track Record Period, we derived a substantial part of our revenue from cross-border digital marketing services. Our cross-border digital marketing services are categorized into three service types: (i) standardized digital marketing, (ii) customized digital marketing, and (iii) SaaS-based digital marketing. In the fourth quarter of 2021, we also commenced to provide and generated revenue from cross-border online-shop SaaS solutions. The following table sets forth the breakdown of our total revenue by business line and service type for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
Cross-border digital marketing business										
– Standardized digital marketing	6,087	63.9	7,153	61.2	7,764	54.1	5,500	54.3	5,661	55.7
– Customized digital marketing	2,250	23.6	2,950	25.3	3,827	26.7	3,088	30.5	2,496	24.5
– SaaS-based digital marketing	1,194	12.5	1,583	13.5	2,724	19.0	1,536	15.2	1,410	13.9
Sub-total	9,531	100.0	11,686	100.0	14,315	99.8	10,124	100.0	9,567	94.1
Cross-border online-shop SaaS solutions	–	–	–	–	31	0.2	–	–	604	5.9
Total	9,531	100.0	11,686	100.0	14,346	100.0	10,124	100.0	10,171	100.0

Revenue from cross-border digital marketing services

Standardized digital marketing services

During the Track Record Period, we generated the revenue from standardized digital marketing services on the net basis whereby (i) we charge gross billing to our marketers and extend applicable incentives (if any) to them, net result of which is regarded as our “net billing”; and (ii) we place gross spending with media publishers’ platforms and receive applicable rebates (if any) from media publishers (or their resellers or agents), net result of which is regarded as our “net spending.” The difference between our net billing and our net spending is accounted for as our revenue from standardized digital marketing services. For further details, see “Business – Business Model of Cross-border Digital Marketing – Revenue Models – Revenue Model of Standardized Digital Marketing.”

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The following table sets forth the different components of our revenue from standardized digital marketing services during the Track Record Period in further details:

		Year ended December 31,					Nine months ended	
		2019			2020		September 30,	
		2019	2020	2021	2021	2022	2021	2022
		(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	
Marketers								
- Gross billing	(1)	357,942	477,143	610,767	468,791	337,807		
- Incentives	(2)	28,532	39,283	50,923	39,007	27,101		
- Net billing	(3) = (1) – (2)	329,410	437,860	559,844	429,784	310,706		
Media Publishers								
- Gross spending	(4)	357,232	476,509	610,295	468,630	337,398		
- Rebates	(5)	33,909	45,802	58,215	44,346	32,353		
- Net spending	(6) = (4) – (5)	323,323	430,707	552,080	424,284	305,045		
Revenue from standardized digital marketing services	(7) = (3) – (6)	6,087	7,153	7,764	5,500	5,661		

Our revenue from standardized digital marketing services amounted to US\$6.1 million, US\$7.2 million, US\$7.8 million, US\$5.5 million and US\$5.7 million for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, respectively. The increase from 2019 to 2020 was primarily due to our business expansion with a general increase in the gross billing of our cross-border digital marketing business, in particular, in connection with several of our major customers in e-commerce and online games industries. The increase for the nine months ended September 30, 2022 as compared to the same period in 2021 was primarily due to the decrease in our Average Incentive Rate mainly as a result of the increase in gross billing contribution from SMB marketers to which we tended to grant lower incentive rate (or sometimes even no incentives upon first engaging). For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our revenue from standardized digital marketing services accounted for 63.9%, 61.2% and 54.3%, 54.3% and 59.2% of our total revenue from cross-border digital marketing services, respectively.

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Customized digital marketing services

Our customized digital marketing services focus on optimizing targeted marketing effects for marketers and achieving user acquisition goals in a more results-oriented and performance-based manner. During the Track Record Period, we generated the revenue from customized digital marketing services in the form of service fees from marketers. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our service fees from customized digital marketing services amounted to US\$2.2 million, US\$2.9 million, US\$3.8 million, US\$3.1 million and US\$2.5 million, respectively. The increase in revenue from 2019 to 2021 was primarily driven by the increased demand of our marketers for tailored marketing services and the increase in the number of marketers for such services. The decrease in revenue from customized digital marketing services for the nine months ended September 30, 2022 as compared to the same period in 2021 was primarily due to a decrease in the gross billing of marketers for such services, mostly e-commerce marketers, which suffered a slowdown in business and a subsequently lowered demand for customized marketing services due to the resurgence of COVID-19 in China especially in the first half of 2022.

SaaS-based digital marketing services

We provide SaaS-based digital marketing services through Adorado, our proprietary SaaS platform. During the Track Record Period, we generated revenue from SaaS-based digital marketing services in the form of service fees from marketers. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our service fees from SaaS-based digital marketing services amounted to US\$1.2 million, US\$1.6 million, US\$2.7 million, US\$1.5 million and US\$1.4 million, respectively. The revenue from our SaaS-based digital marketing services increased from 2019 to 2021 primarily due to (i) the increase in gross billing to Marketer A, being one major customer for our SaaS-based digital marketing services, and (ii) the increase in the number of paying marketers using our SaaS-based digital marketing services during the same period. The decrease in revenue from SaaS-based digital marketing services for the nine months ended September 30, 2022 as compared to the same period in 2021 was primarily due to adjusted service fee rate adopted with respect to Marketer A by a decrease of 0.6 percentage point in order to facilitate our negotiation to shorten the credit term we grant to Marketer A.

Revenue from cross-border online-shop SaaS solutions

In November 2021, we commenced to provide cross-border online-shop SaaS solutions with the pilot launch of our Powershopy platform. We generate revenue from Powershopy platform in the form of (i) a fixed amount of a monthly subscription fee for the use of our platform; and/or (ii) a commission representing a pre-determined percentage of the GMV generated by our customers through our Powershopy platform. We currently offer three kinds of monthly subscription plans, namely standard, advanced, and flagship versions with differentiated subscription fees, primarily based on the number of operators of our customers whom we grant access to our Powershopy platform for each standalone online shop. Our

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revenue from cross-border online-shop SaaS solutions amounted to US\$31,034 for the year ended December 31, 2021 and US\$603,784 for the nine months ended September 30, 2022. The significant increase in revenue from the year ended December 31, 2021 to the nine months ended September 30, 2022 was primarily due to: (i) the increase in subscription fees from US\$31,034 to US\$422,617 over the same period, mainly because (a) the subscription fees in 2021 was recorded for a short period of time since we commenced such business in November 2021, and (b) the increase in subscription fees for the nine months ended September 30, 2022 was driven by the increase in number of the online shops we helped to establish from more than 500 as of December 31, 2021 to more than 1,900 as of September 30, 2022; and (ii) the commission of US\$181,167 generated for the nine months ended September 30, 2022 whereas we did not generate such revenue in 2021 as we only started to charge customers commission based on GMV since 2022.

Cost of Sales

Our cost of sales represents costs directly attributable to the provision of our services and comprises (i) staff cost representing salaries and benefits of our (a) business staff such as integrated marketing experts, optimizers, creative designers and business operation managers, and (b) research and development staff for product development and technical support, (ii) outsourcing cost for research and development mainly in connection with the upgrade of our CRM system, as well as for the development of certain module components of our Powershopy platform, (iii) taxes and surcharges, and (iv) other cost mainly representing server cost and content production cost for customized digital marketing, in particular, for online games marketers. The following table sets forth the breakdown of cost of sales for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
Staff cost	468	47.9	778	53.3	1,803	82.8	1,402	82.0	1,782	88.4
Outsourcing cost for research and development	485	49.7	650	44.5	240	11.0	240	14.0	-	-
Taxes and surcharges	9	0.9	12	0.8	26	1.2	21	1.2	11	0.5
Others	15	1.5	21	1.4	108	5.0	48	2.8	223	11.1
Total	977	100.0	1,461	100.0	2,177	100.0	1,711	100.0	2,016	100.0

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The following table sets forth the breakdown of our cost of sales by business line and service type for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
Cross-border digital marketing services										
– Standardized digital marketing	600	61.4	861	58.9	1,113	51.1	913	53.4	865	42.9
– Customized digital marketing	260	26.6	447	30.6	639	29.4	529	30.9	489	24.3
– SaaS-based digital marketing	117	12.0	153	10.5	331	15.2	269	15.7	269	13.3
Subtotal	977	100.0	1,461	100.0	2,083	95.7	1,711	100.0	1,623	80.5
Cross-border online-shop SaaS solutions ⁽¹⁾	–	–	–	–	94	4.3	–	–	393	19.5
Total	977	100.0	1,461	100.0	2,177	100.0	1,711	100.0	2,016	100.0

Note:

(1) We started to provide cross-border online-shop SaaS solutions since November 2021.

The following table sets forth the breakdown of our cost of sales for cross-border online-shop SaaS solutions business for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
Staff cost	–	–	–	–	54	57.5	–	–	241	61.3
Server cost	–	–	–	–	32	34.0	–	–	150	38.2
Outsourcing cost for research and development	–	–	–	–	7	7.7	–	–	–	–
Taxes and surcharges	–	–	–	–	1	0.8	–	–	2	0.5
Total ⁽¹⁾	–	–	–	–	94	100.0	–	–	393	100.0

Note:

(1) We started to provide cross-border online-shop SaaS solutions since November 2021.

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Our cost of sales for cross-border online-shop SaaS solutions business increased considerably for the nine months ended September 30, 2022 as compared to the year ended December 31, 2021 which is primarily because: (i) we only started to provide such services since November 2021 and accordingly cost of sales in 2021 was only recorded for a brief period of time since its commencement, and (ii) we continued to incur staff cost (in particular that of research and development staff) and server cost for the expansion of our cross-border online-shop SaaS solutions business.

Gross Profit and Gross Profit Margin

Our gross profit equals to our revenue less cost of sales. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our gross profit was US\$8.6 million, US\$10.2 million, US\$12.2 million, US\$8.4 million and US\$8.2 million, respectively.

Our gross profit margin represents our gross profit as a percentage of our revenue. Our overall gross profit margins are primarily affected by our cost control (particularly with respect to staff cost), business mix and business scale. Our gross profit margin was 89.7%, 87.5%, 84.8%, 83.1% and 80.2% for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, respectively.

The following table sets forth the breakdown of our gross profit and gross profit margin by business line and service type for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	Gross profit	profit margin	Gross profit	profit margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit	profit margin	Gross profit	profit margin
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
	<i>(unaudited)</i>									
Cross-border digital marketing services										
- Standardized digital marketing	5,487	90.1	6,292	88.0	6,651	85.7	4,587	83.4	4,797	84.7
- Customized digital marketing	1,990	88.4	2,503	84.8	3,188	83.3	2,559	82.9	2,006	80.4
- SaaS-based digital marketing	1,077	90.2	1,430	90.3	2,393	87.8	1,267	82.5	1,141	81.0
Cross-border online-shop SaaS solutions	-	-	-	-	(63)	(203.2)	-	-	211	35.0
Total/Overall	8,554	89.7	10,225	87.5	12,169	84.8	8,413	83.1	8,155	80.2

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During the Track Record Period, we had relatively high gross profit margins for our cross-border digital marketing business which is primarily due to the nature and structure of our cost of sales in line with the revenue recognition of our services. Our cost of sales mainly consist of staff cost and do not include any cost for the procurement of user traffic with respect to the gross spending with media publishers, which is because: (i) the revenue from our standardized digital marketing services is recognized on a net basis under which gross spending for procurement of user traffic is not counted as a cost item included in the cost of sales, and (ii) our customized and SaaS-based digital marketing services do not involve the user traffic procurement stages from the perspective of revenue recognition, and accordingly cost of sales for such services do not include user traffic procurement cost either. For further details on the revenue recognition of our cross-border digital marketing business, see “Business – Business Model of Cross-border Digital Marketing – Revenue Models” and “– Certain Critical Accounting Policies and Accounting Estimates and Judgements – Revenue Recognition – Cross-border digital marketing services.” Moreover, notwithstanding the considerable increase in our staff cost during the Track Record Period, we believe it is still of relatively smaller scale when comparing to those in labor-intensive industries given the same scale of revenue. According to Frost & Sullivan, our gross profit margins for cross-border digital marketing business are within reasonable range to peer companies after aligning the applicable revenue recognition basis to the extent comparable.

Our overall gross profit margins decreased during the Track Record Period. This was mainly due to (i) the increase in staff cost as a result of the increase in the number of both our business and research and development staff during the Track Record Period, coupled with the considerable increase in the average salaries of these staff particularly from 2019 to 2021; and (ii) the gross loss margin of 203.2% of our cross-border online-shop SaaS solutions business for the year ended December 31, 2021 and its relatively lower gross profit margin of 35.0% for the nine month ended September 30, 2022. The gross loss margin in 2021 was primarily because: (a) we recorded such revenue for a relatively short period of time as we pilot launched our Powershopy platform only in November 2021 when such business was of a relatively smaller scale, and (b) at the outset of such business, we mostly charged subscription fees from our customers without charging any commission from customers’ GMV achieved through their standalone online shops established via our platform. In addition, we also incurred a larger proportion of cost of sales, mainly comprising staff cost, in particular, for research and development staff, and server cost, necessary for initiation of such business and the development of our Powershopy platform since its pilot launch. This has also contributed to the gross loss margin in 2021 and the relatively lower gross profit margin for the nine months ended September 30, 2022 of our cross-border online-shop SaaS solutions business. We managed to turn from a gross loss for the year ended December 31, 2021 of our cross-border online-shop SaaS solutions business to a gross profit for the nine months ended September 30, 2022, which mainly reflected the economies of scale as we expanded the customer base and business scale of our cross-border online-shop SaaS solutions.

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Marketing Expenses

Our marketing expenses include (i) staff salaries and benefits for our sales and marketing personnel, and (ii) others, which primarily represent traveling expenses of our sales and marketing staff.

The following table sets forth the breakdown of our marketing expenses for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
Staff salaries and benefits	179	84.8	429	98.8	772	98.3	572	99.1	449	99.6
Others	32	15.2	5	1.2	13	1.7	5	0.9	2	0.4
Total	211	100.0	434	100.0	785	100.0	577	100.0	451	100.0

Our marketing expenses accounted for approximately 2.2%, 3.7%, 5.5%, 5.7% and 4.4% of our total revenue for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, respectively. Our marketing expenses increased from 2019 to 2021, which was primarily due to the increased number of our sales and marketing employees as well as the increased salaries and benefits of such employees. Our marketing expenses decreased from US\$0.6 million for the nine months ended September 30, 2021 to US\$0.5 million for the nine months ended September 30, 2022, primarily due to our sales and marketing personnel structure optimization in the first half of 2022.

Administrative Expenses

Administrative expenses include (i) staff salaries and benefits for our administrative staff, (ii) service fees, primarily representing (a) service fees to Shenzhen Yingbaotong Advertising Co. Ltd.* (深圳英寶通廣告有限公司) (**Shenzhen Yingbaotong**), a related party controlled by Mr. Li prior to its deregistration in 2021, in connection with procurement of auxiliary services for cross-border digital marketing, such as account management and customer services; see “– Related Party Transactions and Balances – Related Party Transactions – Purchase of services” for further details, (b) VAT expenses arising from the intragroup transactions between our PRC subsidiaries and Powerwin Media, one of our Hong Kong subsidiaries. During the Track Record Period, certain of our PRC subsidiaries provided research and development services and commercial support services to Powerwin Media in connection with the cross-border digital marketing services provided by Powerwin Media. Our Group paid VAT on the service fee charged in respect of such intragroup transactions but was not able to recognize a corresponding input VAT for further deduction as Powerwin Media is not subject to the VAT

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law in the PRC. As a result, such VAT is counted in substance as an expense from our Group’s perspective and is recognized under administrative expenses accordingly, and (c) other service fees, including audit and tax consultation fees, recruitment, notary, IP application and translation fees, (iii) depreciation, primarily representing depreciation of our office leasehold and office equipment, (iv) bank charges, which refer to the service charges in relation to our bank loans, (v) office expenses, primarily referring to expenses for telecommunications, Internet and office supplies, (vi) [REDACTED], and (vii) others which refer to expenses for transportation, traveling, business entertainment and utilities.

The following table sets forth the breakdown of administrative expenses for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
	<i>(unaudited)</i>									
Staff salaries and benefits	283	18.0	445	35.7	1,052	32.7	590	38.7	847	27.8
Service fees	849	54.1	327	26.3	517	16.0	364	23.9	318	10.4
[REDACTED]	-	-	-	-	[REDACTED]	[REDACTED]	-	-	[REDACTED]	[REDACTED]
Depreciation	233	14.8	224	18.0	313	9.7	216	14.2	278	9.1
Bank charges	9	0.6	10	0.8	27	0.8	18	1.2	26	0.9
Office expenses	37	2.4	48	3.9	215	6.7	113	7.4	59	1.9
Others	159	10.1	191	15.3	323	10.0	222	14.6	289	9.5
Total	1,570	100.0	1,245	100.0	3,222	100.0	1,523	100.0	3,044	100.0

Our administrative expenses accounted for 16.5%, 10.7%, 22.4%, 15.0% and 29.9% of our total revenue for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, respectively.

Expected Credit Losses on Trade Receivables

For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, we recorded expected credit losses on trade receivables of US\$44,000, US\$0.8 million, US\$0.2 million, US\$0.2 million and US\$0.3 million, respectively.

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Other Income or Losses

Other income or losses mainly consists of (i) interest income, primarily referring to interest on bank deposits, (ii) foreign exchange loss, and (iii) other expense or income, primarily comprising of other income in relation to (a) gain on disposal of right-of-use assets in connection with our leased properties, and (b) government grants in connection with employment related subsidies.

Finance Costs

Finance costs represent (i) interest on bank loans, representing interest on our bank loans mainly in connection with certain factoring arrangements entered into with a financial institution in Hong Kong, and (ii) interest on leases liabilities primarily in connection with our leased properties from third-parties in Beijing, Shenzhen and Hangzhou, the PRC. For further details, see “– Indebtedness.”

The following table sets forth the breakdown of finance costs for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2019		2020		2021		2021		2022	
	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)	(US\$'000)	(%)
Interest on bank loans	555	96.2	881	97.6	1,169	98.4	845	98.4	1,271	99.2
Interest on leases liabilities	22	3.8	22	2.4	19	1.6	14	1.6	10	0.8
Total	577	100.0	903	100.0	1,188	100.0	859	100.0	1,281	100.0

Changes in Fair Value of Financial Assets

Changes in fair value of financial assets represents the changes in fair value of the deposit component of the life insurance products we purchased, pursuant to which we are entitled to a guaranteed minimum return as well as an unguaranteed investment return. We recorded changes in fair value of financial assets of US\$28,000, US\$60,000, US\$56,000, US\$43,000 and US\$43,000 for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, respectively. See “– Description of Selected Consolidated Statements of Financial Position Items – Financial Assets Measured at Fair Value through Profit or Loss” and Note 16 of Appendix I to this document for details of such life insurance products.

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Income Tax

Our income tax expense consists of current tax and deferred tax. The following table sets forth the breakdown of our income tax expense for the periods indicated:

	Year ended December 31,			Nine months ended	
	2019	2020	2021	September 30, 2021	2022
	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
				<i>(unaudited)</i>	
Current tax					
Provision for the year	960	1,188	1,114	860	459
Deferred tax					
Origination and reversal of temporary differences	17	(126)	(28)	(35)	(44)
Total	<u>977</u>	<u>1,062</u>	<u>1,086</u>	<u>825</u>	<u>415</u>

Our Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of our Group are domiciled and operate.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act and accordingly, is exempted from Cayman Islands income tax. Pursuant to the rules and regulations of the BVI, subsidiaries of our Group incorporated in the BVI are not subject to any income tax.

The provision for Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits during the Track Record Period, except for one subsidiary of our Group which is a qualifying corporation under the two-tiered profits tax rate regime. For this Hong Kong subsidiary, the first HK\$2.0 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for 2019 and 2020 takes into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2018/19 and 2019/20 subject to a maximum reduction of HK\$20,000 for each business. The provision for Hong Kong profits tax for 2021 and 2022 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2020/21 and 2021/22 subject to a maximum reduction of HK\$10,000 for each business.

The provision for the PRC current income tax is based on the statutory rate of 25% of the assessable profit of our subsidiaries in the PRC as determined in accordance with the EIT Law.

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For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, our effective income tax rates were 15.8%, 15.3%, 15.8%, 15.6% and 13.2%, respectively.

During the Track Record Period and up to the Latest Practicable Date, our Directors were not aware of any outstanding enquiry, audit, investigation, challenge or penalty from tax authorities in relation to our tax filings.

PERIOD TO PERIOD COMPARISON

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

Revenue

Revenue increased by 0.5% to US\$10.2 million for the nine months ended September 30, 2022 from US\$10.1 million for the nine months ended September 30, 2021, mainly attributable to the increase in revenue from our standardized and SaaS-based digital marketing services and cross-border online-shop SaaS solutions, partially offset by the decrease in revenue from our customized digital marketing services as discussed below:

- *Standardized digital marketing.* Revenue from standardized digital marketing services increased by 2.9% to US\$5.7 million for the nine months ended September 30, 2022 from US\$5.5 million for the nine months ended September 30, 2021. Notwithstanding the decrease in our gross billing for the nine months ended September 30, 2022 as compared to the same period in 2021 primarily due to the resurgence of COVID-19 in China in 2022 (especially in the first half of 2022), we had a slight increase in revenue of our standardized digital marketing services for the nine months ended September 30, 2022 as compared to the same period in 2021. Such an increase was mainly due to an increase in Net Rebate Rate over such period, which primarily resulted from a decrease in Average Incentive Rate attributable to an increase in gross billing contribution from SMB marketers to which we tended to grant lower incentive (or sometime even no incentives upon first engaging).
- *Customized digital marketing.* Revenue from customized digital marketing services decreased by 19.2% to US\$2.5 million for the nine months ended September 30, 2022 from US\$3.1 million for the nine months ended September 30, 2021. This decrease was mainly attributable to the decrease in the gross billing of marketers for our customized digital marketing services, mostly e-commerce marketers, which suffered a slowdown in business and a subsequently lowered demand for customized marketing services due to the resurgence of COVID-19 in 2022.

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- *SaaS-based digital marketing.* Revenue from SaaS-based digital marketing services decreased by 8.2% to US\$1.4 million for the nine months ended September 30, 2022 from US\$1.5 million for the nine months ended September 30, 2021. This decrease was mainly attributable to a decrease in the service fee rate adopted for SaaS-based digital marketing with respect to Marketer A for the nine months ended September 30, 2022 as compared to the same period in 2021.

Cost of sales

Cost of sales increased by 17.8% to US\$2.0 million for the nine months ended September 30, 2022 from US\$1.7 million for the nine months ended September 30, 2021, which was in line with our expansion of business scale. This increase was primarily attributable to an increase in our staff cost as a result of the increase in the number of our research and development staff (especially for the development of our online-shop SaaS solutions business), partially offset by a decrease in outsourcing cost for research and development as we utilized our internal manpower instead.

Gross profit and gross profit margin

Our gross profit decreased by 3.1% to US\$8.2 million for the nine months ended September 30, 2022 from US\$8.4 million for the nine months ended September 30, 2021. The decrease in gross profit was mainly due to the increase in cost of sales, especially research and development staff cost and server cost for our cross-border online-shop SaaS solutions business. Our overall gross profit margin decreased to 80.2% for the nine months ended September 30, 2022 from 83.1% for the nine months ended September 30, 2021 which was mainly attributable to (i) the decrease in gross profit margin of customized digital marketing services due to the decrease in revenue from customized digital marketing services as described above, and (ii) the relatively lower gross profit margin of 35.0% of our cross-border online-shop SaaS solutions business for the nine months ended September 30, 2022.

Marketing expenses

Marketing expenses decreased by 21.8% to US\$0.5 million for the nine months ended September 30, 2022 from US\$0.6 million for the nine months ended September 30, 2021, which was primarily due to our sales and marketing personnel structure optimization in 2022.

Administrative expenses

Administrative expenses increased by 99.9% to US\$3.0 million for the nine months ended September 30, 2022 from US\$1.5 million for the nine months ended September 30, 2021 primarily due to the [REDACTED] of US\$[REDACTED] incurred for the nine months ended September 30, 2022 whilst no such expenses were incurred for the nine months ended September 30, 2021.

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Expected credit losses on trade receivables

We had expected credit losses on trade receivables of US\$0.2 million and US\$0.3 million for the nine months ended September 30, 2021 and 2022, respectively.

Finance costs

Finance costs increased by 49.1% to US\$1.3 million for the nine months ended September 30, 2022 from US\$0.9 million for the nine months ended September 30, 2021. This increase was primarily due to an increase in interest on bank loans of US\$0.4 million mainly attributable to an increase in market interest rate for the nine months ended September 30, 2022 primarily triggered by a series of interest rate hikes by the Federal Reserve of the United States over the course of 2022. For instance, our finance costs were mainly in relation to interest on bank loans in connection with our factoring arrangements and the range of interest rates for such bank loans was around 1.85% to 5.05% per annum for the nine months ended September 30, 2022 as compared to a considerably lower level generally ranging from 1.83% to 2.11% per annum for the same period in 2021.

Income tax expense

Our income tax expense decreased to US\$0.4 million for the nine months ended September 30, 2022 from US\$0.8 million for the nine months ended September 30, 2021 as a result of a decrease in our profit before taxation to US\$3.1 million from US\$5.3 million over the same period.

Profit for the period

As a result of the foregoing, our profit for the period decreased by 39.1% to US\$2.7 million for the nine months ended September 30, 2022 from US\$4.5 million for the nine months ended September 30, 2021. Our net profit margin, which represents profit for the period as a percentage of revenue, decreased to 26.8% for the nine months ended September 30, 2022 from 44.1% for the nine months ended September 30, 2021 primarily due to an increase in administrative expenses, in particular, the [REDACTED].

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Revenue increased by 22.8% to US\$14.3 million for the year ended December 31, 2021 from US\$11.7 million for the year ended December 31, 2020, mainly attributable to the increase in revenue from our customized and SaaS-based digital marketing services as discussed below:

- *Standardized digital marketing.* Revenue from standardized digital marketing services increased by 8.5% to US\$7.8 million for the year ended December 31, 2021 from US\$7.2 million for the year ended December 31, 2020. This increase was mainly attributable to the increase in our gross billing mainly as a result of the increase in gross billing attributable to several of our major marketers in e-commerce and online games industries.

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- *Customized digital marketing.* Revenue from customized digital marketing services increased by 29.7% to US\$3.8 million for the year ended December 31, 2021 from US\$2.9 million for the year ended December 31, 2020. This increase was mainly attributable to the increase in demand of our marketers for tailored marketing services and the increased number of marketers for our customized digital marketing services over the same period.
- *SaaS-based digital marketing.* Revenue from SaaS-based digital marketing services increased by 72.1% to US\$2.7 million for the year ended December 31, 2021 from US\$1.6 million for the year ended December 31, 2020. This increase was mainly attributable to the increase in gross billing attributable to Marketer A, together with the significant increase in number of paying marketers using our SaaS-based digital marketing services over the same period.

Cost of sales

Cost of sales increased by 49.0% to US\$2.2 million for the year ended December 31, 2021 from US\$1.5 million for the year ended December 31, 2020, which was in line with our expansion of business scale. This increase was primarily attributable to an increase in our staff cost as a result of (i) an increase in the number of our business and research and development staff, and (ii) a significant increase in our staff salaries implemented by us in 2021 at a considerably higher level than previous years with a view to motivating and retaining talents for the expansion of our business, partially offset by a decrease in outsourcing cost for research and development as we utilized more of our internal manpower for upgrading our CRM system.

Gross profit and gross profit margin

Our gross profit increased by 19.0% to US\$12.2 million for the year ended December 31, 2021 from US\$10.2 million for the year ended December 31, 2020. The increase in gross profit was mainly due to our expansion of business scale and an increase of our total revenue. Our overall gross profit margin decreased to 84.8% for the year ended December 31, 2021 from 87.5% for the year ended December 31, 2020 primarily due to the decrease in gross profit margin for each of our standardized, customized and SaaS-based digital marketing services. Such decreases were mainly attributable to the increase in our staff cost primarily as a result of (i) the increase in number of both our business and research and development staff in connection with each of such services, and (ii) the significant increase in the average salaries of these staff in 2021 as compared to 2020. The decrease in gross profit margin for our standardized digital marketing services was also attributable to the fact that we offered higher incentive rates to certain of our marketers in online games industry in 2021 to maintain our market competitiveness whilst our rate of rebates from media publishers remained at relatively the same level.

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Marketing expenses

Marketing expenses increased by 80.9% to US\$0.8 million for the year ended December 31, 2021 from US\$0.4 million for the year ended December 31, 2020, which was due to the increase in the number and salary and benefit level of our sales and marketing staff over the same period.

Administrative expenses

Administrative expenses increased significantly by 158.8% to US\$3.2 million for the year ended December 31, 2021 from US\$1.2 million for the year ended December 31, 2020 primarily due to (i) the [REDACTED] of US\$[REDACTED] incurred in 2021 whilst no such expenses were incurred in 2020, and (ii) an increase of US\$0.6 million in staff salaries and benefits as the number and the salary and benefit level of our administrative staff increased over the same period as a result of our business expansion.

Expected credit losses on trade receivables

Expected credit losses on trade receivables decreased by 79.4% to US\$0.2 million for the year ended December 31, 2021 from US\$0.8 million for the year ended December 31, 2020.

Finance costs

Finance costs increased by 31.6% to US\$1.2 million for the year ended December 31, 2021 from US\$0.9 million for the year ended December 31, 2020. This increase was primarily due to an increase of interest on bank loans of US\$0.3 million mainly attributable to an increase in bank loans to support our business expansion.

Income tax expense

Our income tax expense remained relatively stable which amounted to US\$1.1 million for the years ended December 31, 2020 and 2021, respectively.

Profit for the year

As a result of the foregoing, our profit for the year remained relatively stable which amounted to US\$5.9 million and US\$5.8 million for the years ended December 31, 2020 and 2021, respectively. Our net profit margin, which represents profit for the year as a percentage of revenue, decreased to 40.3% for the year ended December 31, 2021 from 50.4% for the year ended December 31, 2020 due to the significant increase of our administrative expenses and cost of sales for the year ended December 31, 2021 compared to 2020.

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Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Revenue increased by 22.6% to US\$11.7 million for the year ended December 31, 2020 from US\$9.5 million for the year ended December 31, 2019, mainly attributable to the increase in revenue from our standardized and customized digital marketing services as discussed below:

- *Standardized digital marketing.* Revenue from standardized digital marketing services increased by 17.5% to US\$7.2 million for the year ended December 31, 2020 from US\$6.1 million for the year ended December 31, 2019. This increase was mainly due to the increase of our gross billing primarily attributable to e-commerce and online games marketers as the number of such marketers increased over the same period.
- *Customized digital marketing.* Revenue from customized digital marketing services increased by 31.1% to US\$2.9 million for the year ended December 31, 2020 from US\$2.2 million for the year ended December 31, 2019. This increase was mainly attributable to the increase in demand of our marketers for tailored marketing services for user acquisition, in particular, from e-commerce marketers.
- *SaaS-based digital marketing.* Revenue from SaaS-based digital marketing services increased by 32.6% to US\$1.6 million for the year ended December 31, 2020 from US\$1.2 million for the year ended December 31, 2019. This increase was mainly due to the increase in gross billing attributable to Marketer A, as well as the increase in the number of paying marketers using our SaaS-based digital marketing services over the same period.

Cost of sales

Cost of sales increased by 49.5% to US\$1.5 million for the year ended December 31, 2020 from US\$1.0 million for the year ended December 31, 2019, which was in line with our expansion of business scale. This increase was primarily attributable to (i) the increase in the number and salary and benefit level of such staff along with our business expansion, and (ii) the increase in outsourcing cost for research and development of our CRM system.

Gross profit and gross profit margin

Our gross profit increased by 19.5% to US\$10.2 million for the year ended December 31, 2020 from US\$8.6 million for the year ended December 31, 2019. The increase in gross profit was mainly due to an increase of total revenue along with our expansion of business scale. Our overall gross profit margin decreased to 87.5% for the year ended December 31, 2020 from 89.7% for the year ended December 31, 2019 due to the decrease in gross profit margins of customized and standardized digital marketing services as a result of an increase in our staff

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cost which were mainly attributable to (i) the increase in number of both our business and research and development staff in connection with such services, and (ii) the increase in the average salaries of these staff in 2020 as compare to 2019. Our gross profit margin for SaaS-based digital marketing services remained relatively stable in 2019 and 2020, respectively.

Marketing expenses

Marketing expenses increased by 105.7% to US\$0.4 million for the year ended December 31, 2020 from US\$0.2 million for the year ended December 31, 2019. This increase was because of the increase in the number and salary and benefit level of our sales and marketing staff over the same period.

Administrative expenses

Administrative expenses decreased by 20.7% to US\$1.2 million for the year ended December 31, 2020 from US\$1.6 million for the year ended December 31, 2019 primarily because we incurred service fees of US\$0.8 million in 2019 for auxiliary services for cross-border digital marketing procured from Shenzhen Yingbaotong while we did not incur such expenses in 2020, partially offset by an increase of US\$0.3 million in staff salaries and benefits primarily due to the increase in salary and benefit level of our administrative staff.

Expected credit losses on trade receivables

Expected credit losses on trade receivables significantly increased to US\$0.8 million for the year ended December 31, 2020 from US\$44,000 for the year ended December 31, 2019 with higher balances of long-aging trade receivables subject to expected credit losses.

Finance costs

Finance costs increased by 56.5% to US\$0.9 million for the year ended December 31, 2020 from US\$0.6 million for the year ended December 31, 2019. This increase was primarily due to an increase in interest on bank loans of US\$0.3 million mainly attributable to an increase in bank loans to support the increased operating capital demands driven by our business expansion.

Income tax expense

Our income tax expense increased to US\$1.1 million for the year ended December 31, 2020 from US\$1.0 million for the year ended December 31, 2019 as a result of an increase of our profit before taxation to US\$7.0 million from US\$6.2 million over the same period.

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Profit for the year

As a result of the foregoing, our profit for the year increased by 13.2% to US\$5.9 million for the year ended December 31, 2020 from US\$5.2 million for the year ended December 31, 2019. Our net profit margin, which represents profit for the year as a percentage of revenue, decreased to 50.4% for the year ended December 31, 2020 from 54.6% for the year ended December 31, 2019 primarily due to an increase in expected credit losses on trade receivables and finance costs as explained above.

DESCRIPTION OF SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

The following table sets forth our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	September 30,
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	2022
				<i>(US\$'000)</i>
Non-current assets				
Property, plant and equipment	8	21	51	34
Right-of-use assets	766	324	411	408
Intangible assets	–	–	7	40
Financial assets measured at fair value through profit or loss	630	1,447	1,487	1,517
Deferred tax assets	657	783	811	855
	2,061	2,575	2,767	2,854
	2,061	2,575	2,767	2,854
Current assets				
Trade and other receivables	97,976	94,311	132,309	87,094
Cash and cash equivalents	9,549	24,434	15,422	13,587
Prepaid income tax	–	–	–	225
	107,525	118,745	147,731	100,906
	107,525	118,745	147,731	100,906

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	As of December 31,			As of
	2019	2020	2021	September 30,
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	2022 <i>(US\$'000)</i>
Current liabilities				
Trade and other payables	82,535	81,430	91,075	72,089
Contract liabilities	1,931	3,755	4,025	3,845
Bank loans	19,728	24,144	45,156	23,374
Lease liabilities	280	173	312	280
Current taxation	1,114	1,990	533	9
	105,588	111,492	141,101	99,597
Net current assets	1,937	7,253	6,630	1,309
Total assets less current liabilities	3,998	9,828	9,397	4,163
Non-current liabilities				
Bank loans	383	806	633	504
Lease liabilities	497	158	105	118
	880	964	738	622
Net assets	3,118	8,864	8,659	3,541
CAPITAL AND RESERVES				
Share capital	10	10	10	10
Reserves	3,108	8,854	8,649	3,531
TOTAL EQUITY	3,118	8,864	8,659	3,541

Property, Plant and Equipment

Our property, plant and equipment mainly consists of office equipment and the balances of which were US\$8,000, US\$21,000, US\$51,000 and US\$34,000 as of December 31, 2019, 2020 and 2021 and September 30, 2022, respectively. The increases in balances from as of December 31, 2019 to December 31, 2021 was mainly due to the increased purchase of office equipment such as computers and furniture as we recruited more staff along with our business expansion.

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Right-of-use Assets

At the lease commencement date, the lease is recognized as a right-of-use asset and a corresponding liability. When we enter into a lease in respect of a low-value asset, we decide whether to capitalize the lease on a lease-by-lease basis. The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses. See Note 2(f), Note 2(g)(ii) and Note 13 of Appendix I to this document for more details.

Our right-of-use assets were US\$0.8 million, US\$0.3 million, US\$0.4 million and US\$0.4 million as of December 31, 2019, 2020 and 2021 and September 30, 2022, respectively, with respect to our leased properties in the PRC.

Intangible Assets

We recorded intangible assets of nil, nil, US\$7,000 and US\$40,000 as of December 31, 2019, 2020 and 2021 and September 30, 2022, respectively. The balances of intangible assets as of December 31, 2021 and September 30, 2022 are in relation to a financial management software we purchased in 2021 in order to improve the work efficiency and accuracy of our financial staff and certain office softwares we purchased in 2022.

Financial Assets Measured at Fair Value through Profit or Loss

As of December 31, 2019, 2020 and 2021 and September 30, 2022, we had financial assets measured at fair value through profit or loss of US\$0.6 million, US\$1.4 million, US\$1.5 million and US\$1.5 million, respectively, representing the fair value of the deposit component of certain life insurance products we purchased from a licensed insurance company in Hong Kong, pursuant to which we are entitled to a guaranteed minimum return, as well as an unguaranteed investment return. Our Group, as the policyholder and beneficiary owner, held such life insurance contracts with Mr. Li and Ms. Yu as the insured parties, which contained not only an insurance component, but also a deposit component. We apply HKFRS 4 Insurance Contracts (by analogy) to unbundle the insurance component and the deposit component upon initial recognition. The one-off initial charges paid upfront for the insurance coverage were booked as prepaid expenses and would be amortized to expenses during the period in which our Group is expected to hold the insurance contracts. The remaining upfront policy fee paid after deducting the upfront charges was regarded as the deposit component and was accounted for under HKFRS 9 Financial Instruments. As we are entitled to a guaranteed minimum return as well as an unguaranteed investment return, the deposit component did not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. In accordance with HKFRS 9.4.1.4, the deposit component was measured at fair value through profit or loss. For further details, see Note 16 and Note 25(e) of Appendix I to this document.

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We would invest in financial products in accordance with our internal investment policies. After the [REDACTED], we will consider investing in financial products when we have surplus cash that is not required for any of our working capital purposes so as to gain higher investment returns on our excess cash than regular bank deposits. As part of our internal control policies and measures, we will consider factors such as investment target, investment term, investment amount, expected return rate, source of capital and relevant risk analysis with respect to our investment decisions and compile investment proposal which will be reviewed and approved by the Board. The Board will conduct review on the status of our major investments. After the [REDACTED], we will strictly comply with requirements under Chapter 14 of the Listing Rules and our internal policies when making investment in such financial products.

The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique. The Level 3 fair value measurement of the deposit component of the insurance contracts held by our Group during the Track Record Period was measured based on the value in the statements provided by the insurance company. As the value stated in the insurance company’s statement was used by us without adjustment, the quantitative unobservable inputs for the fair value were not developed by us and we are accordingly not required to create quantitative information such as the sensitivity to changes in unobservable inputs, according to HKFRS 13.93(d) and HKFRS 13.BC195.

Our Directors have conducted the following to be satisfied with the reasonableness of the valuation of such financial assets within Level 3 of fair value measurement: (i) reviewing the terms of the insurance contracts, (ii) obtaining the statement from the insurance company and checking the balances of the deposit component of the insurance contracts, and (iii) considering our internal controls over the investment of such insurance contracts.

Details of the fair value measurement of our Level 3 financial instruments are disclosed in Note 25(e) to the Accountants’ Report included in Appendix I to this document issued by the reporting accountants of our Company in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Report on Historical Financial Information in Investment Circulars” issued by HKICPA. Our reporting accountants’ opinion on the historical financial information of our Group for the Track Record Period as a whole is set out on page I-2 of Appendix I to this document.

Having considered work done by the Directors and the reporting accountants, and based on the due diligence work conducted by the Sole Sponsor, including but not limited to: (i) obtained and reviewed the terms of the relevant agreement regarding the financial assets; (ii) obtained and checked the policy statements and the balances of the deposit component of the insurance contracts; (iii) discussed with the management of our Group to understand the relevant policies and procedures in relation to the valuation of Level 3 financial assets; (iv) discussed with the reporting accountants to understand the work they have performed in relation to such financial assets in the course of preparing the Accountants’ Report; and (v) reviewed the relevant notes in the Accountants’ Report pertaining to such financial assets, nothing has come to the Sole Sponsor’s attention that would reasonably cause doubt on the reasonableness of the explanations of the Directors and the reporting accountants above.

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Trade and Other Receivables

Trade and other receivables are recognized when we have an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The following table sets forth the breakdown of trade and other receivables as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	September 30,
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	2022
				<i>(US\$'000)</i>
Trade receivables				
Amounts due from third parties	96,421	90,706	125,321	91,103
Amounts due from a related party	—	449	276	7
	<u>96,421</u>	<u>91,155</u>	<u>125,597</u>	<u>91,110</u>
Less: loss allowance on trade receivables	<u>(3,968)</u>	<u>(4,736)</u>	<u>(4,894)</u>	<u>(5,185)</u>
	<u>92,453</u>	<u>86,419</u>	<u>120,703</u>	<u>85,925</u>
Other receivables				
Amounts due from related parties	4,683	4,133	10,929	35
Amounts due from third parties	<u>840</u>	<u>3,759</u>	<u>677</u>	<u>1,134</u>
	<u>5,523</u>	<u>7,892</u>	<u>11,606</u>	<u>1,169</u>
	<u>97,976</u>	<u>94,311</u>	<u>132,309</u>	<u>87,094</u>

Trade Receivables

Trade receivables mainly represent unsecured and non-interest-bearing balances due from our customers in the ordinary course of our business. During the Track Record Period, we generally granted a credit term of 30 to 90 days to customers from the invoice date. We generally do not hold any collateral or other credit enhancements over our trade receivable balances.

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During the Track Record Period, our trade receivables from third parties were primarily related to the gross billing and the cross-border digital marketing service fees due from our marketers. Our trade receivables due from third parties decreased from US\$96.5 million as of December 31, 2019 to US\$90.8 million as of December 31, 2020, primarily because we accelerated collection and settlement of trade receivables from our marketers toward the end of 2020 and some of our major marketers did not incur as much marketing spending toward the end of 2020 based on their marketing budget utilized at the time. Trade receivables from third parties increased from US\$90.8 million as of December 31, 2020 to US\$125.3 million as of December 31, 2021, primarily due to (i) the increase in gross billing to our marketers as a result of our business expansion for our cross-border digital marketing services, and (ii) our extension of credit term in 2021 of one of our major customers, Marketer A. Trade receivables from third parties decreased from US\$125.3 million as of December 31, 2021 to US\$91.1 million as of September 30, 2022, primarily due to (i) the decrease in gross billing to our marketers for the nine months ended September 30, 2022, and (ii) our accelerated collection and settlement of trade receivables from our marketers. As of January 31, 2023, 99.4% of our trade receivables due from Marketer A as of September 30, 2022 had been subsequently settled.

Our trade receivables from a related party are in relation to Powerwin Technology Pte. Ltd. (“**Powerwin Tech Pte**”), a related party owned by Mr. Li and Ms. Yu, in connection with cross-border digital marketing services we provided, and gross billing, to an Independent Third Party marketer (“**Marketer D**”) pursuant to (i) business contracts between Powerwin Tech Pte and Marketer D, and subsequently (ii) business contract between Powerwin Tech Pte and Powerwin Media, our Hong Kong subsidiary providing such services (the “**Indirect Arrangement**”). For further details of the Indirect Arrangement, see “– Related Party Transactions and Balances – Related Party Transactions – Provision of services” and Note 26(d) of Appendix I to this document. As the Indirect Arrangement was terminated in March 2022, our trade receivables due from a related party decreased as of September 30, 2022 as compared to those as of December 31, 2020 and 2021, respectively. As of January 31, 2023, all of the trade receivables of US\$7,000 due from Powerwin Tech Pte as of September 30, 2022 were subsequently settled.

As of January 31, 2023, US\$60.8 million, or 66.8% of our total trade receivables as of September 30, 2022 had been subsequently settled.

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We seek to maintain strict control over our outstanding trade receivables to monitor our credit risk. Overdue balances are reviewed regularly by senior management. See “Risk Factors – Risks Relating to Our Business and Industries – We may face certain risks in collecting our trade receivables, and the failure to collect could have a material adverse effect on our business, financial condition, results of operations and operating cash flow.” The following table sets forth an aging analysis of our trade receivables based on the invoice date and before allowance for impairment, as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	September 30,
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	2022
				<i>(US\$'000)</i>
Within 1 month	41,085	35,758	27,986	39,629
Over 1 month but within				
2 months	28,316	24,385	46,166	20,199
Over 2 months but within				
3 months	16,470	13,491	19,657	2,041
Over 3 months but within				
6 months	3,309	2,557	18,498	6,773
Over 6 months but within				
12 months	1,140	6,702	4,422	10,123
Over 12 months	6,101	8,262	8,868	12,345
	<u>96,421</u>	<u>91,155</u>	<u>125,597</u>	<u>91,110</u>

The following table sets forth the subsequent settlement of our trade receivables as of September 30, 2022 by age bands based on the invoice date and before allowance for impairment as of the date indicated:

	Trade		
	receivable		
	balances as of	Subsequent settlement up	(%)
	September 30,	to January 31, 2023	
	2022	(US\$'000)	
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(unaudited)</i>
Within 1 month	39,629	34,128	86.1
Over 1 month but within 2 months	20,199	18,376	91.0
Over 2 months but within 3 months	2,041	554	27.1
Over 3 months but within 6 months	6,773	1,945	28.7
Over 6 months but within 12 months	10,123	4,235	41.8
Over 12 months	12,345	1,611	13.1
	<u>91,110</u>	<u>60,849</u>	66.8

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As of December 31, 2019, 2020 and 2021 and September 30, 2022, our trade receivables that were outstanding for more than three months but within 12 months amounted to US\$4.4 million, US\$9.3 million, US\$22.9 million and US\$16.9 million, respectively, accounting for 4.6%, 10.2%, 18.2% and 18.5% of our trade receivables before allowance for impairment as of the respective dates. Of the trade receivables of US\$16.9 million as of September 30, 2022 that were outstanding for more than three months but within 12 months, (i) around 41% of such balance was in relation to two of our largest customers for the Track Record Period, being Marketer A and Customer A, both of which are reputable and well-established market players in China’s cross-border e-commerce industry with large scale of operation, sound financial position, clear payment plan and years of stable and in-depth cooperative relationships with our Group without any historical bad accounts, (ii) around 30% of such balance was in relation to five SMB cross-border e-commerce marketers with sound financial position which generally had collaborated with our Group for at least two years without any historical bad accounts; and (iii) the remaining portion of such balance was in relation to more than 50 other marketers each involving a relatively limited amount of outstanding trade receivables and without any historical bad accounts. As of January 31, 2023, 36.6% of our trade receivables as of September 30, 2022 that were outstanding for more than three months but within 12 months had been subsequently settled. Our Directors consider that sufficient provisions have been made with respect to our trade receivables aged over three months but within 12 months. There is no recoverability issue with such trade receivable balances (to the extent no provision has been made) by taking into account our historical credit loss experience, historical experience in transacting with relevant marketers and their financial position, the majority contribution of such balance from major customers (together with their industry standing, business strength and financial capabilities) as described above.

As of December 31, 2019, 2020 and 2021 and September 30, 2022, our trade receivables that were outstanding for more than 12 months amounted to US\$6.1 million, US\$8.3 million, US\$8.9 million and US\$12.3 million, respectively, accounting for 6.3%, 9.1%, 7.1% and 13.5% of our trade receivables before allowance for impairment as of the respective dates. As of January 31, 2023, 13.1% of our trade receivables as of September 30, 2022 that were outstanding for more than 12 months had been subsequently settled. Of the trade receivables as of September 30, 2022 that were outstanding for more than 12 months, (i) around 45% of such balance was in relation to three cross-border e-commerce marketers each involving relatively higher outstanding trade receivables. The delayed payments either resulted from the marketers’ financial or operating difficulties or obstacles caused by their internal business adjustment and we had filed lawsuits against these three marketers to settle the outstanding trade receivables; (ii) around 32% of such balance was in relation to two other marketers each having more than two years of business relationships with us with delayed payments resulting from their internal business adjustment, and (iii) the remaining portion of such balance was in relation to more than 300 other SMB marketers each involving a relatively limited amount of outstanding trade receivables. We have, in accordance with applicable HKFRSs, made provision for these long-aging trade receivables based on their respective expected credit loss rate. This includes an individually made provision on trade receivables from a cross-border e-commerce marketer headquartered in Shenzhen with services covering Southeast Asian market (“**Marketer C**”). For more details, see “–Description of Selected Consolidated

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Statements of Financial Position Items – Accumulated Loss.” We have been engaged in negotiations with the relevant marketers for practicable settlement schedule with respect to the trade receivables outstanding for more than 12 months, especially those with higher contribution to the balance of such outstanding trade receivables. In particular, of the five marketers which in aggregate accounted for around 77% of our trade receivables as of September 30, 2022 that were outstanding for more than 12 months, we had generally requested these marketers to settle their outstanding trade receivables by installment by the first or third quarter of 2023. As of September 30, 2022, the trade receivables that were outstanding for more than 12 months before loss allowance due from these five marketers were US\$9.4 million and after loss allowance of US\$3.8 million, the net trade receivables that were outstanding for more than 12 months due from the five marketers were US\$5.6 million. As of the Latest Practicable Date, all of the aforementioned five marketers had been settling relevant balances in accordance with the settlement schedule. According to our financial management policy with respect to long-aging trade receivables, we had as of the Latest Practicable Date filed lawsuits against three of our marketers from whom the overdue trade receivables are relatively higher, including one against the shareholders of Marketer C (as Marketer C was dissolved in 2019). As of the Latest Practicable Date, two of the aforementioned lawsuits, including the one against shareholders of Marketer C, had been ruled by the court in our favor and the remaining one was still going through court proceedings. Save for the aforementioned lawsuits, as of the Latest Practicable Date, there were no disputes between our Group and our marketers with respect to outstanding trade receivables each exceeding US\$1.0 million. Our Directors consider that sufficient provisions have been made with respect to our trade receivables aged over 12 months. There is no recoverability issue with such trade receivable balances (to the extent no provision has been made) by taking into account our historical credit loss experience, historical experience in transacting with relevant marketers, their financial position and the progress of our lawsuits against relevant marketers.

The following table sets forth an aging analysis of our trade receivables from third parties based on the payment due date and before allowance for impairment, as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	September 30,
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	2022
				<i>(US\$'000)</i>
Not overdue	72,721	67,673	93,271	54,232
Within 6 months	16,522	9,150	20,372	18,271
More than 6 months but				
within 1 year	1,400	6,711	3,674	6,996
More than 1 year but within				
2 years	2,060	1,538	2,946	4,515
More than 2 years but within				
3 years	58	1,795	842	3,014

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	As of December 31,			As of
	2019	2020	2021	September 30,
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	2022
				<i>(US\$'000)</i>
More than 3 years	–	179	594	1,163
Subtotal	92,761	87,046	121,699	88,191
Individual provision	3,660	3,660	3,622	2,912
	<u>96,421</u>	<u>90,706</u>	<u>125,321</u>	<u>91,103</u>

For further details, see Note 25(a) of the Accountants’ Report in Appendix I to this document.

The following table sets forth the subsequent settlement of our trade receivables from third parties as of September 30, 2022 by age bands based on the payment due date and before allowance for impairment as of the date indicated:

	Trade receivable balances from third parties as of September 30, 2022		Subsequent settlement up to January 31, 2023
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(%)</i>
		<i>(unaudited)</i>	
Not overdue	54,232	48,589	89.6
Within 6 months	18,271	8,151	44.6
More than 6 months but within			
1 year	6,996	2,794	39.9
More than 1 year but within			
2 years	4,515	547	12.1
More than 2 years but within			
3 years	3,014	112	3.7
More than 3 years	1,163	50	4.3
Subtotal/ Sub-overall	88,191	60,243	68.3
Individual provision	2,912	599	20.6
	<u>91,103</u>	<u>60,842</u>	66.8

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As of January 31, 2023, 66.8% of our aforementioned overdue trade receivables from third parties as of September 30, 2022 had been subsequently settled.

The following table sets forth our average trade receivables turnover days for the periods indicated:

	For the year ended December 31,			For the nine months ended
	2019	2020	2021	September 30, 2022
Average trade receivables turnover days ⁽¹⁾	73	77	70	94

Note:

- (1) Average trade receivables turnover days for the certain year or period is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables (without taking into account impairment) for the year or period by the aggregate of gross billing, service fees (minus incentives to marketers), subscription fees and commission for the relevant year or period and then multiplied by the number of days for the relevant year or period.

Average trade receivables turnover days indicates the average time required for us to collect cash payments from provision of services. Average trade receivables turnover days increased from 73 days for 2019 to 77 days for 2020 mainly due to a lower opening balance of trade receivables for 2019 which was in line with our business scale at the time, coupled with an increase in gross billing to marketers with relatively longer credit terms. Average trade receivables turnover days decreased from 77 days for 2020 to 70 days for 2021 as we accelerated our collection and settlement of trade receivables with marketers. Average trade receivables turnover days increased from 70 days for 2021 to 94 days for the nine months ended September 30, 2022, primarily due to (i) the decrease of our gross billing for the nine months ended September 30, 2022, (ii) the decrease of service fees with respect to our customized and SaaS-based digital marketing services for the same period, and (iii) our extension of credit term to Marketer A in the second half of 2021 as aforementioned.

We have established a credit risk management policy under which 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 customer as well as pertaining to the economic environment in which the customer operates. In determining the loss allowance for trade receivables, we consider whether there is a significant increase in credit risk of the receivables. To assess whether there is a significant increase in credit risk, we compare the risk of default occurring on the receivables as at the reporting date with the risk of default as at the date of initial recognition. We measure loss allowance for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix based on our historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

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See Note 25(a) of Appendix I to this document for more information on our exposure to credit risk and ECLs for trade receivables. Our loss allowance on trade receivables from third parties increased from US\$4.0 million as of December 31, 2019 to US\$4.7 million as of December 31, 2020 and further to US\$4.9 million as of December 31, 2021 and US\$5.2 million as of September 30, 2022, which were in line with the general increases in our trade receivables from third parties as of such dates, especially due to the increase in trade receivables from third parties aging more than 12 months which are of higher expected loss rate.

We monitor our outstanding trade receivables, in particular, long-aging trade receivables, closely and request the collection status thereof to be reported regularly to the management for further action. We have taken various measures to enhance the collection of such trade receivables, including negotiating with the relevant customers and setting trade receivable collection rate as a performance indicator for our relevant business staff undertaking such tasks. In the event of significant payment delays after repeatedly failed collection attempts, we may resort to legal proceedings to collect the outstanding amounts. During the Track Record Period and up to the Latest Practicable Date, we had, in an effort to recover overdue payments from customers, filed lawsuits against certain customers who had defaulted on payments. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulty in collecting trade receivables from both related parties and third parties which would have a material impact on our business or financial performance.

We have entered into certain factoring arrangements with a commercial bank in Hong Kong on a with-recourse basis, under which we obtained prepayment in respect of the invoice amounts owed from certain major customers. Under these arrangements, the bank pays us the agreed portion of the amounts owed from the customers on the original due dates, and then we settle the prepayment by customers 60 days later. As of December 31, 2019, 2020 and 2021 and September 30, 2022, the amount of trade receivables under such factoring arrangements was US\$21.2 million, US\$24.9 million, US\$51.7 million and US\$21.1 million, respectively.

Other Receivables

Other receivables due from related parties mainly represent advances to our related parties, including: (i) advances to Mr. Li with balances of US\$2.6 million, US\$2.5 million, US\$10.9 million and nil, respectively, primarily in relation to the borrowings of Mr. Li from our Group as agreed between us in 2018 and 2021; (ii) advances to Huanyu Technology Development Co., Ltd. (**Huanyu Technology**), a related party controlled by Mr. Li until October 2020, for satisfying its operating needs at its business start-up stage with balances of US\$2.1 million, nil, nil and nil, respectively; and (iii) advances with balances of nil, US\$1.6 million, nil and nil, respectively, to Beijing Manniu Technology Company Limited* (北京蠻牛科技有限公司) (**Beijing Manniu**), a related party controlled by Mr. Li Nan, a close family member of Mr. Li, for satisfying its operating needs for initiating its IT projects targeting higher educational institutions and public institutions. All of the aforementioned advances to related parties were settled as of September 30, 2022. As a result of the foregoing, our other receivables due from related parties decreased from US\$4.7 million as of December 31, 2019 to US\$4.1 million as of December 31, 2020, and increased to US\$10.9 million as of December

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31, 2021, and significantly decreased to US\$35,000 as of September 30, 2022. Our other receivables due from related parties are unsecured, interest-free and have no fixed repayment terms. For further details, see “– Related Party Transactions and Balances” and Note 26(d) of Appendix I to this document. Huanyu Technology, as of the Latest Practicable Date, was a private company primarily providing commodity procuring services to cross-border e-commerce merchants with issued share capital of HK\$1.0 million. During the Track Record Period, save for the aforementioned advances to Huanyu Technology, we did not have any transactions with Huanyu Technology. Beijing Manniu, as of the Latest Practicable Date, was a private company primarily engaged in software development business with a registered capital of RMB10.0 million and its ultimate beneficiary owner was Mr. Li Nan.

Other receivables due from third parties were US\$0.8 million, US\$3.8 million, US\$0.7 million and US\$1.1 million as of December 31, 2019, 2020 and 2021 and September 30, 2022, respectively, which mainly represented (i) advances to Huanyu Technology with balances of US\$2.1 million, nil and nil as of December 31, 2020 and 2021 and September 30, 2022, respectively, as Huanyu Technology ceased to be controlled by Mr. Li after October 2020 when Mr. Li, considering the business focus of our Group on cross-border digital marketing as opposed to the commodity procuring business of Huanyu Technology, transferred all of his equity interest in Huanyu Technology to an Independent Third Party individual which was the sole shareholder and ultimate beneficial owner of Huanyu Technology as of the Latest Practicable Date, (ii) advances to an Independent Third Party which is our previous potential business partner, for satisfying its operating needs with balances of nil, US\$1.0 million, nil and nil as of December 31, 2019, 2020 and 2021 and September 30, 2022, respectively. This Independent Third Party is a private company which as of the Latest Practicable Date was primarily engaged in digital marketing business with issued share capital of HK\$10,000 and ultimately solely owned by another Independent Third Party individual; (iii) other receivables of US\$[REDACTED] as of September 30, 2022 in relation to [REDACTED]; and (iv) other miscellaneous types of other receivables due from third parties.

During the Track Record Period, there were no costs or expenses relating to our business operations or capital expenditures that were borne by any related parties or connected persons of our Group or any Independent Third Parties without being recharged to us.

Cash and Cash Equivalents

Our cash and cash equivalents, which represented cash at bank and on hand, were US\$9.5 million, US\$24.4 million, US\$15.4 million and US\$13.6 million as of December 31, 2019, 2020 and 2021 and September 30, 2022, respectively.

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Trade and Other Payables

Trade and other payables primarily consist of (i) trade payables, (ii) VAT and other taxes payable, (iii) payroll payable, (iv) other payables and accruals, and (v) dividend payables. The following table sets forth the breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	September 30,
	(US\$'000)	(US\$'000)	(US\$'000)	2022
				(US\$'000)
Trade payables – third parties	81,815	81,001	84,442	70,479
VAT and other taxes payable	28	73	86	23
Payroll payable	160	350	339	274
Other payables and accruals	532	6	208	15
Dividend payables	–	–	6,000	1,298
	<u>–</u>	<u>–</u>	<u>6,000</u>	<u>1,298</u>
Total	<u>82,535</u>	<u>81,430</u>	<u>91,075</u>	<u>72,089</u>

All trade and other payables (including amounts due to related parties) are expected to be settled within one year or are payable on demand. Our Directors confirmed that we did not have any material defaults in payment of trade and other payables during the Track Record Period and up to the Latest Practicable Date.

Trade Payables

Trade payables primarily represent our obligations to pay for acquiring media resources from media publishers in the ordinary course of our business. Our trade payables are generally non-interest-bearing. Trade payables remained relatively stable with balances of US\$81.8 million and US\$81.0 million as of December 31, 2019 and 2020, respectively, and increased to US\$84.4 million as of December 31, 2021 primarily due to the increase in gross billing to our marketers, and subsequently our gross spending with media publishers, as a result of our business expansion. Trade payables decreased to US\$70.5 million as of September 30, 2022 from US\$84.4 million as of December 31, 2021 primarily due to the decrease in our gross spending with media publishers.

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

	As of December 31,			As of
	2019	2020	2021	September 30, 2022
	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
Within 1 month	43,821	42,952	37,013	41,688
Over 1 month but within				
3 months	37,994	38,049	47,429	28,791
	81,815	81,001	84,442	70,479

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

	For the year ended December 31,			For the nine
	2019	2020	2021	months ended September 30, 2022
Average trade payables turnover days ⁽¹⁾	65	69	55	70

Note:

- (1) Average trade payables turnover days for a certain year or period is derived by dividing the arithmetic mean of the opening and closing balances of trade payables by gross spending (minus rebates from media publishers) for the relevant year or period and then multiplied by the number of days in the relevant year or period.

Average trade payables turnover days indicates the average time we take to make cash payments to counterparties. Our average trade payables turnover days increased from 65 days in 2019 to 69 days in 2020 mainly because of a lower opening balance of trade payables for 2019 which was in line with our business scale at the time. Our average trade payables turnover days decreased from 69 days in 2020 to 55 days in 2021 primarily because the prepayment amounts we received under our factoring arrangements allowed us to subsequently accelerate settlement of payments with our media publishers. Our trade payables turnover days increased from 55 days in 2021 to 70 days for the nine months ended September 30, 2022 primarily due to the decrease in gross spending with media publishers for the nine months ended September 30, 2022 as compared to the same period in 2021 despite a lower ending balance of trade payables for the nine months ended September 30, 2022 as compared to the opening balance of trade payables for 2021.

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As of January 31, 2023, all of our total trade payables as of September 30, 2022 had been subsequently settled.

Other payables

Other payables primarily consist of (i) VAT and other taxes payable, (ii) payroll payable, primarily including staff salaries, housing funds and social insurances, (iii) other payables and accruals, and (iv) dividend payables in connection with dividend declared and unpaid as of December 31, 2021 and September 30, 2022. Other payables and accruals of US\$0.5 million as of December 31, 2019 mainly represented refund of advance payment to a marketer for services eventually not rendered as the marketer aborted its marketing campaign after placing the advance payment with us. The dividend payables of US\$1.3 million as of September 30, 2022 will be settled prior to the [REDACTED] using our Group’s own funds.

Contract Liabilities

Contract liabilities represent our obligations to provide the contracted services. Our contract liabilities mainly arise from the advance payments made by customers for our cross-border digital marketing services while the underlying services are yet to be provided. As of December 31, 2019, 2020 and 2021 and September 30, 2022, we had contract liabilities of US\$1.9 million, US\$3.8 million, US\$4.0 million and US\$3.8 million, respectively, the general increase of which was primarily as a result of the increase in number of prepaying customers, mostly SMB marketers, along with the growth of our business. The increase in contracted liabilities as of December 31, 2021 was also because certain incentives payables to marketers were reclassified as contract liabilities as such marketers subsequently did not initiate any marketing spending for such incentives payables to offset with trade receivables for gross billing.

As of January 31, 2023, US\$1.1 million, or 28.1% of our contract liabilities as of September 30, 2022 had been subsequently recognized as revenue, primarily through provision of our services to customers. We expect that our customers will utilize their prepayment to us shortly to satisfy their marketing needs, after taking into account the historical subsequent settlement pattern. However, the subsequent utilization of customers’ prepayment to us is subject to their actual marketing need. We do not consider there will be any material adverse impact to our business or financial position even if there are any long outstanding contract liabilities.

Accumulated Loss

We had an accumulated loss of US\$2.1 million as of January 1, 2019 which is due to (i) a relatively low level of profit for the several years prior to 2019 at the preliminary stage of our business development, and (ii) an individually made provision of loss allowance of US\$3.9 million as of January 1, 2019 in relation to overdue trade receivables from one of our major e-commerce marketers at the time. In 2017, we became a reseller in China for Media Publisher A and gradually began to switch to the B2C business model from a B2B model for our

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cross-border digital marketing business. In 2018, we were still at a preliminary stage of the B2C business model and operating with a relatively smaller scale of marketer base and our Adorado platform newly launched in the same year. In an effort to develop our business and marketer base and expand our market share, we incurred a relatively higher level of costs and expenses in relation to our total revenue in 2018 as compared to later years. As a result of the foregoing, we recorded a lower level of profit for the several years prior to 2019. In addition, as one of our major customers at the time, Marketer C, defaulted on its payment to us in 2018 due to its own operating and financial difficulties, we further recorded an individually made provision of loss allowance of US\$3.9 million as of January 1, 2019 in relation to the overdue trade receivables from Marketer C. Taking into account the aforementioned loss allowance, we had recorded an accumulated loss of US\$2.1 million as of January 1, 2019. Marketer C ceased to be our customer in December 2018 and was subsequently dissolved in 2019 and we did not generate any revenue from Marketer C during the Track Record Period. The trade receivables before loss allowance due from Marketer C was US\$2.9 million as of each of December 31, 2019, 2020 and 2021 and September 30, 2022 and after individually made loss allowance of US\$3.6 million, US\$3.6 million, US\$3.6 million and US\$2.6 million, respectively, our net trade receivables due from Marketer C was nil, nil, nil and US\$0.3 million as of the respective dates. We had filed a lawsuit to claim for the settlement of gross billing and service fees and relevant contractual penalties from shareholders of Marketer C. The court had ruled in our favor in December 2020 and the judgment was under execution as of the Latest Practicable Date. As of January 31, 2023, US\$0.6 million or 20.6% of our trade receivables due from Marketer C as of September 30, 2022 had been subsequently settled. As of both December 31, 2019 and January 1, 2020, we had retained profits of US\$3.1 million which is attributable to a profit for the year of US\$5.2 million for the year ended December 31, 2019 as a result of our business expansion.

INDEBTEDNESS

During the Track Record Period, our indebtedness mainly consisted of bank loans and lease liabilities. As of December 31, 2019, 2020 and 2021, September 30, 2022 and January 31, 2023, our total bank loans balances were US\$20.1 million, US\$25.0 million, US\$45.8 million, US\$23.9 million and US\$61.5 million respectively. As of the same dates, we had lease liabilities of US\$0.8 million, US\$0.3 million, US\$0.4 million, US\$0.4 million and US\$0.3 million, respectively.

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The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of	As of
	2019	2020	2021	September 30,	January 31,
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
					<i>(unaudited)</i>
<i>Current</i>					
Bank loans	19,728	24,144	45,156	23,374	61,061
Lease liabilities	280	173	312	280	190
	20,008	24,317	45,468	23,654	61,251
<i>Non-current</i>					
Bank loans	383	806	633	504	446
Lease liabilities	497	158	105	118	75
	880	964	738	622	521
Total	20,888	25,281	46,206	24,276	61,772

During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we did not have any material defaults in payment of our trade and non-trade payables and borrowings, and/or breaches of covenants. Except as disclosed herein, we did not have any banking facilities (utilized or not), outstanding loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities or any covenant in connection therewith as of January 31, 2023, being the latest practicable date for the purpose of the indebtedness statement. Our Directors have confirmed that there had not been any material change in the indebtedness and contingent liabilities of our Group since the latest date for liquidity disclosure and up to the Latest Practicable Date.

Bank Loans

We had bank loans of US\$20.1 million, US\$25.0 million, US\$45.8 million and US\$23.9 million as of December 31, 2019, 2020 and 2021 and September 30, 2022, respectively, with interest at the prevailing market rates. Such bank loans during the Track Record Period are in relation to several banking facilities agreements we had entered into with licensed commercial banks in Hong Kong and the Chinese mainland. We had bank loans of US\$61.5 million as of January 31, 2023. As of January 31, 2023, the maximum credit line of our bank loans was US\$89.5 million with unutilized amount of US\$28.0 million. Our bank loans were primarily used to procure media resources from media publishers and the increases in the balances of

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bank loans from as of December 31, 2019 to as of December 31, 2021 were generally in line with the increases in our gross spending with media publishers as our business grows. The decrease in bank loans as of September 30, 2022 as compared to that as of December 31, 2021 was primarily because our demand for bank loans decreased along with the decrease in our gross spending with media publishers for the nine months ended September 30, 2022, coupled with an accelerated collection of payments from customers for the same period. For more details of our bank loans, see Note 18(c) and Note 21 of the Accountants’ Report in Appendix I to this document.

As of December 31, 2019, 2020 and 2021 and September 30, 2022, such bank loans were all guaranteed and/or secured by related parties of our Group or their owned properties as follows:

- bank loans of US\$0.5 million, US\$1.0 million, US\$0.8 million and US\$0.7 million, respectively, in connection with the life insurance products held by our Group. Such bank loans were jointly guaranteed by Mr. Li, Ms. Yu and secured by financial assets measured at fair value through profit or loss under the life insurance contracts as further described in “– Description of Selected Consolidated Statement of Financial Position Items – Financial Assets Measured at Fair Value through Profit or Loss” and Note 16 of Appendix I to this document;
- bank loans of US\$14.6 million, US\$18.4 million, US\$35.5 million and US\$16.7 million, respectively, which were guaranteed by Mr. Li and Ms. Yu and were secured by trade receivables in connection with the factoring arrangements as further described in “– Description of Selected Consolidated Statement of Financial Position Items – Trade and Other Receivables – Trade Receivables” and Note 17 of Appendix I to this document;
- bank loans of US\$5.0 million, US\$5.0 million and US\$9.5 million as of December 31, 2019, 2020 and 2021, respectively, which were guaranteed by Mr. Li;
- bank loans of US\$0.6 million as of December 31, 2020, which were (i) guaranteed by, amongst others, Mr. Li and Ms. Yu, through an Independent Third Party guarantee service provider charging a guarantee fee at a fixed percentage of general banking facility and the actual amount of the facility utilization, and (ii) secured by a property effectively owned by a related party of our Group, being a close family member of Mr. Li. As of the Latest Practicable Date, such bank loans were fully repaid with the relevant guarantee and security subsequently released; and
- bank loans of US\$6.5 million as of September 30, 2022 were guaranteed by Mr. Li and Ms. Yu.

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Our Directors confirm that the guarantees provided by our related parties will be released or replaced by corporate guarantees to be provided by our Group upon the [REDACTED]. See “– Related Party Transactions and Balances – Related Party Balances and Guarantees” and Note 21(b) of Appendix I to this document.

The following table sets forth the maturity profile of our bank loans as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	September 30,
	(US\$'000)	(US\$'000)	(US\$'000)	2022 (US\$'000)
Within 1 year or on demand	19,728	24,144	45,156	23,374
After 1 year but within 2 years	76	172	172	172
After 2 years but within 5 years	228	518	445	332
After 5 years	79	116	16	–
Sub-total	<u>383</u>	<u>806</u>	<u>633</u>	<u>504</u>
Total	<u><u>20,111</u></u>	<u><u>24,950</u></u>	<u><u>45,789</u></u>	<u><u>23,878</u></u>

Our bank loans are subject to the fulfillment of covenants relating to certain of our Group’s financial performance indicators, such as balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If we were to breach the covenants, the bank loans would become payable on demand. We regularly monitor our compliance with these covenants. For further details of our management of liquidity risk, see Note 25(b) of Appendix I to the document.

As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of covenant relating to drawn-down banking facilities during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that there has been no material change in our indebtedness position since January 31, 2023, being the latest practicable date for the purpose of the indebtedness statement.

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Lease Liabilities

Our lease liabilities are primarily in relation to the properties we leased in the PRC as our offices and these lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. Such leases of properties during the Track Record Period generally have lease terms ranging from one to four years. Our lease liabilities decreased from US\$0.8 million as of December 31, 2019 to US\$0.3 million as of December 31, 2020 primarily due to a decrease in the leased gross floor area of our office in Shenzhen in May 2020. Our lease liabilities increased from US\$0.3 million as of December 31, 2020 to US\$0.4 million as of December 31, 2021, mainly because we leased more properties in 2021 as we expanded our business. Our lease liabilities decreased from US\$0.42 million as of December 31, 2021 to US\$0.40 million as of September 30, 2022, primarily due to lease rentals paid with no new lease entered into by us during the nine months ended September 30, 2022.

Contingent Liabilities

As of December 31, 2019, 2020 and 2021, September 30, 2022 and January 31, 2023 and the Latest Practicable Date, we did not have any outstanding guarantees or other material contingent liabilities. Our Directors have confirmed that there had not been any material change in the indebtedness, capital commitments and contingent liabilities of our Group since the latest date for liquidity disclosure and up to the Latest Practicable Date.

LIQUIDITY AND CAPITAL RESOURCES

Our business operations and expansions require a significant amount of capital, including procurement of media resources, enhancing our service capabilities, improving our technology capabilities, upgrading our information technology infrastructure and system as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash generated from operations and bank loans. As of December 31, 2019, 2020 and 2021 and September 30, 2022 and January 31, 2023, we had cash and cash equivalents of US\$9.5 million, US\$24.4 million, US\$15.4 million, US\$13.6 million and US\$27.6 million, respectively, consisting of cash at bank and on hand. Following the completion of the [REDACTED] and the [REDACTED], we intend to continue to fund our cash requirements mainly through our net cash flows from operating activities, together with any debt or equity financing that is available and suitable to us.

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The following table sets forth a summary of our cash flows during the Track Record Period:

	Year ended December 31,			Nine months ended	
	2019	2020	2021	September 30, 2021	2022
	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
	<i>(unaudited)</i>				
Operating cash flows before movements in working capital	7,014	8,802	8,483	6,534	4,959
Changes in working capital	(12,395)	3,487	(34,054)	(22,554)	19,967
Income tax paid	(2)	(312)	(2,571)	(1,678)	(1,208)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash (used in)/generated from operating activities	(5,383)	11,977	(28,142)	(17,698)	23,718
Net cash used in investing activities	(347)	(791)	(54)	(43)	(40)
Net cash generated from/(used in) financing activities	15,152	3,752	19,182	24,125	(25,480)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents	9,422	14,938	(9,014)	6,384	(1,802)
Cash and cash equivalents at the beginning of the year/period	221	9,549	24,434	24,434	15,422
Effect of foreign exchange rate changes	(94)	(53)	2	(43)	(33)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the year/period	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>9,549</u>	<u>24,434</u>	<u>15,422</u>	<u>30,775</u>	<u>13,587</u>

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Cash Flows Used in or Generated from Operating Activities

Cash flows used in or generated from operating activities represented profit before taxation adjusted for (i) certain non-cash or non-operating activities related items such as depreciation, amortization of intangible assets, finance costs, gain on disposal of right-of-use assets, expected credit losses on trade receivables and changes in fair value of financial assets measured at fair value through profit or loss, (ii) the effect of changes in working capital, such as changes in trade and other receivables, trade and other payables and contract liabilities, and (iii) income tax paid.

For the nine months ended September 30, 2022, we had net cash generated from operating activities of US\$23.7 million, resulting from our profit before taxation of US\$3.1 million and positive movements in working capital. Our positive movements in working capital primarily reflected a decrease in trade and other receivables of US\$44.9 million mainly as a result of (i) a decrease in trade receivables from third parties which was generally in line with a decrease in gross billing together with our accelerated collection of payments from customers and (ii) a decrease in amounts due from related parties due to settlement of advances to Mr. Li, partially offset by a decrease in trade and other payables of US\$24.8 million mainly resulting from (i) a decrease in trade payables to third parties due to a decrease in gross spending with media publishers and (ii) a decrease in dividend payables due to partial payment for the dividend declared.

For the year ended December 31, 2021, we had net cash used in operating activities of US\$28.1 million, resulting from our profit before taxation of US\$6.9 million and negative movements in working capital. Our negative movements in working capital primarily reflected an increase in trade and other receivables of US\$38.2 million mainly as a result of an increase in trade receivables due to (i) the increase in gross billing to our marketers as a result of our business expansion for our cross-border digital marketing services, and (ii) our extension of credit term in 2021 of one of our major customers, Marketer A, partially offset by an increase in trade and other payables of US\$3.8 million mainly resulting from an increase in dividend payables of US\$6.0 million.

For the year ended December 31, 2020, we had net cash generated from operating activities of US\$12.0 million, resulting from our profit before income tax of US\$7.0 million and positive movements in working capital. The positive movements in working capital primarily reflected (i) a decrease in trade and other receivables of US\$2.8 million mainly as a result of a decrease in trade receivables because we accelerated collection and settlement of trade receivables from our marketers toward the end of 2020 and some of our major marketers did not incur as much marketing spending toward the end of 2020 based on their marketing budget utilized at the time, and (ii) an increase in contract liabilities of US\$1.8 million, partially offset by a decrease in trade and other payables of US\$1.1 million.

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For the year ended December 31, 2019, we had net cash used in operating activities of US\$5.4 million, resulting from our profit before taxation of US\$6.2 million and negative movements in working capital. Our negative movements in working capital primarily reflected an increase in trade and other receivables of US\$61.2 million mainly as a result of an increase in trade receivables which was generally in line with the increase in the gross billing to our marketers along with our business expansion, partially offset by an increase in trade and other payables of US\$47.7 million mainly as a result of an increase in trade payables to third parties primarily in connection with our payment obligations to media publishers.

Cash Flows Used in Investing Activities

For the nine months ended September 30, 2022, our net cash used in investing activities was US\$40,000, primarily reflecting payment for purchase of intangible assets in relation to certain office softwares.

For the year ended December 31, 2021, we had net cash used in investing activities of US\$54,000, reflecting (i) payment for the purchase of property, plant and equipment, mainly consisting of office equipment, and (ii) payment for the purchase of intangible assets in relation to a financial management software.

For the year ended December 31, 2020, our net cash used in investing activities was US\$0.8 million, primarily in relation to purchase of financial assets measured at fair value through profit or loss of US\$0.8 million in connection with the deposit component of the life insurance products we purchased from a licensed insurance company in Hong Kong. For details, see “– Description of Selected Consolidated Statement of Financial Position Items – Financial Assets Measured at Fair Value through Profit or Loss.”

For the year ended December 31, 2019, our net cash used in investing activities was US\$0.3 million, primarily in relation to purchase of financial assets measured at fair value through profit or loss of US\$0.3 million in connection with the deposit component of the life insurance products as described above.

Cash Flows Generated from or Used in Financing Activities

For the nine months ended September 30, 2022, our net cash used in financing activities was US\$25.5 million, primarily reflecting repayment of bank loans of US\$354.5 million and dividends paid to equity shareholders of our Company of US\$1.6 million, partially offset by proceeds from new bank loans of US\$332.5 million.

For the year ended December 31, 2021, we had net cash generated from financing activities of US\$19.2 million, primarily reflecting proceeds from new bank loans of US\$500.9 million, partially offset by repayment of bank loans of US\$480.0 million.

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For the year ended December 31, 2020, our net cash generated from financing activities was US\$3.8 million, primarily reflecting proceeds from new bank loans of US\$385.9 million, partially offset by repayment of bank loans of US\$381.1 million.

For the year ended December 31, 2019, our net cash generated from financing activities was US\$15.2 million, primarily reflecting proceeds from new bank loans of US\$119.7 million, partially offset by repayment of bank loans of US\$103.7 million.

Net Current Assets

The following table sets forth our current assets, current liabilities and net current assets as of the dates indicated:

	As of December 31,			As of	As of
	2019	2020	2021	September 30,	January 31,
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
					<i>(unaudited)</i>
Current assets					
Trade and other					
receivables	97,976	94,311	132,309	87,094	117,530
Cash and cash					
equivalents	9,549	24,434	15,422	13,587	27,615
Prepaid income tax	–	–	–	225	–
	<u>107,525</u>	<u>118,745</u>	<u>147,731</u>	<u>100,906</u>	<u>145,145</u>
Current liabilities					
Trade and other					
payables	82,535	81,430	91,075	72,089	73,449
Contract liabilities	1,931	3,755	4,025	3,845	4,094
Bank loans	19,728	24,144	45,156	23,374	61,061
Lease liabilities	280	173	312	280	190
Current taxation	1,114	1,990	533	9	293
	<u>105,588</u>	<u>111,492</u>	<u>141,101</u>	<u>99,597</u>	<u>139,087</u>
Net current assets	<u><u>1,937</u></u>	<u><u>7,253</u></u>	<u><u>6,630</u></u>	<u><u>1,309</u></u>	<u><u>6,058</u></u>

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We had net current assets of US\$1.9 million, US\$7.3 million, US\$6.6 million, US\$1.3 million and US\$6.1 million as of December 31, 2019, 2020 and 2021 and September 30, 2022 and January 31, 2023, respectively. Our net current assets position as of each of these dates was mainly attributable to our trade and other receivables and cash and cash equivalents, partially offset by our trade and other payables, bank loans and contract liabilities.

Our net current assets increased from US\$1.3 million as of September 30, 2022 to US\$6.1 million as of January 31, 2023. This was primarily due to an increase of US\$30.4 million in trade and other receivables mainly resulting from an increase in trade receivables as (i) some major marketers tend to settle more trade receivables with us toward the later part of a calendar quarter, and (ii) our marketers increased their marketing spending since the fourth quarter of 2022 when the PRC government relaxed or eliminated most COVID-19 related protective measures, partially offset by an increase of US\$37.7 million in bank loans.

Our net current assets decreased significantly to US\$1.3 million as of September 30, 2022 from US\$6.6 million as of December 31, 2021. This was primarily due to a decrease in trade and other receivables of US\$45.2 million which was mainly attributable to (i) a decrease in trade receivables which was generally in line with a decrease in gross billing together with our accelerated collection of payments from customers, and (ii) a decrease in amounts due from related parties as such amounts from Mr. Li were settled by way of a set-off against the dividend payables to Mr. Li pursuant to a set-off arrangement as agreed by our Company and our Controlling Shareholders. The aforementioned decrease in trade and other receivables was partially offset by a decrease in bank loans of US\$21.8 million and a decrease in trade and other payables of US\$19.0 million primarily resulting from a decrease in trade payables to third parties due to a decrease in gross spending with media publishers and a decrease in dividend payables to shareholders.

We had net current assets of US\$6.6 million as of December 31, 2021, which represented a decrease from our net current assets of US\$7.3 million as of December 31, 2020. This was primarily due to an increase in trade and other payables of US\$9.6 million mainly resulting from the dividend payables of US\$6.0 million as of December 31, 2021. This was partially offset by an increase in trade and other receivables of US\$38.0 million.

We had net current assets of US\$7.3 million as of December 31, 2020, which represented an increase from our net current assets of US\$1.9 million as of December 31, 2019. This was primarily due to an increase in cash and cash equivalents of US\$14.9 million, partially offset by mainly an increase in bank loans of US\$4.4 million. For further details, see “– Liquidity and Capital Resources – Cash Flows Used in or Generated from Operating Activities.”

Working Capital Sufficiency

We had sufficient cash and cash equivalents as of December 31, 2019, 2020 and 2021 and September 30, 2022 and January 31, 2023 for our working capital needs. We recorded net cash used in operating activities of US\$5.4 million and US\$28.1 million for the year ended December 31, 2019 and 2021, respectively. This was primarily due to (i) the relatively longer

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credit terms we granted to our marketers during the Track Record Period (being generally 30 to 90 days from date of invoice) than those granted by media publishers to us (being generally 30 to 60 days from date of invoice); and (ii) an increase in trade receivables, primarily reflecting our business expansion and the extended credit term we granted in 2021 to Marketer A, one of our major customers, from 60 days to 90 days from date of invoice. See “Risk Factors – Risks relating to Our Business and Industries – We had recorded negative cash flow from operating activities and may be subject to liquidity risks, which could, together with a relatively high debt to equity ratio, constrain our operational flexibility and working capital sufficiency and materially and adversely affect our business, financial condition and results of operations.” We have taken various measures to improve our operating cash flow position by (i) communicating with our major marketers to settle our invoices in a more timely and efficient manner through measures such as shortening or limiting the extension of credit terms. In particular, we had negotiated with Marketer A and from September 2022 restored our credit term granted to Marketer A from 90 days from date of invoice to 60 days, and (ii) encouraging our relevant business staff to proactively follow up on acceleration of payment collection and setting trade receivable collection rate as a key performance indicator for such staff. We recorded net cash generated from operating activities of US\$23.7 million for the nine months ended September 30, 2022 as compared to an operating cash outflow in 2021, which was primarily due to a decrease in gross spending with media publishers over the same period together with our accelerated collection of payments from customers as we implemented the aforementioned measures to improve our operating cash flow position.

Our Directors are of the view that, taking into account the financial resources available to our Group, such as available bank loans and the estimated [REDACTED] of the [REDACTED], our current cash at bank and on hand and our anticipated cash flows from operations, we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document.

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures mainly for purchases of property, plant and equipment, being our office equipment such as computers and furniture, and intangible assets, being our financial management and office softwares and systems. For more information on the uses of our capital expenditures during the Track Record Period, see “– Liquidity and Capital Resources – Cash Flows Used in Investing Activities.”

RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transactions

During the Track Record Period, we had certain related party transactions, mainly in relation to (i) provision of services, (ii) purchase of services, and (iii) advances to and repayments from related parties.

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These related party transactions were conducted in accordance with terms as agreed between us and the respective related parties. Our Directors have confirmed that all the aforementioned related party transactions in ordinary and usual course of business during the Track Record Period were conducted on arm’s length basis. Our Directors have further confirmed that these related party transactions would not significantly distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

Provision of services

For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, we recognized revenue from Powerwin Tech Pte, a company incorporated in Singapore and a related party owned by Mr. Li and Ms. Yu, in the amount of nil, US\$18,000, US\$20,000, US\$14,000 and nil, respectively, which accounted for nil, 0.2%, 0.1%, 0.1% and nil of our total revenue for the respective periods. Such revenue from related party was in connection with cross-border digital marketing services provided by us to Marketer D, an Independent Third Party, pursuant to an Indirect Arrangement under which (i) business contracts were entered into between Powerwin Tech Pte and Marketer D, and subsequently (ii) business contract was entered into between Powerwin Tech Pte and Powerwin Media, our Hong Kong subsidiary providing such services. The Indirect Arrangement was made since 2020 to accommodate the request of Marketer D due to its internal policy not to directly contract with Hong Kong entities. Under the Indirect Arrangement, the cross-border digital marketing services were still provided by our Group to Marketer D whereby payment from Marketer D was received by Powerwin Tech Pte on behalf of our Group. Accordingly, since Powerwin Tech Pte was the contracting party with Powerwin Media, we had recognized revenue and trade receivables from Powerwin Tech Pte as a related party during the Track Record Period. In March 2022, the Indirect Arrangement was terminated as Powerwin Tech Pte and Marketer D entered into an agreement to terminate their aforementioned business contracts and the business contract between our Group and Powerwin Tech Pte was also expired around the same time. Save from the Indirect Arrangement, Powerwin Tech Pte has not engaged in any other business activities since its incorporation. Due to the minimal revenue contribution from Powerwin Tech Pte during the Track Record Period, our Directors consider that the termination of the Indirect Arrangement is not expected to materially affect the business operations of our Group. As of December 31, 2019, 2020 and 2021 and September 30, 2022, our trade receivables due from Powerwin Tech Pte in connection with the Indirect Arrangement was nil, US\$449,000, US\$276,000, and US\$7,000, respectively. As such balances were in relation to the gross billing to Marketer D, they are higher in amount than the revenue we recognized from Powerwin Tech Pte for the respective year or period of the Track Record Period which only represented the revenue recognized on a net basis from standardized digital marketing services to Marketer D. As of January 31, 2023, all of the trade receivables of US\$7,000 due from Powerwin Tech Pte as of September 30, 2022 were subsequently settled. See also “– Description of Selected Consolidated Statements of Financial Position Items – Trade and Other Receivables – Trade Receivables.”

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Purchase of services

During the Track Record Period, we had procured from Shenzhen Yingbaotong, a related party controlled by Mr. Li prior to its deregistration in 2021, certain auxiliary services for cross-border digital marketing, such as server, content production, account management and customer services, at a service fee covering all such relevant services which amounted to US\$0.8 million, nil, nil, nil and nil for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, respectively. In 2019, as our operating PRC subsidiaries were not long established at the time, some of the auxiliary functions of our cross-border digital marketing services were outsourced by us to Shenzhen Yingbaotong for a transactional period of time. We negotiated and determined the service fees by taking into account factors including cost of such services for Shenzhen Yingbaotong and market margin range to provide similar services. According to Frost & Sullivan, the margin being adopted for determining the service fees to Shenzhen Yingbaotong is reasonable and within the then prevailing market range for similar services. We ceased to engage Shenzhen Yingbaotong from 2020 with the relevant services being instead undertaken by our own PRC subsidiaries. Accordingly, we did not have any such related party transaction amount with Shenzhen Yingbaotong after 2019. See also “– Description of Selected Consolidated Statements of Profit or Loss and Other Comprehensive Income Line Items – Administrative Expenses.”

Shenzhen Yingbaotong was principally engaged in digital marketing business with registered capital of RMB10.0 million prior to its deregistration. Shenzhen Yingbaotong is not included as part of our Group for the [REDACTED] primarily because it mainly focused on providing digital marketing services targeting domestic media publishers whereas our Group focuses on providing cross-border digital marketing services through collaboration with overseas media publishers. As Mr. Li no longer wishes to pursue any such business targeting domestic media publishers, Shenzhen Yingbaotong gradually ceased its business and was eventually deregistered in 2021. As confirmed by our Directors, during the Track Record Period, Shenzhen Yingbaotong was not involved in any material claims, regulatory enquiries, litigations or legal proceedings (whether actual or potential). Shenzhen Yingbaotong recorded net profits according to its management account for the year ended December 31, 2020 prior to its deregistration in 2021. As confirmed by Mr. Li, Shenzhen Yingbaotong was solvent at the time of deregistration.

Advances to and repayments from related parties

For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022, we had advances to related parties in the aggregate amount of US\$4.1 million, US\$5.7 million, US\$9.0 million, US\$0.3 million and nil, respectively, and we had repayments from related parties in the aggregate amount of US\$4.1 million, US\$4.2 million, US\$2.2 million, US\$1.6 million and US\$10.9 million, respectively. Such amounts were primarily in connection with the advances we made to, and subsequently repayments from, (i) Mr. Li, (ii) Beijing Manniu, and (iii) Huanyu Technology as discussed in “– Description of Selected Consolidated Statements of Financial Position Items – Trade and Other Receivables – Other Receivables.” For more information, see Note 26(c) of Appendix I to this document.

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Related Party Balances and Guarantees

The following table sets forth the breakdown of our related party balances as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	September 30,
	(US\$'000)	(US\$'000)	(US\$'000)	2022
				(US\$'000)
<i>Trade nature:</i>				
Trade receivables from a related party	–	449	276	7
<i>Non-trade nature:</i>				
Other receivables from related parties	4,683	4,133	10,929	35
Dividends payable	–	–	6,000	1,298

All of the outstanding amounts due from and due to our related parties which are non-trade in nature will be fully settled prior to the [REDACTED]. For further details on related party transactions and balances, see Note 26 of Appendix I to this document.

As of December 31, 2019, 2020 and 2021 and September 30, 2022, we had bank loans guaranteed and/or secured by related parties of our Group or their owned properties of US\$20.1 million, US\$25.0 million, US\$45.8 million and US\$23.9 million, respectively. Our Directors confirm that the guarantees provided by our related parties will be released or replaced by corporate guarantees to be provided by our Group upon the [REDACTED]. As of the Latest Practicable Date, the security provided by a related party of our Group through a property owned by such related party had been released with respect to one of the aforementioned bank loans. For further information, see “– Indebtedness – Bank Loans” and Note 21(b) and Note 26(e) of Appendix I to this document.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not enter into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative agreements that are indexed to our equity interests and classified as shareholder’s equity, or that are not reflected in our consolidated financial statements. We do not have any material off-balance sheet arrangements, nor do we have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

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KEY FINANCIAL RATIOS

The following table sets forth certain financial ratios relating to our Group as of the dates or for the periods indicated:

	As of/For the year ended			As of/For the
	December 31,			nine months
	2019	2020	2021	ended
	September 30,			ended
	2019	2020	2021	2022
Current ratio ⁽¹⁾	1.02	1.07	1.05	1.01
Return on equity ⁽²⁾	166.9%	66.5%	66.7%	N/M ⁽⁸⁾
Return on total assets ⁽³⁾	4.8%	4.9%	3.8%	N/M ⁽⁸⁾
Gearing ratio ⁽⁴⁾	645.0%	281.5%	528.8%	674.3%
Debt to equity ratio ⁽⁵⁾	338.7%	5.8%	350.7%	290.6%
Gross profit margin ⁽⁶⁾	89.7%	87.5%	84.8%	80.2%
Net profit margin ⁽⁷⁾	54.6%	50.4%	40.3%	26.8%

Notes:

- (1) Current ratio is calculated by dividing total current assets by total current liabilities as of the date indicated.
- (2) Return on equity is calculated by dividing profit for the year by the closing balance of total equity for the relevant year and multiplied by 100%.
- (3) Return on total assets is calculated by dividing profit for the year by the closing balance of total assets for the relevant year and multiplied by 100%.
- (4) Gearing ratio is calculated by dividing total borrowings by total equity as of the date indicated and multiplied by 100%.
- (5) Debt to equity ratio is calculated by dividing total borrowings net of cash and cash equivalents by total equity as of the date indicated and multiplied by 100%.
- (6) Gross profit margin is calculated by dividing gross profit by total revenue for the relevant year or period.
- (7) Net profit margin is calculated by dividing profit for the year by total revenue for the relevant year or period.
- (8) The interim figure is not meaningful as it is not comparable to the annual figure.

Current Ratio

Our current ratio was 1.02 times, 1.07 times, 1.05 times and 1.01 times as of December 31, 2019, 2020 and 2021 and September 30, 2022, respectively, and remained relatively stable as of such dates. See “– Liquidity and Capital Resources – Net Current Assets” for more details of changes in our current assets and current liabilities over the Track Record Period.

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Return on Equity

Our return on equity decreased from 166.9% in 2019 to 66.5% in 2020, which was due to an increase in total equity that outpaced the increase in profit for the year from 2019 to 2020. Our return on equity remained relatively stable at 66.5% in 2020 and at 66.7% in 2021. The figure for the nine months ended September 30, 2022 is not meaningful as it is not comparable to the annual figure.

Return on Total Assets

Our return on total assets remained relatively stable at 4.8% in 2019 and at 4.9% in 2020. Our return on total assets decreased from 4.9% in 2020 to 3.8% in 2021, due to an increase in total assets (primarily attributable to an increase in trade and other receivables) that outpaced the increase in profit for the year. The figure for the nine months ended September 30, 2022 is not meaningful as it is not comparable to the annual figure.

Gearing Ratio

Our gearing ratio decreased from 645.0% as of December 31, 2019 to 281.5% as of December 31, 2020 due to an increase in total equity despite an increase in balances of bank loans. Our gearing ratio increased from 281.5% as of December 31, 2020 to 528.8% as of December 31, 2021 due to an increase in balances of bank loans coupled with a decrease in total equity resulting from our declaration of dividend payment in the second half of 2021. Our gearing ratio significantly increased from 528.8% as of December 31, 2021 to 674.3% as of September 30, 2022, due to a decrease in total equity as we declared dividend in January 2022, despite a decrease in balances of bank loans.

Debt to Equity Ratio

Our debt to equity ratio decreased significantly from 338.7% as of December 31, 2019 to 5.8% as of December 31, 2020 due to an increase in cash and cash equivalents and total equity, despite an increase in the balances of bank loans. The increase in cash and cash equivalents was primarily due to (i) our new bank loans in line with the increase in our gross spending with media publishers as our business grew, (ii) the acceleration of our collection and settlement of trade receivables from our marketers toward the end of 2020, and (iii) prepayments received from our customers, mostly SMB marketers, along with the growth of our business. The increase in total equity was primarily attributable to our profit for the year of 2020. Our debt to equity ratio increased significantly from 5.8% as of December 31, 2020 to 350.7% as of December 31, 2021 due to an increase in balances of bank loans and a decrease in cash and cash equivalents and total equity. Our debt to equity ratio decreased from 350.7% as of December 31, 2021 to 290.6% as of September 30, 2022 due to a decrease in balances of bank loans, despite a decrease in cash and cash equivalents and a decrease in total equity as a result of our declaration of dividend in January 2022.

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Gross Profit Margin and Net Profit Margin

For further details on the changes of our gross profit margins and net profit margins for the Track Record Period, see “– Description of Selected Consolidated Statements of Profit or Loss and Other Comprehensive Income Line Items – Gross Profit and Gross Profit Margin” and “– Period to Period Comparison.”

FINANCIAL RISKS

In the normal course of business, we are exposed to various types of financial risks, mainly including credit risk, liquidity risk and interest rate risk. Our overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. For further details, see Note 25 of the Accountants’ Report in Appendix I to this document.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our Group. Our credit risk is primarily attributable to trade receivables. We expect that our exposure to credit risk arising from cash and cash equivalents is limited because our counterparties are banks, for which we consider to have low credit risk. Our management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

We have established a credit risk management policy under which 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 customer as well as pertaining to the economic environment in which the customer operates.

We have no significant concentration of credit risk in industries or countries or regions in which the customers operate. Significant concentrations of credit risk primarily arise when our Group has significant exposure to individual customers. As of December 31, 2019, 2020 and 2021 and September 30, 2022, 67%, 62%, 63% and 53% of the total trade receivables were due from our top five customers for the Track Record Period, respectively.

See Note 25(a) in Appendix I to this document for more information on our credit risk.

Liquidity Risk

Individual operating entities within our Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. Our policy is to regularly monitor our liquidity requirements and compliance with lending covenants, to ensure that we maintain sufficient reserves of cash to meet our liquidity requirements in the short and longer term. See Note 25(b) in Appendix I to this document for more details about our financial liabilities by different maturity groups.

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Interest Rate Risk

Our interest rate risk arises primarily from bank loans issued at fixed rates and variable rates, and lease liabilities that expose us to cash flow interest rate risk. If the interest rates had been 100 basis point higher or lower and all other variables were held constant, our post-tax profit would have been approximately US\$0.2 million, US\$0.2 million, US\$0.4 million and US\$0.2 million lower or higher for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively, mainly attributable to our exposure to interest rates on its variable rate liabilities. See Note 25(c) in Appendix I to this document for more details.

DIVIDENDS

We declared a dividend of US\$6.0 million in the second half of 2021 and a dividend of US\$7.8 million in January 2022 whereby (i) the dividend payables of US\$10.9 million had been settled in the first half of 2022 by way of a set-off against the other receivables due from Mr. Li pursuant to a set-off arrangement as agreed by our Company and our Controlling Shareholders. Such other receivables due from Mr. Li of US\$10.9 million were in relation to the borrowings of Mr. Li from us as agreed in 2018 and 2021, which were unsecured, interest-free and with no fixed repayment terms, and (ii) the dividend payables of US\$1.6 million were settled in the first half of 2022 in cash. The remaining dividend payables of US\$1.3 million as of September 30, 2022 will be settled prior to the [REDACTED]. Other than the aforementioned, no dividend was declared or distributed by our Company since its incorporation, during the Track Record Period and up to the Latest Practicable Date. Our 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 us in the future.

Subject to the provisions of the Articles of Association and the Cayman Companies Act, through a general meeting, we may declare dividends, but no dividend may be declared unless out of either profits or share premium account and no dividend shall exceed the amount recommended by our Board. Any declaration of dividends, however, is subject to our results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which our Directors may consider relevant from time to time. Our Board may also from time to time pay interim dividends as our Board believes to be justified by the profits of our Company, as well as special dividends on shares of any class of such amounts and on such dates as it deems fit. We cannot guarantee in what form dividends will be paid in the future. In addition, any declaration and payment as well as the amount of the dividends will be subject to the provisions of (i) our Articles of Association, which require any final dividends to be approved by our Shareholders at a general meeting, and (ii) the Cayman Companies Act, which provides that dividends may be paid out of sums standing to the credit of its share premium account provided that immediately following the payment of dividend, our Company shall be able to pay its debts as they fall due in the ordinary course of business. Any future declarations and payments of dividends will be at the discretion of our Directors and may require the approval of our Shareholders. Under applicable PRC law, each of our subsidiaries in the PRC may only distribute after-tax profits after it has made allocations or allowances for recovery of accumulated losses and allocations to the statutory reserves.

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DISTRIBUTABLE RESERVES

As of September 30, 2022, our Company did not have any distributable reserves.

[REDACTED]

The total [REDACTED] in connection with the [REDACTED] are estimated to be approximately HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] and not taking into account the [REDACTED]), among which, (a) approximately HK\$[REDACTED] is directly attributable to the issuance of Shares and will be charged to equity upon completion of the [REDACTED], (b) approximately US\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) and US\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) had been charged to our consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2021 and the nine months ended September 30, 2022, respectively, and (c) approximately US\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) will be charged to our consolidated statement of profit or loss and other comprehensive income subsequent to the end of the Track Record Period. Our total [REDACTED] account for approximately [REDACTED] of our [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] and not taking into account the [REDACTED]). The aforementioned estimated [REDACTED] of approximately HK\$[REDACTED] include: (i) [REDACTED]-related expenses (including but not limited to commissions and fees) of approximately HK\$[REDACTED], and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED], which consist of fees and expenses of legal advisors and accountants of approximately HK\$[REDACTED] and other fees and expenses of approximately HK\$[REDACTED]. We believe that the level of such fees and expenses are in line with market level and are not unusually high. The aforementioned [REDACTED] are the latest practicable estimates by us and are provided for reference only and the actual amounts may differ. Based on such an estimate, our Directors expect that the aforementioned [REDACTED] will have an adverse impact on our results of operations for the year ended December 31, 2022.

RECENT DEVELOPMENTS

See “Summary – Recent Developments and No Material Adverse Change” for further details of the impact of recent developments on our business, operations, financial performance and regulatory environment.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See Part A of Appendix II to this document for the unaudited [REDACTED] statement of adjusted net tangible assets of our Group, which is set out therein to illustrate the effect of the [REDACTED] on the net tangible assets of our Group attributable to the equity holders of our Company as of September 30, 2022 as if the [REDACTED] had taken place on September 30, 2022 and assuming the [REDACTED] is not exercised.

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, since September 30, 2022 and up to the date of this document, (i) both our cross-border digital marketing and cross-border online-shop SaaS solutions businesses continued to grow and there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountants’ Report included in Appendix I to this document; and (ii) there has been no material adverse change in our business, the industries in which we operate and/or market or regulatory environment to which we are subject.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had the Shares been [REDACTED] on the Stock Exchange on that date.

UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022

The unaudited preliminary financial information as of and for the year ended December 31, 2022 have been agreed with the reporting accountants of our Company following their work under Practice Note 730 (Revised) “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants. For details, see Appendix III to this document.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “Business – Strategies” for a detailed description of our future plans.

[REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED]), will be approximately HK\$[REDACTED], after deduction of [REDACTED] fees and commissions and estimated expenses paid and payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised.

In line with our strategies, we intend to use the [REDACTED] of the [REDACTED] for the following purposes assuming the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]):

- Approximately [REDACTED], or HK\$[REDACTED], will be used to strengthen our research and development capabilities, in particular AI technology capabilities, data analytics capabilities and improve our information technology infrastructure in connection with the update and iteration of our Adorado and Powershopy platforms. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, our research and development cost, primarily representing staff cost for research and development staff for product development and technical support, and outsourcing cost for research and development, was US\$0.6 million, US\$1.0 million, US\$1.0 million and US\$1.0 million, respectively. Our historical research and development spending was relatively lower primarily because (i) during the Track Record Period, our research and development was mainly focused on the basic needs of product design, development and maintenance and we need to further strengthen the width and depths of our research and development activities to enrich product function and efficacy and accelerate product iteration. For instance, we need to deploy more research and development resources for (a) the recruitment of more staff specialized in big data analysis and algorithm, (b) data connection of our Adorado platform to all media publishers we work with, and (c) the development and upgrade of more valued-added function modules for our Powershopy platform on top of the establishment and management of online shops, including application library, data analysis module and order fulfillment modules (such as payment, logistics and ERP system); and (ii) we are in the process of developing a fully-fledged research and development personnel structure with refined management and differentiated work scope and allocation. For instance, we currently arrange one product manager for each of our two SaaS products, we not only need to assign product managers by product line but also by major function modules of each SaaS product. Moreover, certain research and development staff are shared between our two business lines at the preliminary stage of our Powershopy business. We tend to deploy separate teams in the future to undertake the research and development of our different businesses to enhance the efficiency of our product

FUTURE PLANS AND [REDACTED]

development, launching and testing. As compared to our historical spending in relation to research and development, in order to support the future growth of our cross-border digital marketing services business and cross-border online-shop SaaS solutions business, we need to further invest in enhancing the data process capabilities and degree of automation of our Adorado and Powershopy platforms. We may also need to develop brand new features and functions for our SaaS platforms according to constantly evolving industry trends and customers’ needs in order to remain competitive and to attract and retain customers and media publishers. Specifically, we intend to use:

- approximately [REDACTED], or HK\$[REDACTED], to develop our Adorado platform for strengthening our SaaS-based digital marketing service capabilities. We plan to recruit more research and development specialists for the development of our proprietary AI technologies and algorithm-based big data analytics capabilities to improve the automated marketing campaign design and optimization capabilities of Adorado platform. We expect to employ research and development staff each having more than three years’ relevant industry experience to develop and maintain the abovementioned AI and big data technologies. We intend to upgrade the following modules of our Adorado platform in the next three years:
 - (i) real-time intelligent delivery system. It would fully utilize machine learning and deep learning algorithms, combined with information provided to us by media publishers such as user tag, to improve the predictive ability with respect to click-through rate and conversion rate, and thus improve the effectiveness of marketing campaigns. It would further enhance the attractiveness of our Adorado platform and our marketer stickiness;
 - (ii) automated marketing operation management system. By analyzing the daily operation activities of the marketing personnel of our marketers, it helps optimize the marketing workflow, further realize automated operation and management combined with big data analysis, and thus improve the operating efficiency and accuracy of our marketers. It would support our marketers not only as a marketing tool, but also a highly-efficient operation system;
 - (iii) strengthened connection with diversified media publishers. For instance, we will further deepen our cooperation with Media Publisher B from the perspectives of data docking at API interface level, integration of short video advertisement editing and optimization functions and automation of the whole process of short video advertisement delivery. We also plan to add data connections of our Adorado platform with other media publishers such as Media Publisher D, Media Publisher E and Media Publisher F and the access to marketing campaigns driven by global KOLs; and

FUTURE PLANS AND [REDACTED]

- (iv) AI-based marketing materials management system. It helps e-commerce merchant marketers manage and process marketing materials such as pictures, videos and advertising slogans and would select marketing materials with better performance through data analysis. It utilizes artificial intelligence solutions such as picture recognition technology, intelligent picture splicing and video editing and synthesis technology to instantly generate marketing creatives and content. It would meet the growing demands of e-commerce merchant marketers for more engaging image and video-based marketing creatives, and also make the marketing campaigns more creative and accurate to reach target audience.

In the next three years, we plan to recruit 13 research and development staff for our Adorado platform, four of which to be responsible for the real-time intelligent delivery system, three of which for the automated marketing operation management system, two of which for the connection with media publishers, and four of which for the AI-based marketing materials management system. We believe that our investment in strengthening the performance of Adorado platform would further help marketers optimize marketing performance, enhance our customers’ stickiness and introduce new customers, and thus increase our revenue of SaaS-based digital marketing services and standardized digital marketing services;

- approximately [REDACTED], or HK\$[REDACTED], to recruit more research and development specialists for the development of our Powershopify platform and further strengthening our one-stop cross-border online-shop SaaS solutions to customers. We plan to employ research and development specialists each with more than three years’ relevant industry experience. We intend to further improve the operation and process efficiency of the standalone online shops we establish for our customers from the following aspects:
 - (i) strengthening the online-shop product and product supplier management system. We intend to enhance the functionality of product management in the following aspects: (i) in terms of product sourcing channels, from connection to a limited number to more diversified product sourcing platforms, including merchandise supply chain platforms which support drop shipping functions so as to lower the entry barriers for SMB merchants by enabling acceptance of customer orders without necessarily keeping stock on hand, (ii) in terms of product recommendation for end customers, from merchants manually setting options for best-seller items to more automated and personalized product recommendation function empowered by big data and AI technology with enhanced precision and differentiation in user tagging and profiling, as well as the adoption of smart marketing tools such as coupons, dynamic pricing, flash sales and group buying, and (iii) in terms of product page management, from the product display in English to automatic multilingual translation and

FUTURE PLANS AND [REDACTED]

corresponding upgrade of payment and logistics functions based on end users’ locations, together with more AI-synergized technology for merchants to design and putting together product display creatives in a more cost-effective manner. Our current product supplier management is mainly completed through third-party ERP service providers and we plan to provide more value-added supplier selection and management functions to our merchants by implementing a product supplier automated rating system. The system would automatically classify and rate relevant product suppliers through big data analysis of the merchants’ multi-dimensional historical product purchase data with respect to supply responsiveness, product quality, customer feedback, pricing and market competitiveness. We are also developing the selected products recommendation function for merchants to get hold of the best available deals of bestsellers during e-commerce peak seasons covering popular product categories such as home goods, women fashion and 3C products and by taking into account in totality the product supplier ratings, the historical sales of hot items and the supply chain support available through our Powershopy platform.

- (ii) strengthening the online-shop content and display management system to improve end consumers’ shopping experience. We plan to create more storefront templates according to the industry verticals covered by our customers and provide more formats of product display such as information flow, rotating video, interactive creativity and AR. We also need to guarantee that consumers around the world can access and browse the content of online stores with high speed and low latency through cloud service technology; and
- (iii) supporting more e-commerce business models. Our Powershopy platform currently helps e-commerce merchants establish online-shops targeting consumers under a DTC model. We intend to diversify the e-commerce business models supported by Powershopy platform such as product customization, livestreaming e-commerce and B2B online-shop to attract more customers.

We also intend to diversify our comprehensive service offerings through Powershopy platform, primarily including payment aggregator, ERP system services, locating and managing warehouse and logistics service providers, professional training and other value-added services, which requires us to further research and develop the connections with various third party service providers. We believe it would help retain customers at an early stage of their cross-border e-commerce business operation and bring long-term value and continuity of their engagement with us. For instance, we plan to enhance the online-shop payment management system by cooperating with more localized third party payment providers and developing a more comprehensive solution

FUTURE PLANS AND [REDACTED]

to deal with the inconsistency of payment process, refund policy and service fee of different payment providers. In order to help customers save international logistics costs and maintain customer satisfaction, we also plan to strengthen the online-shop logistics information processing capability to meet customers’ needs of tracking the goods from the manufacturer to the end consumer and dealing with the return, repacking, secondary sales and other issues during the logistics process.

In the next three years, we plan to recruit 26 research and development staff for our Powershopy platform, five of which for the online-shop product and product supplier management, four of which for the online-shop content and display management, five of which for the diversification of e-commerce business models supported by Powershopy platform, four of which for the order management, four of which for the payment management, and four of which for the logistics information processing capability. In addition, we plan to recruit one system operation and maintenance specialist to maintain the secure operation of both Adorado and Powershopy platforms. We believe that our investment in further enhancing the operation efficiency of the online-shops established through our Powershopy platform and diversifying its functions and service offerings would help enhance our customers’ stickiness and introduce new customers to our services, and thus increase our revenue of cross-border online-shop SaaS solutions;

- approximately [REDACTED], or HK\$[REDACTED], to procure IT infrastructure such as servers with substantial data storage capacities, high performance cloud computing services and high-speed network services to continuously strengthen our computing capabilities, sustainability and optimizing our system architecture. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, we incurred server cost of US\$8,000, US\$12,000, US\$98,000 and US\$223,000, respectively. Along with the expected expansion of our business, particularly our cross-border online-shop SaaS solutions business, our IT infrastructure is required to have stronger processing capability for more complex functions and requirements, larger customer base and information volumes, for which our current infrastructure and historical relevant spending level is not enough to support. We intend to use the [REDACTED] to increase our IT infrastructure procurement from the following aspects in the next three years: (i) purchase of overseas cloud server services; (ii) purchase of network traffic load balancers and relevant services to guarantee the stable operation of the online-shops established through our Powershopy platform; (iii) purchase of customer service email receiving and sending solutions; and (iv) purchase of automatic shipping address input and verification services from digital map service providers;

FUTURE PLANS AND [REDACTED]

- approximately [REDACTED], or HK\$[REDACTED], to create professional environment for the testing and simulated operation of our systems. Specifically, we intend to procure certain hardware such as servers and switches to create localized internet environment for the simulated operation of Powershopy platform in order to test and make timely adjustment to improve the operating performance of diversified functions in Powershopy platform. In addition, we also need to procure certain professional software and related services to support our test and development process; and
- approximately [REDACTED], or HK\$[REDACTED], to lease more offices and for office improvements. We plan to improve the decoration, equipment and facilities of our current offices to create better working environment for our employees. We also plan to lease more offices to accommodate the abovementioned newly-recruited research and development staff and relevant IT equipment and facilities.
- Approximately [REDACTED], or HK\$[REDACTED], will be used to market our cross-border online-shop SaaS solutions business. We commenced to provide cross-border online-shop SaaS solutions with the pilot launch of our Powershopy platform in November 2021 and we did not incur any marketing expenses for it during the Track Record Period. Our Powershopy platform may not have achieved comparable market recognition and brand awareness as our cross-border digital marketing business. The utilization of SaaS platforms in China’s online-shop SaaS solutions market is also relatively new and our current and potential customers may not fully recognize the need for, or the benefits of, our Powershopy platform. We intend to further market our cross-border online-shop SaaS solutions, educate customers about the benefits and advantages of our Powershopy platform to build our brand awareness and explore business development opportunities. Specifically, we intend to use:
 - approximately [REDACTED], or HK\$[REDACTED], to optimize our sales and marketing team structure by recruiting sales and marketing staff with extensive industry experience and knowledge for exploring business opportunities in cross-border e-commerce industry in a more efficient way and providing customers relevant value-added services such as advising on the merits and establishment process of standalone online shops, advising on roadmaps for marketing plans and operating strategies. We plan to devote (i) direct sales staff to be responsible for developing potential customers and other preliminary sales work; (ii) sales managers to coordinate with customers with respect to our specific business cooperation procedures, and (iii) marketing specialists to organize, design and optimize our marketing activities for our cross-border online-shop SaaS solutions. We plan to maintain the sales and marketing team size of around 19 members in 2023 and 2024; and

FUTURE PLANS AND [REDACTED]

- approximately [REDACTED], or HK\$[REDACTED], to market our cross-border online-shop SaaS solutions business through both online and offline marketing activities such as through marketing on top media publishers’ platforms in China and organizing or participating in industry seminars to connect with potential customers and business partners from cross-border e-commerce industry. Specifically,
 - (i) approximately [REDACTED], or HK\$[REDACTED], to organize online marketing campaigns targeting China-based cross-border e-commerce merchants in 2023 and 2024. We plan to (a) organize online information sharing sessions, presentations and trainings targeting potential customers to introduce our products and services, industry knowledge and case studies and closely follow up with potential customers to learn about their concerns and needs, with a budget of HK\$0.4 million for each of 2023 and 2024; (b) self-operate public accounts on certain new media platforms (such as WeChat and Zhihu) and also cooperate with third party media publishers such as industry-specific media publishers focusing on a specific niche market, short-video media platforms and search engine platforms to implement marketing campaigns, with a budget of HK\$0.4 million for each of 2023 and 2024; and (c) provide online trainings with respect to overseas user traffic acquisition, media resources updates and relevant technical support on a regular basis in order to enhance our customer stickiness and attract new customers, with a budget of HK\$0.2 million for each of 2023 and 2024;
 - (ii) approximately [REDACTED], or HK\$[REDACTED], to participate and organize offline marketing activities in the PRC in 2023 and 2024. We plan to (a) participate in more cross-border e-commerce industry exhibitions such as China (Hainan) International Cross-border E-commerce Exhibition, China Import and Export Fair, Shenzhen Cross-border E-commerce Summit, etc. to promote our brand and products, with a budget of HK\$0.66 million for each of 2023 and 2024; and (b) arrange roadshows in certain major cities where the demand for cross-border e-commerce business is significantly increasing, to present our Powershopy platform, introduce our professional team and services, with a budget of HK\$0.39 million for each of 2023 and 2024; and
 - (iii) approximately [REDACTED], or HK\$[REDACTED], to conduct online marketing campaigns targeting overseas cross-border e-commerce merchants by procuring the media resources of major and well-known media publishers in 2024.

FUTURE PLANS AND [REDACTED]

- Approximately [REDACTED], or HK\$[REDACTED], will be used to upgrade our business and internal management systems to cater to our increasing business scale whereby:
 - approximately [REDACTED], or HK\$[REDACTED], to develop and upgrade our CRM system. We utilize CRM system to manage our relationship and connection with customers. However, the existing functions of our CRM system are limited to certain basic operational needs and could not support our whole business operation cycle. The current system has not realized the compatibility with diversified media publishers and the data interconnections with other digital platforms such as our financial management system. Moreover, we still have not granted access for our customers to manage cooperation procedures with us directly through the CRM system. Considering our expected business expansion and customer base, we plan to further develop and diversify the functions of our CRM system to optimize our customers experience when cooperating with us. We plan to (i) diversify functions with respect to contract, business and financial management, which include but not limited to business contract signing, amendment, termination and filing, opening, monitoring and management of marketing accounts on different media publishers' platforms, automatic invoice application and verification, overdue trade receivables analysis, with a budget of HK\$1.9 million, (ii) optimize and develop more functions of the management center and report center, which include but not limited to user role and authority management, optimizer allocation, customer tag management, data introduction from media publishers, customer loyalty analysis, real-time gross spending report and customer churn report, with a budget of HK\$1.7 million, (iii) diversify data connections with other internal or external information sources such as our ERP system, third-party enterprise credit system, third-party enterprise information verification platform, and develop other new functions as needed along with our business development, with a budget of HK\$1.3 million, and (iv) develop the mini program and mobile webpage versions of CRM system for our staff and customers to access the system more conveniently at anywhere and anytime, with a budget of HK\$1.3 million; and
 - approximately [REDACTED], or HK\$[REDACTED], to develop and upgrade our ERP system. During the Track Record Period and up to the Latest Practicable Date, we used specialized financial management system for our financial staff to process daily work in a more efficient way but did not have any digital management platform for our sales and marketing, research and development and administration staff. We need to further elevate the digitalization level of our office and management systems to increase our staff's overall operating efficiency and accuracy. We plan to use approximately 1.3%, or HK\$1.3 million to procure a new integrated ERP system to be applied uniformly across the management, business operation staff, sales and marketing team, research and development team, financial staff and administration staff in order to realize our overall digitalized and efficient operation and management, to improve the management capabilities of our

FUTURE PLANS AND [REDACTED]

headquarters and provide effective support for the establishment and business operations of our local teams and offices. Furthermore, we plan to use approximately 2.3%, or HK\$2.2 million for the customized development of certain functions and data connections of such ERP system according to the features of our own business operation procedures, financial settlement procedures and our business partners.

- Approximately [REDACTED], or HK\$[REDACTED], will be used to strengthen our capabilities in providing localized services in overseas countries and regions to meet customers’ growing demand for overseas presence and expansion and deepen our global footprint. Specifically, we intend to use:
 - approximately [REDACTED], or HK\$[REDACTED], to establish local teams in Singapore. We plan to establish local teams or office in Singapore and capture the business opportunities of China-based marketers targeting Southeast Asia market for our cross-border digital marketing business. As a fast-growing emerging region, Southeast Asia has been a popular destination for Chinese companies conducting cross-border digital marketing and is gradually becoming an incremental market for brand owners to capture. Singapore, as the financial center of Southeast Asia and the gateway to connect the global and Southeast Asian markets, is becoming a preferred choice for cross-border digital marketing service providers. According to Frost & Sullivan, the market size of China’s cross-border digital marketing services targeting audience in Southeast Asia had reached US\$3.3 billion in 2021, accounting for approximately 14.8% of such market size targeting global audience, and is expected to reach US\$10.7 billion in 2026 at a CAGR of approximately 26.4% from 2021 to 2026. According to Frost & Sullivan, China’s cross-border digital marketing services industry targeting audience in Southeast Asia had around 50 to 100 market players in 2021. The top five marketer players accounted for a market share of around 44.8% in terms of gross billing in 2021. Key market players generally have an annual revenue of over US\$10 million in 2021, serving marketers in e-commerce, online games and apps industries from multiple countries and regions worldwide. By setting up local presence in such selected overseas markets, we are able to build closer relations with local media publishers and other business partners and our overseas teams can then advise us on marketing content and marketing plans that are most suitable to the local audience in order for us to provide better localized services, enhance customer stickiness and our competitive edge and attract more new marketers targeting Southeast Asia market. In addition, considering the marketing demands of local cross-border e-commerce merchants in Southeast Asia and leveraging on our in-depth cross-border e-commerce industry knowledge and leading technological capabilities, we also plan to promote both our digital marketing services and online-shop SaaS solutions and enhance our brand recognition in such local markets and in a later stage start to assist local cross-border e-commerce merchants in establishing overseas presence through the provision of our services. We need

FUTURE PLANS AND [REDACTED]

to recruit local staff such as sales and marketing staff, optimizers and creative designers, procure IT infrastructure, lease offices and procure office equipment and facilities to support our local teams;

- approximately [REDACTED], or HK\$[REDACTED], to establish local teams in the United States. Considering our existing marketers’ preference of implementing marketing campaigns targeting North American and South American markets, including but not limited to the United States, Brazil, Canada and Mexico, we plan to establish local teams or offices in the United States. With a large end customer base and strong purchasing power, the United States is a major destination for marketers and cross-border digital marketing services. The market size of China’s cross-border digital marketing services targeting end customers in the United States had reached US\$7.0 billion in 2021 in terms of gross billing, accounting for approximately 31.4% of such market size targeting global end customers, and is expected to reach US\$20.3 billion in 2026 at a CAGR of approximately 23.7% from 2021 to 2026. Driven by the potential end customer base in the United States, certain of our China-based marketers, especially those major large-scale marketers, such as Marketer A, Media Publisher B (as a marketer) and Customer F, have established or are in the process of establishing their local teams in the United States to get in closer touch with the end customers. In doing so, such marketers would prefer to engage cross-border digital marketing service providers with, on the one hand, adequate industry experience cultivated when serving the marketers as they are based in China, and on the other hand, a local presence in the United States to support the on-the-ground work of the marketers in a more direct and efficient manner. Therefore, considering such localized marketing needs of our marketers, we plan to strategically establish our team in the United States to serve our China-based marketers which have local teams in the United States more closely and effectively. Our local team in the United States would actively maintain close business communications and cooperations with the teams of our marketers in the United States to better understand their business focus in local markets, capture their business dynamics in time and pursue more business opportunities. Through more opportunities of face-to-face communications with the teams of our marketers in the United States, we would be in a better position to acquire an in-depth understanding of their local business, marketing budget, marketing plan and media selection, strengthen our relationships with them and respond to their demand in time without the obstacles of time difference or language. Our local team in the United States would also regularly conduct market research and analysis with respect to more localized media publishers and KOLs and the development and changes of the local digital marketing market to better understand local audience’s spending trend and preferences, which will contribute to optimizing our creation of tailored marketing content, enriching our marketing creative library for both customized and SaaS-based digital marketing services and optimizing marketing formats and strategies for our

FUTURE PLANS AND [REDACTED]

marketers. We also, in the long run, need to enhance our brand recognition in the United States and in North America and South America to attract new China-based marketers and enhance cooperation with existing ones as China-based marketers with a local presence in the United States may be from time to time looking for and evaluating cross-border digital marketing service providers (preferably with a local team in the United States). We plan to utilize both offline and online marketing channels to enhance our brand recognition in cross-border digital marketing market with marketing campaign delivery in North America and South America, such as implementing offline marketing campaigns targeting local branches or subsidiaries of China-based marketers, participating in exhibitions with respect to local media publishers and precise digital marketing and developing cooperation with local Chinese chamber of commerce. The aforementioned offline sales and marketing activities are also expected to be undertaken by our local team in the United States to achieve better effectiveness. Similar to our plan of establishing local teams in Singapore as set out above, we intend to use the [REDACTED] to recruit local staff, procure IT infrastructure, lease offices and procure office equipment and facilities to support our local teams based in the United States. According to Frost & Sullivan, China’s cross-border digital marketing services industry targeting audience in the United States was relatively concentrated with around 50 to 100 market players in 2021. The top five market players accounted for a market share of around 60.9% in terms of gross billing in 2021. Key market players generally have an annual revenue of over \$10 million in 2021, serving marketers in e-commerce, online games and apps industries from multiple countries and regions worldwide.

- Approximately [REDACTED], or HK\$[REDACTED], will be used to pursue strategic cooperation or investment opportunities from upstream and downstream industry participants that will complement or enhance our existing business and product functions and have synergy with us such as companies that can enhance our overall technological capability, such as those with expertise in cross-border e-commerce industry and have advantages in related value-added services such as data analytics, ERP services for cross-border e-commerce. Our Directors are of the view that the strategic cooperation and investment of targets along the business value chain could provide abundant opportunities for our business expansion. When we evaluate a potential investment target, we would generally consider the target company’s revenue scale, potential growth, historical records, industry reputation and creditworthiness, advanced technologies and our expected synergy. Specifically, we will consider target companies which have mature and strong technology capabilities of cross-border digital marketing data analysis, marketing campaign optimization and/or customer relationship management with market recognition and annual revenue of over US\$0.5 million for the most recent financial year. We also intend to consider target companies which already have sizable local customer base and service capability for Southeast Asia, North American and/or South American

FUTURE PLANS AND [REDACTED]

digital marketing markets with annual revenue of over US\$2.0 million for the most recent financial year. According to Frost & Sullivan, as of the Latest Practicable Date, there are more than 600 targets that would potentially meet such criteria are available in the market. As such, our Directors believe that there are sufficient number of suitable target companies available in the market for our aforementioned strategic cooperation or investment plan. We will further study the feasibility of our investment plan on particular targets, as well as whether they will create synergy with our business and expansion strategy as set out above, and proceed with the ones that our Directors believe are in the best interest of our Company and our Shareholders. As of the Latest Practicable Date, we had not identified any acquisition targets for our [REDACTED] from the [REDACTED]. See “Business – Strategies – Selectively seek opportunities for strategic cooperation and investment.”

- Approximately [REDACTED], or HK\$[REDACTED], will be used for working capital and general corporate purposes. We expect to have increasing needs of working capital as a result of the expansion of our business.

We believe that our expansion plans and contemplated [REDACTED] are commensurate with our historical development, future business strategies and industry trends.

In the event that the [REDACTED] is set at the high-end or low-end of the proposed [REDACTED] and the [REDACTED] is not exercised, the [REDACTED] to be received by us will be increased or decreased by approximately HK\$[REDACTED], respectively. The above allocation of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the estimated [REDACTED] or that the [REDACTED] is exercised.

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render any of our plans not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the [REDACTED] from the [REDACTED].

To the extent that the [REDACTED] of the [REDACTED] are not immediately applied to the above purposes, and to the extent permitted by the relevant laws and regulations, we only intend to place such [REDACTED] in short-term interest-bearing deposits with licensed banks or authorized financial institutions in Hong Kong. We will make an appropriate announcement if there is any change to the above proposed [REDACTED] or if any amount of the [REDACTED] will be used for general corporate purpose.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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The following is the text of a report set out on pages I-1 to I-54, received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF POWERWIN TECH GROUP LIMITED AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Powerwin Tech Group Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-54, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2019, 2020 and 2021 and 30 September 2022, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2022 (the “Relevant Periods”), 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-54 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “Document”) in connection with the [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for Historical Financial Information

The directors of the Company 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 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the 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.

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ACCOUNTANTS’ REPORT

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 give a true and fair view in accordance with the basis of preparation and presentation set out in note 1 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 purpose of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at 31 December 2019, 2020 and 2021 and 30 September 2022, and of the Group’s financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding 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 cash flow statement for the nine months ended 30 September 2021 and other explanatory information (the “Stub Period Corresponding Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding 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 enquiries, 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 Corresponding Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

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ACCOUNTANTS' REPORT

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 24(d) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

[REDACTED]

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 Company for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2022 (collectively referred as “Historical Financial Statements”). The Historical Financial Statements were audited by KPMG Huazhen LLP Xiamen Branch under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

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ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in US dollars)

	Note	Years ended 31 December			Nine months ended 30 September	
		2019 USD'000	2020 USD'000	2021 USD'000	2021 USD'000 (unaudited)	2022 USD'000
Revenue	4	9,531	11,686	14,346	10,124	10,171
Cost of sales		(977)	(1,461)	(2,177)	(1,711)	(2,016)
Gross profit		8,554	10,225	12,169	8,413	8,155
Marketing expenses		(211)	(434)	(785)	(577)	(451)
Administrative expenses		(1,570)	(1,245)	(3,222)	(1,523)	(3,044)
Expected credit losses on trade receivables	17	(44)	(768)	(158)	(197)	(291)
Other income/(losses)	5	1	18	(11)	(10)	5
Profit from operations		6,730	7,796	7,993	6,106	4,374
Finance costs	6(a)	(577)	(903)	(1,188)	(859)	(1,281)
Changes in fair value of financial assets		28	60	56	43	43
Profit before taxation	6	6,181	6,953	6,861	5,290	3,136
Income tax	7(a)	(977)	(1,062)	(1,086)	(825)	(415)
Profit for the year/period		5,204	5,891	5,775	4,465	2,721
Other comprehensive income for the year/period (after tax)						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of financial information of entities not using USD as functional currency		(94)	(16)	20	(29)	(39)
Other comprehensive income for the year/period	10	(94)	(16)	20	(29)	(39)
Total comprehensive income for the year/period attributable to equity shareholders of the Company		5,110	5,875	5,795	4,436	2,682
Earnings per share						
Basic and diluted	11	N/A	N/A	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in US dollars)

	<i>Note</i>	As at 31 December			As at 30 September
		2019	2020	2021	2022
		<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>
Non-current assets					
Property, plant and equipment	<i>12</i>	8	21	51	34
Right-of-use assets	<i>13</i>	766	324	411	408
Intangible assets	<i>14</i>	–	–	7	40
Financial assets measured at fair value through profit or loss	<i>16</i>	630	1,447	1,487	1,517
Deferred tax assets	<i>23(b)</i>	657	783	811	855
		<u>2,061</u>	<u>2,575</u>	<u>2,767</u>	<u>2,854</u>
Current assets					
Trade and other receivables	<i>17</i>	97,976	94,311	132,309	87,094
Cash and cash equivalents	<i>18</i>	9,549	24,434	15,422	13,587
Prepaid income tax	<i>23(a)</i>	–	–	–	225
		<u>107,525</u>	<u>118,745</u>	<u>147,731</u>	<u>100,906</u>
Current liabilities					
Trade and other payables	<i>19</i>	82,535	81,430	91,075	72,089
Contract liabilities	<i>20</i>	1,931	3,755	4,025	3,845
Bank loans	<i>21</i>	19,728	24,144	45,156	23,374
Lease liabilities	<i>22</i>	280	173	312	280
Current taxation	<i>23(a)</i>	1,114	1,990	533	9
		<u>105,588</u>	<u>111,492</u>	<u>141,101</u>	<u>99,597</u>
Net current assets		<u>1,937</u>	<u>7,253</u>	<u>6,630</u>	<u>1,309</u>
Total assets less current liabilities		<u>3,998</u>	<u>9,828</u>	<u>9,397</u>	<u>4,163</u>
Non-current liabilities					
Bank loans	<i>21</i>	383	806	633	504
Lease liabilities	<i>22</i>	497	158	105	118
		<u>880</u>	<u>964</u>	<u>738</u>	<u>622</u>
Net assets		<u>3,118</u>	<u>8,864</u>	<u>8,659</u>	<u>3,541</u>
CAPITAL AND RESERVES					
Share capital	<i>24</i>	10	10	10	10
Reserves		3,108	8,854	8,649	3,531
TOTAL EQUITY		<u>3,118</u>	<u>8,864</u>	<u>8,659</u>	<u>3,541</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in US dollars)

		As at 31 December			As at
	<i>Note</i>	2019	2020	2021	30 September
		<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>2022</i>
					<i>USD’000</i>
Non-current assets					
Investment in a subsidiary	15	—*	—*	—*	—*
Current assets					
Other receivables	17	10	10	6,197	1,904
		10	10	6,197	1,904
Current liabilities					
Other payables	19	12	16	6,987	3,936
		12	16	6,987	3,936
Net liabilities		<u>(2)</u>	<u>(6)</u>	<u>(790)</u>	<u>(2,032)</u>
CAPITAL AND RESERVES					
Share capital	24	10	10	10	10
Reserves		(12)	(16)	(800)	(2,042)
TOTAL EQUITY		<u>(2)</u>	<u>(6)</u>	<u>(790)</u>	<u>(2,032)</u>

* The balance represents amount less than USD1,000.

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in US dollars)

	Note	Share capital USD’000	Share premium USD’000	Capital reserve USD’000	Exchange reserve USD’000	(Accumulated losses)/ retained profits USD’000	Total equity USD’000
Balance at 1 January 2019		–	–	129	–	(2,131)	(2,002)
Changes in equity for the year ended 31 December 2019							
Profit for the year		–	–	–	–	5,204	5,204
Other comprehensive income	10	–	–	–	(94)	–	(94)
Total comprehensive income		–	–	–	(94)	5,204	5,110
Issuance of shares		10	–	–	–	–	10
Balance at 31 December 2019 and 1 January 2020		10	–	129	(94)	3,073	3,118
Changes in equity for the year ended 31 December 2020							
Profit for the year		–	–	–	–	5,891	5,891
Other comprehensive income	10	–	–	–	(16)	–	(16)
Total comprehensive income		–	–	–	(16)	5,891	5,875
Arising from the reorganisation		–	–	(129)	–	–	(129)
Balance at 31 December 2020		10	–	–	(110)	8,964	8,864
Changes in equity for the year ended 31 December 2021							
Profit for the year		–	–	–	–	5,775	5,775
Other comprehensive income	10	–	–	–	20	–	20
Total comprehensive income		–	–	–	20	5,775	5,795
Dividends declared		–	–	–	–	(6,000)	(6,000)
Balance at 31 December 2021 and 1 January 2022		10	–	–	(90)	8,739	8,659
Changes in equity for the nine months ended 30 September 2022							
Profit for the period		–	–	–	–	2,721	2,721
Other comprehensive income	10	–	–	–	(39)	–	(39)
Total comprehensive income		–	–	–	(39)	2,721	2,682
Dividends declared		–	–	–	–	(7,800)	(7,800)
Balance at 30 September 2022		10	–	–	(129)	3,660	3,541

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

(Expressed in US dollars)

	<i>Note</i>	Share capital <i>USD’000</i>	Share premium <i>USD’000</i>	Capital reserve <i>USD’000</i>	Exchange reserve <i>USD’000</i>	Retained profits <i>USD’000</i>	Total equity <i>USD’000</i>
(unaudited)							
Balance at 1 January 2021		10	–	–	(110)	8,964	8,864
<hr style="border-top: 1px dashed black;"/>							
Changes in equity for the nine months ended 30 September 2021							
Profit for the period		–	–	–	–	4,465	4,465
Other comprehensive income	<i>10</i>	–	–	–	(29)	–	(29)
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total comprehensive income		–	–	–	(29)	4,465	4,436
Dividends declared		–	–	–	–	(6,000)	(6,000)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Balance at 30 September 2021		10	–	–	(139)	7,429	7,300
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The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in US dollars)

	Note	Year ended 31 December			Nine months ended	
		2019	2020	2021	30 September	2022
		USD'000	USD'000	USD'000	USD'000	USD'000
Operating activities						
Cash (used in)/generated from operations	18(b)	(5,381)	12,289	(25,571)	(16,020)	24,926
Income tax paid	23(a)	(2)	(312)	(2,571)	(1,678)	(1,208)
Net cash (used in)/generated from operating activities		<u>(5,383)</u>	<u>11,977</u>	<u>(28,142)</u>	<u>(17,698)</u>	<u>23,718</u>
Investing activities						
Payment for the purchase of property, plant, and equipment		(9)	(17)	(44)	(33)	(2)
Payment for the purchase of intangible assets		–	–	(10)	(10)	(38)
Purchase of financial assets measured at fair value through profit or loss		(338)	(774)	–	–	–
Net cash used in investing activities		<u>(347)</u>	<u>(791)</u>	<u>(54)</u>	<u>(43)</u>	<u>(40)</u>
Financing activities						
Capital element of lease rentals paid	18(c)	(221)	(184)	(282)	(190)	(279)
Proceeds from new bank loans	18(c)	119,654	385,947	500,854	363,765	332,545
Repayment of bank loans	18(c)	(103,707)	(381,110)	(480,024)	(338,594)	(354,464)
Payment of [REDACTED]		–	–	[REDACTED]	–	[REDACTED]
Interest expense paid		(552)	(879)	(1,160)	(842)	(1,263)
Interest element of lease rentals paid	18(c)	(22)	(22)	(19)	(14)	(10)
Dividends paid to equity shareholders of the Company		–	–	–	–	(1,600)
Net cash generated from/(used in) financing activities		<u>15,152</u>	<u>3,752</u>	<u>19,182</u>	<u>24,125</u>	<u>(25,480)</u>
Net increase/(decrease) in cash and cash equivalents		<u>9,422</u>	<u>14,938</u>	<u>(9,014)</u>	<u>6,384</u>	<u>(1,802)</u>
Cash and cash equivalents at 1 January	18(a)	221	9,549	24,434	24,434	15,422
Effect of foreign exchange rate changes		<u>(94)</u>	<u>(53)</u>	<u>2</u>	<u>(43)</u>	<u>(33)</u>
Cash and cash equivalents at 31 December/30 September	18(a)	<u>9,549</u>	<u>24,434</u>	<u>15,422</u>	<u>30,775</u>	<u>13,587</u>

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in US dollars unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

1.1 General information

The Company was incorporated in the Cayman Islands on 7 June 2019 as an exempted company with limited liability under the Companies Act (as revised), Cap. 22 (Law 3 of 1961) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business operation since the date of its incorporation save for the group reorganisation below (“Reorganisation”). The Company and its subsidiaries (together, the “Group”) is principally engaged in cross-border digital marketing services and cross-border online-shop SaaS solutions.

1.2 Reorganisation and basis of presentation

During the Relevant Periods, the Group’s business was conducted through Powerwin Media Group Co., Limited (“Powerwin Media”) in Hong Kong and its subsidiaries established in the People’s Republic of China (the “PRC”). To rationalise the corporate structure in preparation for the [REDACTED] of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Group underwent the Reorganisation as detailed in the section headed “History, Reorganization and Corporate Structure” in the Document. Upon completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group which involved inserting newly formed investment holding entities with no substantive operations as holding companies of Powerwin Media and its subsidiaries, and there were no changes in the economic substance of the ownership and the business of the Group before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Group’s business with the assets and liabilities recognized and measured at their historical carrying amounts prior to the Reorganisation.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for the Relevant Periods as set out in this report include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence and remained unchanged throughout the Relevant Periods, or since their respective dates of incorporation or establishment, whichever is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2019, 2020 and 2021 and 30 September 2022 as set out in this report have been prepared to present the financial position of the companies now comprising the Group as at those dates as if the current group structure had been in existence as at the respective dates, taking into account the respective dates of incorporation or establishment, where applicable. Intra-group balances and transactions are eliminated in full in preparing the Historical Financial Information.

1.3 Subsidiaries

As at the date of this report, no audited financial information have been prepared for the Company as it is an investment holding company and not subject to statutory audit requirements under relevant rules and regulations in the jurisdiction of incorporation. The financial information of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

APPENDIX I

ACCOUNTANTS’ REPORT

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Particulars of registered/issued and paid-up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
Directly held					
Able Best Investment Group Limited (<i>note (a)</i>)	British Virgin Islands (“BVI”)/ 8 July 2019	USD50,000/USD1	100%	–	Investment holding
Indirectly held					
Powerwin E-commerce Group Limited (<i>note (a)</i>)	Hong Kong/ 9 November 2021	HKD10,000/ HKD10,000	–	100%	Cross-border online shop SaaS solutions business
Powerwin Media (<i>note (b)</i>)	Hong Kong/ 26 August 2013	HKD1,000,000/ HKD1,000,000	–	100%	Cross-border digital marketing and online-shop SaaS solutions business
Beijing Yingli Information Consulting Co., Ltd. (北京贏力信息諮詢有限公司, “Beijing Yingli”) (<i>note (a)(c)</i>)	PRC/9 December 2021	RMB1,000,000/–	–	100%	Cross-border digital marketing and online shop SaaS solutions business
Powerwin Media (Shenzhen) Co., Ltd. (力盟傳媒(深圳)有限公司, “Powerwin Shenzhen”) (<i>note (a)(c)</i>)	PRC/9 July 2018	RMB5,000,000/–	–	100%	Cross-border digital marketing business
Beijing Dingli Information Technology Co., Ltd. (北京鼎勵信息技術有限公司, “Beijing Dingli”) (<i>note (a)(c)</i>)	PRC/12 December 2018	RMB1,000,000/–	–	100%	Cross-border digital marketing business

Notes:

- (a) No statutory audited financial statements have been prepared for these companies during the Relevant Periods as they were either newly incorporated in 2019, 2020 or 2021, or not required to issue audited financial statements under the relevant rules and regulations in the jurisdiction of incorporation.
- (b) The statutory financial statements of this company, prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard applicable to the enterprises in the Hong Kong, were audited by Alan Chan And Company Certified Public Accountants (Practising) for the year ended 31 January 2020, and Alan Chan & Partners Certified Public Accountants (Practising) for the year ended 31 December 2020 and 2021.

The former name of this company is Sino Elite International Group Co., Limited and changed to Powerwin Media on 23 December 2020.

- (c) The English translation of the company names is for reference only. The official names of these entities are in Chinese. These entities are limited liability companies established in the PRC.

APPENDIX I

ACCOUNTANTS’ REPORT

1.4 Basis of preparation

All companies now comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Further details of the significant accounting policies adopted are set out in note 2.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs for the accounting period beginning on 1 January 2022. The Group has not early adopted any other new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2022. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2022 are set out in note 28.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “functional currency”). The functional currency of the Company and its subsidiaries outside Chinese mainland is USD and the functional currency of the subsidiaries in Chinese mainland is Renminbi.

As the major operations of the Group during the Relevant Periods were denominated in USD, the Historical Financial Information is presented in USD, rounded to the nearest thousand unless otherwise indicated.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets measured at fair value through profit or loss (“FVPL”) is stated at their fair value as explained in note 16.

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The 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 made by management in the application of HKFRSs that have significant effect on the financial information and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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An investment in a subsidiary is consolidated into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on recognition of an investment in an associate or joint venture.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)(ii)).

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(g)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Office equipment 3-5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(g)(ii)). Expenditure on research and development, and on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets’ estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- Software 3-10 years

The useful life of software was assessed based on the expected period of technological or commercial usability of the software.

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

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(f) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(g)(ii)).

Depreciation is calculated to write off the cost of items of right-of-use assets, using the straight-line method over the unexpired term of leases as follows:

– Leased properties	2-4 years
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The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“lease modification”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

The Group presents right-of-use assets and lease liabilities separately in the Historical Financial Information. The current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

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(g) Credit losses and impairment of assets

(i) Credit losses from financial assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof for fixed-rate financial assets and trade and other receivables where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) 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 (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial asset's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(p) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- intangible assets; and
- investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

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– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset’s carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(h) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(o)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(i)).

(i) Trade and other receivables

Trade and other receivables are recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade and other receivables are stated at amortised cost, using the effective interest method less allowance for credit losses (see note 2(g)(i)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(g)(i).

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amount.

(l) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group’s accounting policy for borrowing costs (see note 2(r)).

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(m) Employee benefits

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(n) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

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Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Revenue

The Group principally derives revenue from the provision of cross-border digital marketing services and cross-border online-shop software as a service ("SaaS") solutions.

(a) *Cross-border digital marketing services*

The Group use CPM, or cost per mille (based on per one thousand impressions of the advertisement) and CPC, or cost per click (based on the number of clicks of the advertisement), as pricing models. The Group recognizes revenue on the CPM or CPC basis, when the related services are delivered. Revenue is measured at the fair value of the consideration received or receivable and represents the expected amounts receivable for services performed, net of discounts, returns and value-added taxes ("VAT").

(i) *Standardized digital marketing services*

The Group acts as an intermediary by connecting marketers with media publishers and facilitating their transactions. The Group recognizes revenue mainly based on the agreed amounts of rebates earned from the media publishers, net of the incentives granted to the marketers.

(ii) *Customized and SaaS-based digital marketing services*

On top of standardized digital marketing services, the Group also generates revenue from providing customized and SaaS-based services to marketers. Revenue from such services is recognized at the agreed amount charged to the marketers, which is generally based on a certain percentage of the billing to the marketers on the specific media platform.

In both standardized digital marketing services and customized and SaaS-based digital marketing services, the Group neither makes promises to marketers about the effectiveness of marketing campaigns nor control the underlying advertising space before it is transferred to marketers. Therefore, the Group determines that it acts as an agent in both arrangements and does not include in revenue any payments from the marketers that are collected on behalf of the media publishers.

(b) *Cross-border online-shop SaaS solutions*

Revenue deriving from cross-border online-shop SaaS solutions consists of subscription fees and commission. During the subscription period, customers can access the SaaS platform but cannot take possession of the SaaS platform or transfer the proprietary rights pertaining to such a platform.

Subscription fees are charged monthly for customers to sell their products and process transactions on the standalone online-shops established through the SaaS platform. Subscription fees are generally charged per online store and are based on the store's subscription plan. The subscription fees are amortized on a straight-line basis over the term of the subscription.

Commission consists of sharing of gross merchandise volume ("GMV") earned by the customers from selling their products via the SaaS platform and is recognised when the transaction is completed.

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(p) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(g)(i)).

(q) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group or the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of entities not using USD as functional currency are translated into USD at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, are translated into USD at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(s) 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 the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (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 employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).

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- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the 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.

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.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

The methods, estimates and judgements the management used in applying the Group’s accounting policies have a significant impact on the Group’s financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements and significant accounting estimates in applying the Group’s accounting policies are described below.

(a) Revenue recognition – Principal versus agent considerations

The Group provides cross-border digital marketing services to its customers using different business models, which involves the assessment of revenue recognition on a gross or net basis, i.e. principal vs. agent assessment in different business models. 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 include 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 from the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on each different circumstances.

(b) Loss allowance for trade receivables

The Group estimates the loss allowances for trade receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the original estimate, such difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade receivables during their expected lives.

(c) Income tax and deferred tax assets

The Group is subject to income taxes in different jurisdictions. During the Relevant Periods, certain PRC subsidiaries provide intragroup research and development service and commercial support service to Powerwin Media. The evaluation of uncertain tax positions associated with such type of transactions involves significant judgment as to the ultimate outcome, the interpretation and application of the relevant tax laws, and the determination of the appropriate transfer pricing that reflects the location of value creation. Although the Group believes that it has made its best estimate of the tax position in accordance with the relevant tax laws in respect of the intra-group transactions, the final tax outcome of these matters may be different from that which is reflected in the Group’s financial statements. Changes in facts and circumstances or new information becoming available may cause the Group to reassess its judgement or estimate in determining the transfer pricing policy and terms applied in the

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intra-group transactions, the adequacy of existing tax liabilities and eligible application for refund of the overpaid Hong Kong profit tax, if any. Such reassessment may result in changes to tax liabilities or tax refund which will impact tax expense in the period that such a determination is made.

Deferred tax assets are recognised for deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future profit will be available against which the deductible temporary differences can be utilised, management’s judgement is required to assess the probability of future taxable profits.

4 REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are the provisions of cross-border digital marketing services and cross-border online-shop SaaS solutions.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major services is as follows:

	Revenues from customers				
	Years ended 31 December			Nine months ended	
	2019	2020	2021	30 September	2022
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
	<i>(unaudited)</i>				
Cross-border digital marketing services					
– Standardized digital marketing	6,087	7,153	7,764	5,500	5,661
– Customized digital marketing	2,250	2,950	3,827	3,088	2,496
– SaaS-based digital marketing	1,194	1,583	2,724	1,536	1,410
	<u>9,531</u>	<u>11,686</u>	<u>14,315</u>	<u>10,124</u>	<u>9,567</u>
Cross-border online-shop SaaS solutions	–	–	31	–	604
	<u>9,531</u>	<u>11,686</u>	<u>14,346</u>	<u>10,124</u>	<u>10,171</u>

	Revenues from customers				
	Years ended 31 December			Nine months ended	
	2019	2020	2021	30 September	2022
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
	<i>(unaudited)</i>				
Disaggregated by timing of revenue recognition					
– Point in time	9,531	11,686	14,315	10,124	9,567
– Over time	–	–	31	–	604
	<u>9,531</u>	<u>11,686</u>	<u>14,346</u>	<u>10,124</u>	<u>10,171</u>

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There are three, four, two, two (unaudited) and three customers with whom transactions have exceeded 10% of the Group’s revenues for the years ended 31 December 2019, 2020 and 2021 and nine months ended 30 September 2021 and 2022, respectively. Revenue from these customers are set out below:

	Revenues from customers				
	Years ended 31 December			Nine months ended 30 September	
	2019	2020	2021	2021	2022
	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>
	<i>(unaudited)</i>				
Customer I	2,060	2,654	3,325	2,675	1,304
Customer II	1,143	1,547	2,553	1,447	1,307
Customer III	1,491	1,532	N/A*	N/A*	N/A*
Customer IV	N/A*	1,498	N/A*	N/A*	N/A*
Customer V	N/A*	N/A*	N/A*	N/A*	1,088

* This represents that the revenue from that customer is less than 10% of the Group’s revenue of that year/period.

(ii) Revenue expected to be recognised in the future arising from contracts in existence at each reporting date during the Relevant Periods

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts that had an original expected duration of one year or less and does not disclose the transaction price allocated to the unsatisfied performance obligations.

(b) Segment information

For the years ended 31 December 2019, 2020 and 2021 and nine months ended 30 September 2021 and 2022, the geographical information on the total revenue based on the location of the respective entities of the Group rendering of the services is as follows:

	Revenues from customers				
	Years ended 31 December			Nine months ended 30 September	
	2019	2020	2021	2021	2022
	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>
	<i>(unaudited)</i>				
Hong Kong	9,531	11,655	14,294	10,122	10,157
Chinese mainland	–	31	52	2	14
	<u>9,531</u>	<u>11,686</u>	<u>14,346</u>	<u>10,124</u>	<u>10,171</u>

Non-current assets excluding financial assets measured at fair value through profit or loss and deferred tax assets are mainly located in Chinese mainland.

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5 OTHER INCOME/(LOSSES)

	Years ended 31 December			Nine months ended 30 September	
	2019 USD’000	2020 USD’000	2021 USD’000	2021 USD’000 <i>(unaudited)</i>	2022 USD’000
Interest income	9	3	1	1	1
Foreign exchange loss	(7)	(6)	(12)	(8)	(5)
Other (expense)/income	(1)	21	–	(3)	9
	<u>1</u>	<u>18</u>	<u>(11)</u>	<u>(10)</u>	<u>5</u>

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	Years ended 31 December			Nine months ended 30 September	
	2019 USD’000	2020 USD’000	2021 USD’000	2021 USD’000 <i>(unaudited)</i>	2022 USD’000
Interest on bank loans	555	881	1,169	845	1,271
Interest on lease liabilities	22	22	19	14	10
	<u>577</u>	<u>903</u>	<u>1,188</u>	<u>859</u>	<u>1,281</u>

(b) Staff costs (including directors’ emoluments):

	Years ended 31 December			Nine months ended 30 September	
	2019 USD’000	2020 USD’000	2021 USD’000	2021 USD’000 <i>(unaudited)</i>	2022 USD’000
Salaries, wages and other benefits	867	1,643	3,451	2,444	2,890
Retirement scheme contributions	63	9	176	120	176
	<u>930</u>	<u>1,652</u>	<u>3,627</u>	<u>2,564</u>	<u>3,066</u>

The Group’s subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the “Schemes”) organised by the PRC municipal and provincial government authorities, whereby the PRC entities are required to make contribution at the rates required by different local government authorities. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

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The Group operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately.

The Group has no other material obligations for payments of pension benefits beyond the contributions described above.

(c) Other items:

	Years ended 31 December			Nine months ended 30 September	
	2019 USD’000	2020 USD’000	2021 USD’000	2021 USD’000	2022 USD’000
				(unaudited)	
Gain from changes in fair value of financial assets	(28)	(60)	(56)	(43)	(43)
[REDACTED]	–	–	[REDACTED]	–	[REDACTED]
Research and development costs	632	965	1,013	881	960
Amortisation cost of intangible assets (note 14)	–	–	3	2	4
Depreciation					
– property, plant and equipment (note 12)	1	4	14	9	15
– right-of-use assets (note 13)	233	220	299	207	262
	<u>838</u>	<u>1,129</u>	<u>2,048</u>	<u>1,056</u>	<u>2,425</u>

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Years ended 31 December			Nine months ended 30 September	
	2019 USD’000	2020 USD’000	2021 USD’000	2021 USD’000	2022 USD’000
				(unaudited)	
Current tax					
Provision for the year/period	<u>960</u>	<u>1,188</u>	<u>1,114</u>	<u>860</u>	<u>459</u>
	----- 960	----- 1,188	----- 1,114	----- 860	----- 459
Deferred tax					
Origination and reversal of temporary differences (note 23(b))	<u>17</u>	<u>(126)</u>	<u>(28)</u>	<u>(35)</u>	<u>(44)</u>
	----- <u>977</u>	----- <u>1,062</u>	----- <u>1,086</u>	----- <u>825</u>	----- <u>415</u>

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(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Years ended 31 December			Nine months ended 30 September	
	2019 USD’000	2020 USD’000	2021 USD’000	2021 USD’000 <i>(unaudited)</i>	2022 USD’000
Profit before taxation	<u>6,181</u>	<u>6,953</u>	<u>6,861</u>	<u>5,290</u>	<u>3,136</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	1,012	1,121	1,146	872	478
Tax effect of non-deductible expenses	6	15	26	16	12
Tax effect of non-taxable income	(6)	(10)	(9)	(7)	(7)
Statutory tax concession	<u>(35)</u>	<u>(64)</u>	<u>(77)</u>	<u>(56)</u>	<u>(68)</u>
Actual tax expense	<u>977</u>	<u>1,062</u>	<u>1,086</u>	<u>825</u>	<u>415</u>

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits during the Relevant Period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HKD2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The provision for Hong Kong Profits Tax for 2019 and 2020 takes into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2018/19 and 2019/20 subject to a maximum reduction of HK\$20,000 for each business.

The provision for Hong Kong Profits Tax for 2021 and 2022 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2020/21 and 2021/22 subject to a maximum reduction of HK\$10,000 for each business.

The statutory income tax rate for the subsidiaries in the PRC is 25%.

8 DIRECTORS’ EMOLUMENTS

Directors’ emoluments are as follows:

	Year ended 31 December 2019				
	Directors’ fees USD’000	Salaries, and benefits USD’000	Discretionary bonuses USD’000	Retirement scheme contributions USD’000	Total USD’000
Directors					
Mr. Li Xiang (“Mr. Li”)	–	65	–	8	73
Ms. Yu Lu (“Ms. Yu”)	–	57	–	5	62
	<u>–</u>	<u>122</u>	<u>–</u>	<u>13</u>	<u>135</u>

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	Year ended 31 December 2020				
	Directors’ fees	Salaries, and benefits	Discretionary bonuses	Retirement scheme contributions	Total
	USD’000	USD’000	USD’000	USD’000	USD’000
Directors					
Mr. Li	–	120	–	1	121
Ms. Yu	–	118	–	1	119
	–	238	–	2	240

	Year ended 31 December 2021				
	Directors’ fees	Salaries, and benefits	Discretionary bonuses	Retirement scheme contributions	Total
	USD’000	USD’000	USD’000	USD’000	USD’000
Directors					
Mr. Li	–	281	46	12	339
Ms. Yu	–	244	31	11	286
	–	525	77	23	625

	Nine months ended 30 September 2021 (unaudited)				
	Directors’ fees	Salaries, and benefits	Discretionary bonuses	Retirement scheme contributions	Total
	USD’000	USD’000	USD’000	USD’000	USD’000
Directors					
Mr. Li	–	205	35	9	249
Ms. Yu	–	173	23	8	204
	–	378	58	17	453

	Nine months ended 30 September 2022				
	Directors’ fees	Salaries, and benefits	Discretionary bonuses	Retirement scheme contributions	Total
	USD’000	USD’000	USD’000	USD’000	USD’000
Directors					
Mr. Li	–	223	34	10	267
Ms. Yu	–	211	23	9	243
	–	434	57	19	510

Ms. Yu was appointed as director of the Company on 21 January 2022. She is key management personnel of the Group during the Relevant Periods and her emolument disclosed above include those for services rendered by as key management personnel.

Ms. Zhao Yan, Mr. Gong Peiyue and Mr. Li Kwok Tai James, were appointed as independent non-executive directors on 3 March 2023.

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For the years ended 31 December 2019, 2020 and 2021 and nine months ended 30 September 2021 and 2022, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 December 2019, 2020 and 2021 and nine months ended 30 September 2021 and 2022.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the year ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022 of the five individuals with the highest emoluments, two of them are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining three individuals are as follows:

	Years ended 31 December			Nine months ended 30 September	
	2019 USD’000	2020 USD’000	2021 USD’000	2021 USD’000 (unaudited)	2022 USD’000
Salaries and other emoluments	60	115	238	149	178
Discretionary bonuses	–	59	11	11	–
Retirement scheme contributions	2	–	8	6	9
	<u>62</u>	<u>174</u>	<u>257</u>	<u>166</u>	<u>187</u>

The emoluments of the three individuals with the highest emoluments are within the following bands:

	Years ended 31 December			Nine months ended 30 September	
	2019 Number of individuals	2020 Number of individuals	2021 Number of individuals	2021 Number of individuals (unaudited)	2022 Number of individuals
Nil – HKD1,000,000	3	3	3	3	3

10 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income:

	Year ended 31 December 2019			Year ended 31 December 2020			Year ended 31 December 2021		
	Before-tax amount USD’000	Tax benefit USD’000	Net-of-tax amount USD’000	Before-tax amount USD’000	Tax benefit USD’000	Net-of-tax amount USD’000	Before-tax amount USD’000	Tax benefit USD’000	Net-of-tax amount USD’000
Exchange differences on translation of financial information of entities not using USD as functional currency	(94)	–	(94)	(16)	–	(16)	20	–	20

	Nine months ended 30 September 2021 (unaudited)			Nine months ended 30 September 2022		
	Before-tax amount USD’000	Tax benefit USD’000	Net-of-tax amount USD’000	Before-tax amount USD’000	Tax benefit USD’000	Net-of-tax amount USD’000
Exchange differences on translation of financial information of entities not using USD as functional currency	(29)	–	(29)	(39)	–	(39)

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11 EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022 on the basis of preparation and presentation as disclosed in note 1.

12 PROPERTY, PLANT AND EQUIPMENT

	Office equipment <i>USD'000</i>
Cost:	
At 1 January 2019	–
Additions	9
Exchange adjustments	–*
	<hr/>
At 31 December 2019 and 1 January 2020	9
Additions	17
Exchange adjustments	–*
	<hr/>
At 31 December 2020 and 1 January 2021	26
Additions	44
Exchange adjustments	–*
	<hr/>
At 31 December 2021 and 1 January 2022	70
Additions	2
Exchange adjustments	(7)
	<hr/>
At 30 September 2022	65
	<hr style="border-top: 1px dashed black;"/>
Accumulated depreciation:	
At 1 January 2019	–
Charge for the year	(1)
Exchange adjustments	–*
	<hr/>
At 31 December 2019 and 1 January 2020	(1)
Charge for the year	(4)
Exchange adjustments	–*
	<hr/>
At 31 December 2020 and 1 January 2021	(5)
Charge for the year	(14)
Exchange adjustments	–*
	<hr/>
At 31 December 2021 and 1 January 2022	(19)
Charge for the period	(15)
Exchange adjustments	3
	<hr/>
At 30 September 2022	(31)
	<hr style="border-top: 1px dashed black;"/>
Net book value:	
At 30 September 2022	34
	<hr style="border-top: 3px double black;"/>
At 31 December 2021	51
	<hr style="border-top: 3px double black;"/>
At 31 December 2020	21
	<hr style="border-top: 3px double black;"/>
At 31 December 2019	8
	<hr style="border-top: 3px double black;"/>

* The balance represents amount less than USD1,000.

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13 RIGHT-OF-USE ASSETS

	Leased properties
	<i>USD’000</i>
Cost:	
At 1 January 2019	190
Additions	912
Disposals	(189)
Exchange adjustments	(11)
	<hr/>
At 31 December 2019 and 1 January 2020	902
Additions	390
Disposals	(912)
Exchange adjustments	33
	<hr/>
At 31 December 2020 and 1 January 2021	413
Additions	378
Exchange adjustments	14
	<hr/>
At 31 December 2021 and 1 January 2022	805
Additions	304
Exchange adjustments	(103)
	<hr/>
At 30 September 2022	1,006
	<hr style="border-top: 1px dashed black;"/>
Accumulated depreciation:	
At 1 January 2019	–
Charge for the year	(233)
Disposals	95
Exchange adjustments	2
	<hr/>
At 31 December 2019 and 1 January 2020	(136)
Charge for the year	(220)
Disposals	274
Exchange adjustments	(7)
	<hr/>
At 31 December 2020 and 1 January 2021	(89)
Charge for the year	(299)
Exchange adjustments	(6)
	<hr/>
At 31 December 2021 and 1 January 2022	(394)
Charge for the period	(262)
Exchange adjustments	58
	<hr/>
At 30 September 2022	(598)
	<hr style="border-top: 1px dashed black;"/>
Net book value:	
At 30 September 2022	408
	<hr style="border-top: 3px double black;"/>
At 31 December 2021	411
	<hr style="border-top: 3px double black;"/>
At 31 December 2020	324
	<hr style="border-top: 3px double black;"/>
At 31 December 2019	766
	<hr style="border-top: 3px double black;"/>

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 year to 4 years.

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14 INTANGIBLE ASSETS

	Software
	<i>USD’000</i>
Cost:	
At 1 January 2019, 31 December 2019, 1 January 2020, 31 December 2020 and 1 January 2021	–
Additions	10
Exchange adjustments	–*
	<hr/>
At 31 December 2021 and 1 January 2022	10
Additions	38
Exchange adjustments	(1)
	<hr/>
At 30 September 2022	47
	<hr style="border-top: 1px dashed black;"/>
Accumulated amortisation:	
At 1 January 2019, 31 December 2019, 1 January 2020, 31 December 2020 and 1 January 2021	–
Charge for the year	(3)
Exchange adjustments	–*
	<hr/>
At 31 December 2021 and 1 January 2022	(3)
Charge for the period	(4)
Exchange adjustments	–*
	<hr/>
At 30 September 2022	(7)
	<hr style="border-top: 1px dashed black;"/>
Net book value:	
At 30 September 2022	40
	<hr style="border-top: 3px double black;"/>
At 31 December 2021	7
	<hr style="border-top: 3px double black;"/>
At 31 December 2020	–
	<hr style="border-top: 3px double black;"/>
At 31 December 2019	–
	<hr style="border-top: 3px double black;"/>

* The balance represents amount less than USD1,000.

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15 INVESTMENTS IN SUBSIDIARIES

	As at 31 December			As at
	2019	2020	2021	30 September
	USD’000	USD’000	USD’000	2022
Unlisted shares, at cost	–*	–*	–*	–*

* The Company’s investment in a subsidiary was USD1.

Further details of the subsidiaries of the Group are set out in note 1.3.

16 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			As at
	2019	2020	2021	30 September
	USD’000	USD’000	USD’000	2022
Financial assets measured at fair value through profit or loss:				
– Deposit component of the insurance contracts	630	1,447	1,487	1,517

The Group, as the policyholder and beneficiary owner, held some life insurance contracts, which contained not only an insurance component, but also a deposit component. The Group applies HKFRS 4 *Insurance Contracts* (by analogy) to unbundle the insurance component and the deposit component upon initial recognition. The one-off initial charges paid upfront for the insurance coverage were booked as prepaid expenses and would be amortised to expenses, during the period in which the Group expected to hold the insurance contracts. The remaining upfront policy fee paid after deducting the upfront charges was regarded as the deposit component and was accounted for under HKFRS 9 *Financial Instruments*. As the Group was entitled to a guaranteed minimum return as well as an unguaranteed investment return, the deposit component did not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. In accordance with HKFRS 9.4.1.4, the deposit component was measured at fair value through profit or loss. Please see note 25(e) for the measurement of the fair value of the deposit component.

17 TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December			As at
	2019	2020	2021	30 September
	USD’000	USD’000	USD’000	2022
Trade receivables-third parties	96,421	90,706	125,321	91,103
Trade receivables-a related party (note 26(d))	–	449	276	7
	96,421	91,155	125,597	91,110
Less: loss allowance on trade receivables	(3,968)	(4,736)	(4,894)	(5,185)
	92,453	86,419	120,703	85,925
Amounts due from related parties (note 26(d))	4,683	4,133	10,929	35
Amounts due from third parties	840	3,759	677	1,134
	97,976	94,311	132,309	87,094

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All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group has entered into certain factoring arrangements with a bank on a with-recourse basis, under which the Group obtained prepayment in respect of the invoice amounts owed from certain customers. Under these arrangements, the banks pay the Group agreed portion of the amounts owed from the customers on the original due dates, and then the Group settles the prepayment 60 days later.

At 31 December 2019, 2020 and 2021 and 30 September 2022, the amount of trade receivables under factoring arrangements was USD21,218,000, USD24,868,000, USD51,672,000 and USD21,137,000.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date, is as follows:

	As at 31 December			As at
	2019	2020	2021	30 September
	USD'000	USD'000	USD'000	2022
				USD'000
Within 1 month	41,085	35,758	27,986	39,629
Over 1 month but within 2 months	28,316	24,385	46,166	20,199
Over 2 months but within 3 months	16,470	13,491	19,657	2,041
Over 3 months but within 6 months	3,309	2,557	18,498	6,773
Over 6 months but within 12 months	1,140	6,702	4,422	10,123
Over 12 months	6,101	8,262	8,868	12,345
	<u>96,421</u>	<u>91,155</u>	<u>125,597</u>	<u>91,110</u>

Trade debtors are due within 30 to 90 days from the date of billing. Further details on the Group’s credit policy and credit risk arising from trade debtors are set out in note 25(a).

The Company

	As at 31 December			As at
	2019	2020	2021	30 September
	USD'000	USD'000	USD'000	2022
				USD'000
Amounts due from subsidiaries	–	–	6,000	1,298
Amounts due from third parties	–	–	187	596
Amounts due from related parties	10	10	10	10
	<u>10</u>	<u>10</u>	<u>6,197</u>	<u>1,904</u>

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	As at 31 December			As at
	2019	2020	2021	30 September
	USD'000	USD'000	USD'000	2022
				USD'000
Cash at bank and on hand	<u>9,549</u>	<u>24,434</u>	<u>15,422</u>	<u>13,587</u>

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(b) Reconciliation of profit before taxation to cash (used in)/generated from operations:

	<i>Note</i>	Years ended 31 December			Nine months ended 30 September	
		2019 <i>USD’000</i>	2020 <i>USD’000</i>	2021 <i>USD’000</i>	2021 <i>USD’000</i>	2022 <i>USD’000</i>
Profit before taxation		6,181	6,953	6,861	5,290	3,136
Adjustments for:						
Depreciation	6(c)	234	224	313	216	277
Amortisation of intangible assets	14	–	–	3	2	4
Finance costs	6(a)	577	903	1,188	859	1,281
Gain on disposal of right-of-use assets		(2)	(2)	–	–	–
Expected credit losses on trade receivables		44	768	158	197	291
Increase in financial assets measured at FVPL		(20)	(44)	(40)	(30)	(30)
Changes in working capital:						
(Increase)/decrease in trade and other receivables		(61,156)	2,768	(38,156)	(28,159)	44,924
Increase/(decrease) in trade and other payables		47,660	(1,105)	3,832	3,208	(24,777)
Increase in contract liabilities		1,101	1,824	270	2,397	(180)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash (used in)/generated from operations		<u>(5,381)</u>	<u>12,289</u>	<u>(25,571)</u>	<u>(16,020)</u>	<u>24,926</u>

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group’s consolidated cash flow statements as cash flows from financing activities.

	Bank loans <i>USD’000</i> (<i>Note 21</i>)	Lease liabilities <i>USD’000</i> (<i>Note 22</i>)	Total <i>USD’000</i>
At 1 January 2019	4,161	190	4,351
Changes from financing cash flows:			
Proceeds from new bank loans	119,654	–	119,654
Repayment of bank loans	(103,707)	–	(103,707)
Capital element of lease rentals paid	–	(221)	(221)
Interest element of lease rentals paid	–	(22)	(22)
Interest expenses paid	(552)	–	(552)
	<u> </u>	<u> </u>	<u> </u>
Total changes from financing cash flows	15,395	(243)	15,152
	<u> </u>	<u> </u>	<u> </u>
Exchange adjustments	–	(10)	(10)
	<u> </u>	<u> </u>	<u> </u>

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	Bank loans	Lease liabilities	Total
	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>
	<i>(Note 21)</i>	<i>(Note 22)</i>	
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	914	914
Adjustment from lease modification	–	(96)	(96)
Interest expenses (<i>note 6(a)</i>)	555	22	577
	<u>555</u>	<u>22</u>	<u>577</u>
Total other changes	----- 555	----- 840	----- 1,395
At 31 December 2019	<u><u>20,111</u></u>	<u><u>777</u></u>	<u><u>20,888</u></u>
	Bank loans	Lease liabilities	Total
	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>
	<i>(Note 21)</i>	<i>(Note 22)</i>	
At 1 January 2020	----- 20,111	----- 777	----- 20,888
Changes from financing cash flows:			
Proceeds from new bank loans	385,947	–	385,947
Repayment of bank loans	(381,110)	–	(381,110)
Capital element of lease rentals paid	–	(184)	(184)
Interest element of lease rentals paid	–	(22)	(22)
Interest expenses paid	(879)	–	(879)
	<u>(879)</u>	<u>–</u>	<u>(879)</u>
Total changes from financing cash flows	----- 3,958	----- (206)	----- 3,752
Exchange adjustments	----- –	----- (12)	----- (12)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	390	390
Early termination of lease contracts	–	(640)	(640)
Interest expenses (<i>note 6(a)</i>)	881	22	903
	<u>881</u>	<u>22</u>	<u>903</u>
Total other changes	----- 881	----- (228)	----- 653
At 31 December 2020	<u><u>24,950</u></u>	<u><u>331</u></u>	<u><u>25,281</u></u>

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	Bank loans	Lease liabilities	Total
	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>
	<i>(Note 21)</i>	<i>(Note 22)</i>	
At 1 January 2021	24,950	331	25,281
Changes from financing cash flows:			
Proceeds from new bank loans	500,854	–	500,854
Repayment of bank loans	(480,024)	–	(480,024)
Capital element of lease rentals paid	–	(282)	(282)
Interest element of lease rentals paid	–	(19)	(19)
Interest expense paid	(1,160)	–	(1,160)
Total changes from financing cash flows	19,670	(301)	19,369
Exchange adjustments	–	(10)	(10)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	378	378
Interest expenses (<i>note 6(a)</i>)	1,169	19	1,188
Total other changes	1,169	397	1,566
At 31 December 2021	45,789	417	46,206
	Bank loans	Lease liabilities	Total
	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>
	<i>(Note 21)</i>	<i>(Note 22)</i>	
At 1 January 2022	45,789	417	46,206
Changes from financing cash flows:			
Proceeds from new bank loans	332,545	–	332,545
Repayment of bank loans	(354,464)	–	(354,464)
Capital element of lease rentals paid	–	(279)	(279)
Interest element of lease rentals paid	–	(10)	(10)
Interest expense paid	(1,263)	–	(1,263)
Total changes from financing cash flows	(23,182)	(289)	(23,471)
Exchange adjustments	–	(44)	(44)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	304	304
Interest expenses (<i>note 6(a)</i>)	1,271	10	1,281
Total other changes	1,271	314	1,585
At 30 September 2022	23,878	398	24,276

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(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprise the following:

	Year ended 31 December			Nine months ended 30 September	
	2019 USD'000	2020 USD'000	2021 USD'000	2021 USD'000 <i>(unaudited)</i>	2022 USD'000
Within operating cash flows	15	10	25	18	28
Within financing cash flows	243	206	301	204	289
	<u>258</u>	<u>216</u>	<u>326</u>	<u>222</u>	<u>317</u>

These amounts relate to the following:

	Year ended 31 December			Nine months ended 30 September	
	2019 USD'000	2020 USD'000	2021 USD'000	2021 USD'000 <i>(unaudited)</i>	2022 USD'000
Lease rentals paid	<u>258</u>	<u>216</u>	<u>326</u>	<u>222</u>	<u>317</u>

19 TRADE AND OTHER PAYABLES

The Group

	As at 31 December			As at 30 September
	2019 USD'000	2020 USD'000	2021 USD'000	2022 USD'000
Trade payables – third parties	81,815	81,001	84,442	70,479
VAT and other taxes payable	28	73	86	23
Payroll payable	160	350	339	274
Other payables and accruals	532	6	208	15
Dividends payable	–	–	6,000	1,298
	<u>82,535</u>	<u>81,430</u>	<u>91,075</u>	<u>72,089</u>

All trade and other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

The dividends payable as at 30 September 2022 will be settled prior to the [REDACTED] of the Company’s shares on the Stock Exchange (the “[REDACTED]”).

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As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

	As at 31 December			As at
	2019	2020	2021	30 September
	USD'000	USD'000	USD'000	2022
Within 1 month	43,821	42,952	37,013	41,688
Over 1 month but within 3 months	37,994	38,049	47,429	28,791
	<u>81,815</u>	<u>81,001</u>	<u>84,442</u>	<u>70,479</u>

The Company

	As at 31 December			As at
	2019	2020	2021	30 September
	USD'000	USD'000	USD'000	2022
Dividends payable	–	–	6,000	1,298
Amounts due to subsidiaries	12	16	987	2,638
	<u>12</u>	<u>16</u>	<u>6,987</u>	<u>3,936</u>

20 CONTRACT LIABILITIES

	As at 31 December			As at
	2019	2020	2021	30 September
	USD'000	USD'000	USD'000	2022
Advanced payment received	1,931	3,755	4,025	3,845
	<u>1,931</u>	<u>3,755</u>	<u>4,025</u>	<u>3,845</u>

Movements in contract liabilities

	As at 31 December			As at
	2019	2020	2021	30 September
	USD'000	USD'000	USD'000	2022
Balance at the beginning of the year/period	830	1,931	3,755	4,025
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(548)	(699)	(2,336)	(2,534)
Increase in contract liabilities as a result of billing in advance of sales	1,649	2,523	2,606	2,354
	<u>1,649</u>	<u>2,523</u>	<u>2,606</u>	<u>2,354</u>
Balance at the end of the year/period	<u>1,931</u>	<u>3,755</u>	<u>4,025</u>	<u>3,845</u>

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21 BANK LOANS

(a) As at 31 December 2019, 2020 and 2021 and 30 September 2022, the bank loans were repayable as follows:

	As at 31 December			As at
	2019	2020	2021	30 September
	USD’000	USD’000	USD’000	2022
				USD’000
Within 1 year or on demand	19,728	24,144	45,156	23,374
After 1 year but within 2 years	76	172	172	172
After 2 years but within 5 years	228	518	445	332
After 5 years	79	116	16	–
Sub-total	383	806	633	504
Total	20,111	24,950	45,789	23,878

(b) Assets pledged as security and covenants for bank loans

As at 31 December 2019, 2020 and 2021 and 30 September 2022, the bank loans were secured as follows:

	As at 31 December			As at
	2019	2020	2021	30 September
	USD’000	USD’000	USD’000	2022
				USD’000
Secured bank loans	20,111	24,950	45,789	23,878

Bank loans guaranteed by Mr. Li or jointly guaranteed by Mr. Li and Ms. Yu or jointly guaranteed by Mr. Li, Ms. Yu and certain properties owned by other related parties (note 26).

Bank loans of USD460,000, USD980,000, USD807,000 and USD678,000 as at 31 December 2019, 2020 and 2021 and 30 September 2022 were jointly guaranteed by Mr. Li, Ms. Yu and secured by financial assets measured at fair value through profit or loss (note 16) were pledged for the insurance policy loans.

Bank loans of USD14,649,000, USD18,403,000, USD35,474,000 and USD16,665,000 as at 31 December 2019, 2020 and 2021 and 30 September 2022 were guaranteed by Mr. Li and Ms. Yu and were secured by trade receivables according to the factoring arrangements (note 17).

Bank loans of USD5,002,000, USD5,003,000 and USD9,508,000 as at 31 December 2019, 2020 and 2021 were guaranteed by Mr. Li. Bank loans of USD5,015,000 as at 30 September 2022 were guaranteed by Mr. Li and Ms. Yu.

Bank loans of USD564,000 as at 31 December 2020 were guaranteed by Mr. Li, Ms. Yu, Mr. Li Nan and Huachen Interactive Technology (Beijing) Co., LTD. controlled by Mr. Li Nan, a related party, through an independent third party guarantee service provider charging a guarantee fee at a fixed percentage of general banking facility and the actual amount of the facility utilisation, and secured by a property effectively owned by Mr. Li Nan. The security provided by Mr. Li Nan through a property owned by Mr. Li Nan had been released as at 30 September 2022.

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A bank loan of USD1,520,000 as at 30 September 2022 was guaranteed by Mr. Li and Ms. Yu.

The directors of the Company have confirmed that, the guarantees provided by related parties are expected to be released or replaced by corporate guarantees to be provided by the Group upon the [REDACTED].

All of the Group’s banking facilities are subject to the fulfilment of covenants relating to certain of the Group’s balance sheet ratios, as are commonly found in lending 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. Further details of the Group’s management of liquidity risk are set out in note 25(b). As at 31 December 2019, 2020 and 2021 and 30 September 2022, none of the covenants relating to draw-down banking facilities had been breached.

22 LEASE LIABILITIES

At 31 December 2019, 2020 and 2021 and 30 September 2022, the lease liabilities were repayable as follows:

	As at 31 December			As at
	2019	2020	2021	30 September
	USD’000	USD’000	USD’000	2022
				USD’000
Within 1 year or on demand	280	173	312	280
After 1 year but within 2 years	239	134	105	118
After 2 years but within 5 years	258	24	–	–
Sub-total	497	158	105	118
Total	777	331	417	398

23 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	As at 31 December			As at
	2019	2020	2021	30 September
	USD’000	USD’000	USD’000	2022
				USD’000
As at 1 January	156	1,114	1,990	533
Provision for the year/period	960	1,188	1,114	459
Income tax paid	(2)	(312)	(2,571)	(1,208)
Reclassified to prepaid income tax	–	–	–	225
As at 31 December/30 September	1,114	1,990	533	9

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(b) Deferred tax assets recognised:

Movement of each component of deferred tax assets

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the year/period are as follows:

Deferred tax arising from:	Credit loss allowance <i>USD’000</i>	Recoverable tax losses <i>USD’000</i>	Accrued expenses <i>USD’000</i>	Total <i>USD’000</i>
At 1 January 2019	648	26	–	674
Credited/(charged) to profit or loss	<u>6</u>	<u>(26)</u>	<u>3</u>	<u>(17)</u>
At 31 December 2019 and 1 January 2020	654	–	3	657
Credited/(charged) to profit or loss	<u>127</u>	<u>–</u>	<u>(1)</u>	<u>126</u>
At 31 December 2020 and 1 January 2021	781	–	2	783
Credited to profit or loss	<u>26</u>	<u>–</u>	<u>2</u>	<u>28</u>
At 31 December 2021 and 1 January 2022	807	–	4	811
Credited/(charged) to profit or loss	<u>46</u>	<u>–</u>	<u>(2)</u>	<u>44</u>
At 30 September 2022	<u><u>853</u></u>	<u><u>–</u></u>	<u><u>2</u></u>	<u><u>855</u></u>

24 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

The Company was incorporated in the Cayman Islands on 7 June 2019 with an initial authorised share capital of USD50,000 divided into 50,000 shares with a par value of USD1.00 each. On 7 June 2019, 10,000 shares of USD1.00 each have been issued.

On 14 January 2022, the Company underwent a subdivision of shares (“Share Subdivision”) whereby each issued and unissued share of nominal value of USD1.00 each in the Company’s authorized share capital was subdivided into 100 shares of USD0.01 each, such that immediately following such Share Subdivision, the Company’s authorized share capital was USD50,000 divided into 5,000,000 shares. As a result of the Share Subdivision, the issued share capital was USD10,000 divided into 1,000,000 shares.

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(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company’s individual components of equity during the Relevant Periods are set out below:

	Share capital <i>USD’000</i>	Share premium <i>USD’000</i>	Capital reserve <i>USD’000</i>	Accumulated losses <i>USD’000</i>	Total equity <i>USD’000</i>
Balance at 7 June 2019 (date of incorporation)	–	–	–	–	–
Changes in equity for the period from 7 June 2019 (date of incorporation) to 31 December 2019					
Issuance of shares	10	–	–	–	10
Profit for the period	–	–	–	(12)	(12)
Balance at 31 December 2019 and 1 January 2020	10	–	–	(12)	(2)
Changes in equity for the year ended 31 December 2020					
Profit for the year	–	–	–	(4)	(4)
Balance at 31 December 2020 and 1 January 2021	10	–	–	(16)	(6)
Changes in equity for the year ended 31 December 2021:					
Profit for the year	–	–	–	5,216	5,216
Dividends declared in respect of the current year	–	–	–	(6,000)	(6,000)
Balance at 31 December 2021 and 1 January 2022	10	–	–	(800)	(790)
Changes in equity for the nine months ended 30 September 2022:					
Profit for the period	–	–	–	6,558	6,558
Dividends declared in respect of the current period	–	–	–	(7,800)	(7,800)
Balance at 30 September 2022	10	–	–	(2,042)	(2,032)

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(c) Nature and purpose of reserves

(i) Capital reserve

The capital reserve arose from the reorganization.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from translation of financial information of entities not using USD as functional currency. The reserve is dealt with in accordance with the accounting policies set out in note 2.

(d) Dividends

Dividends of nil, nil and USD6,000,000 (USD600 per share, divided by 10,000 shares before Share Subdivision) and USD7,800,000 (USD7.80 per share, divided by 1,000,000 shares after Share Subdivision) were declared by the Company for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2022 respectively. During the nine months ended 30 September 2022, dividends payable of USD12,502,000 had been settled, and the remaining dividends payable of USD1,298,000 will be settled prior to the [REDACTED].

(e) Capital 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 shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure with reference to its debt position. The Group’s strategy was to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group’s business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade receivables. The Group’s exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks, for which the Group considers to have low credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables

The Group has established a credit risk management policy under which 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 customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30-90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

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The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2019, 2020 and 2021 and 30 September 2022, 6%, 6%, 4% and 38% of the total trade receivables was due from the Group’s largest customer respectively, 67%, 62%, 63% and 53% of the total trade receivables was due from the Group’s the five largest customers respectively.

The Group measures loss allowances for trade receivables 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 ageing status is not further distinguished between the Group’s different customer bases.

The following table provides information about the Group’s exposure to credit risk and ECLs for trade receivables as at 31 December 2019, 2020 and 2021 and 30 September 2022:

	As at 31 December 2019		
	Expected loss rate	Gross carrying amount	Loss allowance
	<i>%</i>	<i>USD’000</i>	<i>USD’000</i>
Not overdue	0.02%	72,721	16
Within 6 months	0.10%	16,522	17
More than 6 months but within 1 year	2.79%	1,400	39
More than 1 year but within 2 years	10.58%	2,060	218
More than 2 years but within 3 years	31.03%	58	18
Subtotal		92,761	308
Individual provision	100.00%	3,660	3,660
		<u>96,421</u>	<u>3,968</u>

	As at 31 December 2020		
	Expected loss rate	Gross carrying amount	Loss allowance
	<i>%</i>	<i>USD’000</i>	<i>USD’000</i>
Not overdue	0.02%	67,673	13
Within 6 months	0.07%	9,150	6
More than 6 months but within 1 year	0.21%	6,711	14
More than 1 year but within 2 years	11.44%	1,538	176
More than 2 years but within 3 years	38.33%	1,795	688
More than 3 years	100.00%	179	179
Subtotal		87,046	1,076
Individual provision	100.00%	3,660	3,660
		<u>90,706</u>	<u>4,736</u>

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	As at 31 December 2021		
	Expected loss	Gross carrying	Loss allowance
	rate %	amount USD'000	USD'000
Not overdue	0.02%	93,271	19
Within 6 months	0.04%	20,372	9
More than 6 months but within 1 year	0.33%	3,674	12
More than 1 year but within 2 years	8.59%	2,946	253
More than 2 years but within 3 years	45.72%	842	385
More than 3 years	100.00%	594	594
Subtotal		121,699	1,272
Individual provision	100.00%	3,622	3,622
		125,321	4,894

	As at 30 September 2022		
	Expected loss	Gross carrying	Loss allowance
	rate %	amount USD'000	USD'000
Not overdue	0.02%	54,232	10
Within 6 months	0.05%	18,271	9
More than 6 months but within 1 year	0.16%	6,996	11
More than 1 year but within 2 years	3.26%	4,515	147
More than 2 years but within 3 years	40.91%	3,014	1,233
More than 3 years	100.00%	1,163	1,163
Subtotal		88,191	2,573
Individual provision	89.70%	2,912	2,612
		91,103	5,185

Movement in the loss allowance account in respect of trade receivables during the year/period is as follows:

	As at 31 December			As at
	2019 USD'000	2020 USD'000	2021 USD'000	30 September 2022 USD'000
Balance at the beginning of the year/period	3,924	3,968	4,736	4,894
Expected credit losses recognized during the year/period	44	768	158	291
Balance at the end of the year/period	3,968	4,736	4,894	5,185

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Other receivables

In determining the ECL for other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. The management of the Group has assessed that other receivables have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, no provision for impairment of other receivables is considered necessary by management for the Relevant Periods.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group’s policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group’s financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

	As at 31 December 2019					Carrying amount at 31 December
	Contractual undiscounted cash outflow	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	USD’000	USD’000	USD’000	USD’000	USD’000	USD’000
Bank loans	19,807	85	248	81	20,221	20,111
Lease liabilities	309	255	267	–	831	777
Trade and other payables	82,535	–	–	–	82,535	82,535
	<u>102,651</u>	<u>340</u>	<u>515</u>	<u>81</u>	<u>103,587</u>	<u>103,423</u>

	As at 31 December 2020					Carrying amount at 31 December
	Contractual undiscounted cash outflow	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	USD’000	USD’000	USD’000	USD’000	USD’000	USD’000
Bank loans	24,224	188	540	117	25,069	24,950
Lease liabilities	183	138	24	–	345	331
Trade and other payables	81,430	–	–	–	81,430	81,430
	<u>105,837</u>	<u>326</u>	<u>564</u>	<u>117</u>	<u>106,844</u>	<u>106,711</u>

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	As at 31 December 2021					Carrying amount at 31 December USD’000
	Contractual undiscouted cash outflow	More than 1 year but less than 2 years USD’000	More than 2 years but less than 5 years USD’000	More than 5 years USD’000	Total USD’000	
	Within 1 year or on demand USD’000	More than 1 year but less than 2 years USD’000	More than 2 years but less than 5 years USD’000	More than 5 years USD’000	Total USD’000	
Bank loans	45,255	184	457	16	45,912	45,789
Lease liabilities	322	106	–	–	428	417
Trade and other payables	91,075	–	–	–	91,075	91,075
	<u>136,652</u>	<u>290</u>	<u>457</u>	<u>16</u>	<u>137,415</u>	<u>137,281</u>

	As at 30 September 2022					Carrying amount at 30 September USD’000
	Contractual undiscouted cash outflow	More than 1 year but less than 2 years USD’000	More than 2 years but less than 5 years USD’000	More than 5 years USD’000	Total USD’000	
	Within 1 year or on demand USD’000	More than 1 year but less than 2 years USD’000	More than 2 years but less than 5 years USD’000	More than 5 years USD’000	Total USD’000	
Bank loans	23,521	181	338	–	24,040	23,878
Lease liabilities	286	119	–	–	405	398
Trade and other payables	72,089	–	–	–	72,089	72,089
	<u>95,896</u>	<u>300</u>	<u>338</u>	<u>–</u>	<u>96,534</u>	<u>96,365</u>

(c) **Interest rate risk**

(i) **Interest rate risk profile**

The Group’s interest rate risk arises primarily from bank loans issued at fixed rates and variable rates, and lease liabilities that expose the Group to cash flow interest rate risk.

The following table details the interest rate profile of the Group’s bank loans at the end of the reporting period:

	Notional amount			As at 30 September 2022 USD’000
	As at 31 December 2019 USD’000	As at 31 December 2020 USD’000	As at 31 December 2021 USD’000	
Fixed rate liabilities:				
Lease liabilities	777	331	417	398
Bank loans	–	563	–	–
	<u>777</u>	<u>894</u>	<u>417</u>	<u>398</u>
Variable rate liabilities:				
Bank loans	20,109	24,382	45,780	23,862
Net exposure	<u>20,109</u>	<u>24,382</u>	<u>45,780</u>	<u>23,862</u>

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(ii) Sensitivity analysis

If the interest rates had been 100 basis point higher/lower and all other variables were held constant, the Group’s post-tax profit would have been approximately USD168,000, USD204,000, USD382,000 and USD199,000 lower/higher for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2022 respectively, mainly attributable to the Group’s exposure to interest rates on its variable rate liabilities.

The sensitivity analysis above indicates the instantaneous change in the Group’s profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each reporting period, the impact on the Group’s profit after tax and retained profits is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Currency risk

The Group operates in Hong Kong with most of the Group’s monetary assets and liabilities and transactions principally denominated in US dollars. The Group does not have significant exposure to foreign currency risk.

(e) Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group’s financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*.

The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group’s financial assets that are measured at fair value at the end of each reporting period:

	Fair value at 31 December 2019 USD’000	Fair value measurements as at 31 December 2019 categorised into		
		Level 1 USD’000	Level 2 USD’000	Level 3 USD’000
Recurring fair value measurement				
Financial assets measured at fair value through profit or loss:				
Deposit component of the insurance contracts	630	–	–	630
	<u>630</u>	<u>–</u>	<u>–</u>	<u>630</u>

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	Fair value at	Fair value measurements as at		
	31 December	31 December 2020 categorised into		
	2020	Level 1	Level 2	Level 3
	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>
Recurring fair value measurement				
Financial assets measured at fair value through profit or loss:				
Deposit component of the insurance contracts	1,447	–	–	1,447
	<u>1,447</u>	<u>–</u>	<u>–</u>	<u>1,447</u>

	Fair value at	Fair value measurements as at		
	31 December	31 December 2021 categorised into		
	2021	Level 1	Level 2	Level 3
	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>
Recurring fair value measurement				
Financial assets measured at fair value through profit or loss:				
Deposit component of the insurance contracts	1,487	–	–	1,487
	<u>1,487</u>	<u>–</u>	<u>–</u>	<u>1,487</u>

	Fair value at	Fair value measurements as at		
	30 September	30 September 2022 categorised into		
	2022	Level 1	Level 2	Level 3
	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>
Recurring fair value measurement				
Financial assets measured at fair value through profit or loss:				
Deposit component of the insurance contracts	1,517	–	–	1,517
	<u>1,517</u>	<u>–</u>	<u>–</u>	<u>1,517</u>

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3.

Information about Level 3 fair value measurements

The fair value of the deposit component of the insurance contracts was measured based on the statements provided by the insurance company.

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The movements during the Relevant Periods in the balance of these Level 3 fair value measurements are as follows:

	As at 31 December		As at 30 September	
	2019	2020	2021	2022
	USD’000	USD’000	USD’000	USD’000
As at 1 January	271	630	1,447	1,487
Payment for purchases	338	774	–	–
Changes in fair value recognised in profit or loss during the year/period	28	60	56	43
Used for monthly insurance fee charged	(7)	(17)	(16)	(13)
As at 31 December/ 30 September	<u>630</u>	<u>1,447</u>	<u>1,487</u>	<u>1,517</u>

(ii) *Fair values of financial assets and liabilities carried at other than fair value.*

The carrying amounts of the Group’s financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2019, 2020 and 2021 and 30 September 2022 because of the short-term maturities of all these financial instruments.

26 MATERIAL RELATED PARTY TRANSACTIONS

(a) **Name and relationship with related parties**

During the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022, the directors are of the view that the following are related parties of the Group:

Name of parties	Relationship
– Mr. Li	Controlling shareholder of the Group
– Mr. Li Nan	A close family member of Mr. Li
– Powerwin Technology Pte. Ltd. (“Powerwin Tech Pte”)	Owned by Mr. Li and Ms. Yu
– Huanyu Technology Development Co., LTD. (“Huanyu Technology”)	Controlled by Mr. Li Until October 2020
– Shenzhen Yingbaotong Advertising Co. LTD.* (深圳英寶通廣告有限公司, “Shenzhen Yingbaotong”) (note (a))	Controlled by Mr. Li
– Beijing Manniu Technology Company Limited* (北京蠻牛科技有限公司, “Beijing Manniu”)	Controlled by Mr. Li Nan
– Huachen Interactive Technology (Beijing) Co., LTD.* (華宸互動科技(北京)有限公司, “Huachen Interactive”)	Controlled by Mr. Li Nan
– Lucky Linkage International Holdings Limited (“Lucky Linkage”)	Shareholder of the Company
– Total Best International Group Limited (“Total Best”)	Shareholder of the Company
– Wealth Express International Investment Limited (“Wealth Express”)	Shareholder of the Company
– Mr. Fan Qiyao	Key management personnel
– Mr. Cao Xin	Key management personnel

* The English translation of the company names is for reference only. The official names of these entities are in Chinese.

(a) This entity was deregistered on 21 June 2021.

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ACCOUNTANTS’ REPORT

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	Related parties transactions				
	Year ended 31 December			Nine months ended 30 September	
	2019	2020	2021	2021	2022
	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>
	<i>(unaudited)</i>				
Salaries, allowances and benefits	145	308	744	540	603
Retirement scheme contributions	15	2	30	22	24
Short-term employee benefits	<u>160</u>	<u>310</u>	<u>774</u>	<u>562</u>	<u>627</u>

Total remuneration is included in “staff costs” (see note 6(b)).

(c) Related parties transactions

During the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022, the Group entered into the following material related party transactions:

	Related parties transactions				
	Year ended 31 December			Nine months ended 30 September	
	2019	2020	2021	2021	2022
	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>	<i>USD’000</i>
	<i>(unaudited)</i>				
Trade in nature:					
Provide services to					
Powerwin Tech Pte	<u>–</u>	<u>18</u>	<u>20</u>	<u>14</u>	<u>–</u>
Receive services from					
Shenzhen Yingbaotong	<u>812</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Non-trade in nature:					
Advances to					
Beijing Manniu	–	1,997	146	126	–
Huanyu Technology	2,796	–	–	–	–
Mr. Li	1,257	3,727	8,806	155	–
Lucky Linkage	7	2	3	2	3
Total Best	4	2	2	2	2
Wealth Express	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>
Repayments from					
Beijing Manniu	–	360	1,783	1,342	–
Huanyu Technology	2,200	–	–	–	–
Mr. Li	<u>1,887</u>	<u>3,866</u>	<u>380</u>	<u>223</u>	<u>10,902</u>

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ACCOUNTANTS’ REPORT

(d) Balance with related parties

	As at 31 December			As at
	2019	2020	2021	30 September
	USD’000	USD’000	USD’000	2022
				USD’000
Trade in nature:				
Trade receivables from a related party				
Powerwin Tech Pte	–	449	276	7
Non-trade in nature:				
Other receivables from related parties				
Beijing Manniu	–	1,637	–	–
Huanyu Technology	2,054	–	–	–
Mr. Li	2,615	2,476	10,902	–
Lucky Linkage	7	9	12	15
Total Best	4	6	8	10
Wealth Express	3	5	7	10
	<u>4,683</u>	<u>4,133</u>	<u>10,929</u>	<u>35</u>
Dividends payable				
Lucky Linkage	–	–	3,600	778
Total Best	–	–	1,500	325
Wealth Express	–	–	900	195
	<u>–</u>	<u>–</u>	<u>6,000</u>	<u>1,298</u>

The balances with these related parties are unsecured, interest-free and have no fixed repayment terms.

All of the non-trade amounts due to related parties will be fully settled prior to the [REDACTED].

(e) Bank loans guaranteed by related parties

	As at 31 December			As at
	2019	2020	2021	30 September
	USD’000	USD’000	USD’000	2022
				USD’000
Non-trade in nature				
Bank loans guaranteed by Mr. Li or jointly guaranteed by Mr. Li and Ms. Yu or jointly guaranteed by Mr. Li, Ms. Yu, Mr. Li Nan and Huachen Interactive (note 21)				
	<u>20,111</u>	<u>24,950</u>	<u>45,789</u>	<u>23,878</u>

The directors of the Company have confirmed that, the guarantees provided by related parties will be released or replaced by corporate guarantees to be provided by the Group upon the [REDACTED]. The security provided by Mr. Li Nan through a property owned by Mr. Li Nan had been released as at 30 September 2022.

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ACCOUNTANTS’ REPORT

27 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the directors consider the immediate parent of the Group to be Common Excellence International Group Limited, which is incorporated in BVI, and the ultimate controlling party of the Company to be Mr. Li and Ms. Yu.

28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD BEGINNING ON 1 JANUARY 2022

Up to the date of this report, the HKICPA has issued a number of amendments, and new standards and interpretations which are not yet effective for the accounting period beginning on 1 January 2022 and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 17, Insurance contracts	1 January 2023
Amendments to HKAS 1, Presentation of financial statements: Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates	1 January 2023
Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of [REDACTED]. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

29 SUBSEQUENT EVENTS

On 3 March 2023, the authorized share capital of the Company was increased from USD50,000 divided into 5,000,000 shares of a par value of USD0.01 each to USD20,000,000 divided into 2,000,000,000 shares of a par value of USD0.01 each by the creation of an additional of 1,995,000,000 shares of a par value of USD0.01 each pursuant to the written resolutions passed by the then shareholders of the Company.

Pursuant to the written resolution passed by the shareholders of the Company on 3 March 2023, the directors of the Company were authorized to allot and issue [REDACTED] shares of USD0.01 each credited as fully paid at par to the shareholders by way of capitalisation of that sum standing to the credit of the share premium account of the Company. Details of the capitalisation issue are set out in the section headed “Appendix V Statutory and General Information” in the Document. As of the date of this report, these shares are not yet issued.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 30 September 2022.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022**

*The following is the preliminary financial information of our Group as of and for the year ended December 31, 2022 (the “**2022 Preliminary Financial Information**”), together with comparative figures as of and for the year ended December 31, 2021 and a discussion and analysis of our Group’s financial condition and results of operations. The 2022 Preliminary Financial Information has not been audited. [REDACTED] should bear in mind that the 2022 Preliminary Financial Information in this Appendix III may be subject to adjustments.*

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022**

2022 PRELIMINARY FINANCIAL INFORMATION

Consolidated statement of profit or loss and other comprehensive income

	<i>Note</i>	2021 <i>USD'000</i>	2022 <i>USD'000</i> <i>(unaudited)</i>
Revenue	2	14,346	16,429
Cost of sales		<u>(2,177)</u>	<u>(2,574)</u>
Gross profit		----- 12,169	----- 13,855
Marketing expenses		(785)	(605)
Administrative expenses		(3,222)	(4,712)
Expected credit losses on trade receivables	8	(158)	(295)
Other (losses)/income	3	<u>(11)</u>	<u>20</u>
Profit from operations		7,993	8,263
Finance costs	4(a)	(1,188)	(1,909)
Changes in fair value of financial assets		<u>56</u>	<u>57</u>
Profit before taxation	4	6,861	6,411
Income tax	5(a)	<u>(1,086)</u>	<u>(917)</u>
Profit for the year		----- 5,775	----- 5,494
Other comprehensive income for the year (after tax)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial information of entities not using USD as functional currency		<u>20</u>	<u>(40)</u>
Other comprehensive income for the year		----- 20	----- (40)
Total comprehensive income for the year attributable to equity shareholders of the Company		<u>5,795</u>	<u>5,454</u>
Earnings per share			
Basic and diluted (cents)	6	<u>577.46</u>	<u>549.29</u>

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022**

Consolidated statement of financial position

	<i>Note</i>	31 December 2021 USD'000	31 December 2022 USD'000 (unaudited)
Non-current assets			
Property, plant and equipment		51	30
Right-of-use assets		411	320
Intangible assets		7	41
Financial assets measured at fair value through profit or loss		1,487	1,527
Deferred tax assets		811	859
		<u>2,767</u>	<u>2,777</u>
Current assets			
Trade and other receivables	8	132,309	109,545
Cash and cash equivalents		15,422	27,716
		<u>147,731</u>	<u>137,261</u>
Current liabilities			
Trade and other payables	9	91,075	99,773
Contract liabilities		4,025	4,332
Bank loans	10	45,156	28,560
Lease liabilities		312	224
Current taxation		533	290
		<u>141,101</u>	<u>133,179</u>
Net current assets		<u>6,630</u>	<u>4,082</u>
Total assets less current liabilities		<u>9,397</u>	<u>6,859</u>
Non-current liabilities			
Bank loans	10	633	461
Lease liabilities		105	85
		<u>738</u>	<u>546</u>
Net assets		<u>8,659</u>	<u>6,313</u>
CAPITAL AND RESERVES			
Share capital		10	10
Reserves		8,649	6,303
TOTAL EQUITY		<u>8,659</u>	<u>6,313</u>

APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022

NOTES TO THE 2022 PRELIMINARY FINANCIAL INFORMATION

1 SIGNIFICANT ACCOUNTING POLICIES

The 2022 Preliminary Financial Information does not constitute the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2022 but is extracted from those financial statements.

(a) Statement of compliance

The Group’s consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Significant accounting policies adopted by the Group are disclosed in Note 2 in “Appendix I – Accountants’ Report”. There has been no change in the significant accounting policies used in preparing the consolidated financial statements for the years ended 31 December 2021 and 2022.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing these consolidated financial statements, the Group has adopted all applicable new and revised HKFRSs for the accounting period beginning on 1 January 2022. The Group has not early adopted any other new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2022. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2022 are set out in note 11.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “functional currency”). The functional currency of the Company and its subsidiaries outside Chinese mainland is US dollars (“USD”) and the functional currency of the subsidiaries in Chinese mainland is Renminbi.

As the major operations of the Group were denominated in USD, the consolidated financial statements are presented in USD, rounded to the nearest thousand unless otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial assets measured at fair value through profit or loss (“FVPL”) is stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The 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.

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022**

2 REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are the provisions of cross-border digital marketing services and cross-border online-shop SaaS solutions.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major services is as follows:

	2021 <i>USD'000</i>	2022 <i>USD'000</i> <i>(unaudited)</i>
Cross-border digital marketing services		
Standardized digital marketing	7,764	9,084
Customized digital marketing	3,827	3,883
SaaS-based digital marketing	<u>2,724</u>	<u>2,093</u>
	14,315	15,060
Cross-border online-shop SaaS solutions	<u>31</u>	<u>1,369</u>
	<u><u>14,346</u></u>	<u><u>16,429</u></u>
	2021 <i>USD'000</i>	2022 <i>USD'000</i> <i>(unaudited)</i>
Disaggregated by timing of revenue recognition		
– Point in time	14,315	15,060
– Over time	<u>31</u>	<u>1,369</u>
	<u><u>14,346</u></u>	<u><u>16,429</u></u>

There are three (unaudited) and two customers with whom transactions have exceeded 10% of the Group’s revenues for the years ended 31 December 2022 and 2021, respectively. Revenue from these customers are set out below:

	2021 <i>USD'000</i>	2022 <i>USD'000</i> <i>(unaudited)</i>
Customer I	3,325	1,760
Customer II	2,553	1,727
Customer III	N/A*	2,837

* This represents that the revenue from that customer is less than 10% of the Group’s revenue of that year.

(ii) Revenue expected to be recognised in the future arising from contracts in existence at each reporting date

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts that had an original expected duration of one year or less and does not disclose the transaction price allocated to the unsatisfied performance obligations.

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022**

(b) Segment information

For the years ended 31 December 2022 and 2021, the geographical information on the total revenue based on the location of the respective entities of the Group rendering of the services is as follows:

	2021 <i>USD'000</i>	2022 <i>USD'000</i> <i>(unaudited)</i>
Hong Kong	14,294	16,415
Chinese mainland	52	14
	<u>14,346</u>	<u>16,429</u>

Non-current assets excluding financial assets measured at fair value through profit or loss and deferred tax assets are mainly located in Chinese mainland.

3 OTHER (LOSSES)/INCOME

	2021 <i>USD'000</i>	2022 <i>USD'000</i> <i>(unaudited)</i>
Interest income	1	20
Foreign exchange loss	(12)	(10)
Other income	–	10
	<u>(11)</u>	<u>20</u>

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	2021 <i>USD'000</i>	2022 <i>USD'000</i> <i>(unaudited)</i>
Interest on bank loans	1,169	1,894
Interest on lease liabilities	19	15
	<u>1,188</u>	<u>1,909</u>

(b) Staff costs:

	2021 <i>USD'000</i>	2022 <i>USD'000</i> <i>(unaudited)</i>
Salaries, wages and other benefits	3,451	3,744
Retirement scheme contributions	176	225
	<u>3,627</u>	<u>3,969</u>

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022**

(c) **Other items:**

	2021 <i>USD'000</i>	2022 <i>USD'000</i> <i>(unaudited)</i>
Gains from changes in fair value of financial assets	(56)	(57)
[REDACTED]	[REDACTED]	[REDACTED]
Research and development costs	1,013	1,246
Amortisation cost of intangible assets	3	6
Depreciation		
– property, plant and equipment	14	19
– right-of-use assets	299	350
	<u>2,048</u>	<u>3,701</u>

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) **Taxation in the consolidated statement of profit or loss and other comprehensive income represents:**

	2021 <i>USD'000</i>	2022 <i>USD'000</i> <i>(unaudited)</i>
Current tax		
Provision for the year	<u>1,114</u>	<u>965</u>
	<u>1,114</u>	<u>965</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(28)</u>	<u>(48)</u>
	<u>1,086</u>	<u>917</u>

(b) **Reconciliation between tax expense and accounting profit at applicable tax rates:**

	2021 <i>USD'000</i>	2022 <i>USD'000</i> <i>(unaudited)</i>
Profit before taxation	<u>6,861</u>	<u>6,411</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	1,146	1,000
Tax effect of non-deductible expenses	26	14
Tax effect of non-taxable income	(9)	(13)
Statutory tax concession	<u>(77)</u>	<u>(84)</u>
Actual tax expense	<u>1,086</u>	<u>917</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022

The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021:16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first Hong Kong Dollars (“HKD”) 2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

The provision for Hong Kong Profits Tax for 2022 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2021/22 subject to a maximum reduction of HKD10,000 for each business (2021: a maximum reduction of HKD10,000 was granted for the year of assessment 2020/21 and was taken into account in calculating the provision for 2021).

The statutory income tax rate for the subsidiaries in the PRC is 25%.

6 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of USD5,454,000 (unaudited) (2021: USD5,795,000) and the weighted average of 1,000,000 shares (2021: 1,000,000 shares after adjusting for the share subdivision in 2022 (“Share Subdivision”)) in issue during the year, calculated as follows:

Weighted average number of shares

	2021	2022
	<i>USD’000</i>	<i>USD’000</i>
		<i>(unaudited)</i>
Issued shares at 1 January	10,000	10,000
Effect of the Share Subdivision	990,000	990,000
	1,000,000	1,000,000
Weighted average number of shares at 31 December	1,000,000	1,000,000

The basic earnings per share has not taken into account the proposed [REDACTED] pursuant to the resolutions of the shareholders passed on 3 March 2023, because the proposed [REDACTED] has not become effective yet.

There were no dilutive potential ordinary shares for the years ended 31 December 2022 and 2021; therefore, diluted earnings per share are equivalent to basic earnings per share.

7 DIVIDENDS

A dividend of USD7,800,000 (USD7.80 per share, divided by 1,000,000 shares after Share Subdivision) (2021: USD6,000,000 (USD600 per share, divided by 10,000 shares before Share Subdivision)) was declared by the Company for the year ended 31 December 2022. As at 31 December 2022, dividends payable of USD12,502,000 had been settled, and the remaining dividends payable of USD1,298,000 will be settled prior to the [REDACTED] of the Company’s shares on the Stock Exchange (the “[REDACTED]”).

8 TRADE AND OTHER RECEIVABLES

	31 December	31 December
	2021	2022
	<i>USD’000</i>	<i>USD’000</i>
		<i>(unaudited)</i>
Trade receivables-third parties	125,321	113,212
Trade receivables-a related party	276	–
	125,597	113,212
Less: loss allowance on trade receivables	(4,894)	(5,189)
	120,703	108,023
Amounts due from related parties	10,929	33
Amounts due from third parties	677	1,489
	132,309	109,545

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
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All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group has entered into certain factoring arrangements with a bank on a with-recourse basis, under which the Group obtained prepayment in respect of the invoice amounts owed from certain customers. Under these arrangements, the banks pay the Group agreed portion of the amounts owed from the customers on the original due dates, and then the Group settles the prepayment 60 days later.

As at 31 December 2022, the amount of trade receivables under factoring arrangements was USD27,088,000 (unaudited) (2021: USD51,672,000).

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date, is as follows:

	31 December 2021	31 December 2022
	<i>USD'000</i>	<i>USD'000</i> (unaudited)
Within 1 month	27,986	44,696
Over 1 month but within 2 months	46,166	31,431
Over 2 months but within 3 months	19,657	6,618
Over 3 months but within 6 months	18,498	8,669
Over 6 months but within 12 months	4,422	8,050
Over 12 months	8,868	13,748
	<u>125,597</u>	<u>113,212</u>

Trade debtors are due within 30 to 90 days (2021: 30 to 90 days) from the date of billing.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2021	2022
	<i>USD'000</i>	<i>USD'000</i> (unaudited)
Balance at 1 January	4,736	4,894
Expected credit losses recognized during the year	<u>158</u>	<u>295</u>
Balance at 31 December	<u>4,894</u>	<u>5,189</u>

9 TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2022
	<i>USD'000</i>	<i>USD'000</i> (unaudited)
Trade payables – third parties	84,442	96,986
VAT and other taxes payable	86	32
Payroll payable	339	280
Other payables and accruals	208	1,177
Dividends payable	<u>6,000</u>	<u>1,298</u>
	<u>91,075</u>	<u>99,773</u>

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022**

All trade and other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

The dividends payable as at 31 December 2022 will be settled prior to the [REDACTED].

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	31 December 2021	31 December 2022
	<i>USD'000</i>	<i>USD'000</i> (<i>unaudited</i>)
Within 1 month	37,013	46,955
Over 1 month but within 3 months	47,429	50,031
	<u>84,442</u>	<u>96,986</u>

10 BANK LOANS

(a) The analysis of the repayment schedule of bank loans is as follows:

	31 December 2021	31 December 2022
	<i>USD'000</i>	<i>USD'000</i> (<i>unaudited</i>)
Within 1 year or on demand	45,156	28,560
After 1 year but within 2 years	172	172
After 2 years but within 5 years	445	289
After 5 years	16	–
Sub-total	<u>633</u>	<u>461</u>
Total	<u>45,789</u>	<u>29,021</u>

(b) Assets pledged as security and covenants for bank loans

As at 31 December 2022 and 2021, the bank loans were secured as follows:

	31 December 2021	31 December 2022
	<i>USD'000</i>	<i>USD'000</i> (<i>unaudited</i>)
Secured bank loans	<u>45,789</u>	<u>29,021</u>

At 31 December 2022, bank loans of USD635,000 (unaudited) (2021: USD807,000) were jointly guaranteed by Mr. Li, Ms. Yu and secured by financial assets measured at fair value through profit or loss were pledged for the insurance policy loans.

At 31 December 2022, bank loans of USD22,350,000 (unaudited) (2021: USD35,474,000) were guaranteed by Mr. Li and Ms. Yu and were secured by trade receivables according to the factoring arrangements (see note 8).

APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022

At 31 December 2022, bank loans of USD6,036,000 (unaudited) (2021: USD9,508,000) were guaranteed by Mr. Li and Ms. Yu.

All of the Group’s banking facilities are subject to the fulfilment of covenants relating to certain of the Group’s balance sheet ratios, as are commonly found in lending 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 2022, none of the covenants relating to draw-down banking facilities had been breached.

11 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022

The HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in the Group’s consolidated financial statements for the year ended 31 December 2022. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 17, <i>Insurance contracts</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements</i> and HKFRS Practice Statement 2, <i>Making materiality judgements: Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Income taxes: Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of [REDACTED]. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

BUSINESS REVIEW AND OUTLOOK

We are a cross-border digital marketing service provider in China ranking third by gross billing in 2021 for cross-border e-commerce with a market share of 6.2%. According to Frost & Sullivan, we were also the fourth largest cross-border digital marketing service provider in China with a market share of 2.7% by gross billing in 2021. Over the years, we have been dedicated to empowering China-based marketers in user acquisition to better promote and connect themselves to customers worldwide while collaborating with major and well-known media publishers in helping them explore monetization opportunities. Our cross-border digital marketing services consist of standardized, customized and SaaS-based solutions to address China-based marketers’ needs for cross-border marketing endeavors. We also provide cross-border online-shop SaaS solutions which enables cross-border e-commerce merchants to build, operate, manage and market their own standalone online shops.

By leveraging our strong ties with both marketers and media publishers, our industry insight and caliber and our SaaS and data analytical capabilities, our revenue increased to US\$16.4 million in 2022 from US\$14.3 million in 2021.

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
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Going forward, we plan to implement strategies as follows to further expand our business and strengthen our competitive advantages and industry position:

- continue to optimize and upgrade our Adorado and Powershopy platforms;
- expand marketer coverage, broaden sales channels, and enhance brand reputation;
- establish our global business network and strengthen our capabilities to provide localization services in overseas markets; and
- selectively seek opportunities for strategic cooperation and investment.

Since December 31, 2022 and up to the date of this document, both our cross-border digital marketing and cross-border online-shop SaaS solutions businesses continued to grow, and, to the best of our knowledge, there is no change to the overall economic and market condition in China or in the industries in which we operate that may have a material adverse effect on our results of operations and financial position.

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS
AND FINANCIAL CONDITION**

**Description of Selected Consolidated Statement of Profit or Loss and Other
Comprehensive Income Line Items**

The following table sets forth selected consolidated statement of profit or loss and other comprehensive income items for the year indicated:

	Year ended December 31,	
	2021	2022
	<i>(US\$'000)</i>	<i>(US\$'000)</i>
		<i>(unaudited)</i>
Revenue	14,346	16,429
Cost of sales	<u>(2,177)</u>	<u>(2,574)</u>
Gross profit	<u>12,169</u>	<u>13,855</u>
Marketing expenses	(785)	(605)
Administrative expenses	(3,222)	(4,712)
Expected credit losses on trade receivables	(158)	(295)
Other (losses)/ income	<u>(11)</u>	<u>20</u>

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
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	Year ended December 31,	
	2021	2022
	(US\$'000)	(US\$'000)
		(unaudited)
Profit from operations	7,993	8,263
Finance costs	(1,188)	(1,909)
Changes in fair value of financial assets	56	57
	<u> </u>	<u> </u>
Profit before taxation	6,861	6,411
Income tax	(1,086)	(917)
	<u> </u>	<u> </u>
Profit for the year	<u>5,775</u>	<u>5,494</u>

Non-HKFRS Measure

To supplement our consolidated financial statements which are presented in accordance with the HKFRSs, we also present adjusted profit for the year (non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with the HKFRSs. Our adjusted profit for the year (non-HKFRS measure) represents our profit for the year after adjustment for adding back the [REDACTED]. [REDACTED] represented the professional service fees we incurred in connection with the [REDACTED]. We believe that adjusted profit for the year (non-HKFRS measure) provides useful information to [REDACTED] and others in understanding and evaluating the profitability of our business operation. However, our presentation of the adjusted profit for the year (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The adjusted profit for the year (non-HKFRS measure) is presented herein as an analytical tool for illustrative purposes only, and should not be considered in isolation from, or as a substitute for analysis of, our financial results as reported under the HKFRSs.

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
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The following table reconciles our adjusted profit for the year (non-HKFRS measure) for the years indicated:

	Year ended December 31,	
	2021	2022
	<i>(US\$'000)</i>	<i>(US\$'000)</i>
		<i>(unaudited)</i>
Profit for the year	5,775	5,494
Add		
[REDACTED] related to the		
[REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Adjusted profit for the year		
(non-HKFRS measure)	<u>6,550</u>	<u>7,631</u>

Year to Year Comparison

Revenue

Our revenue increased by 14.7% to US\$16.4 million in 2022 from US\$14.3 million in 2021, primarily attributable to the increase in our revenue from both cross-border digital marketing services and cross-border online-shop SaaS solutions.

Revenue from cross-border digital marketing

- *Standardized digital marketing.* Revenue from standardized digital marketing services increased by 16.7% to US\$9.1 million in 2022 from US\$7.8 million in 2021. Notwithstanding the decrease in our gross billing in 2022 as compared to 2021 primarily due to the resurgence of COVID-19 in China in 2022, we had an increase in revenue of our standardized digital marketing services in 2022 as compared to 2021 as a result of the increase in Average Rebate Rate. The increase in Average Rebate Rate in 2022 as compared to 2021 was primarily attributable to the higher Average Rebate Rate in the fourth quarter of 2022. Our marketers increased their marketing spending in the fourth quarter of 2022 when the PRC government relaxed or eliminated most COVID-19 related protective measures, which subsequently, led to the increase in our gross spending with media publishers and made it easier for us to outperform relevant KPIs and achieve a higher rebate rate in the fourth quarter of 2022.
- *Customized digital marketing.* Revenue from customized digital marketing services was US\$3.9 million in 2022 which remained relatively stable as compared to its revenue of US\$3.8 million in 2021.

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
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- *SaaS-based digital marketing.* Revenue from SaaS-based digital marketing services decreased by 22.2% to US\$2.1 million in 2022 from US\$2.7 million in 2021. This decrease was mainly due to a decrease in the service fee rate adopted for SaaS-based digital marketing with respect to Marketer A in 2022 as compared to 2021.

Revenue from cross-border online-shop SaaS solutions

Revenue from cross-border online-shop SaaS solutions, which we commenced to provide in November 2021, significantly increased to US\$1.4 million in 2022 from US\$31,000 in 2021.

Cost of sales

Our cost of sales increased to US\$2.6 million in 2022 from US\$2.2 million in 2021, which was in line with our expansion of business scale. This increase was primarily attributable to an increase in our staff cost as a result of the increase in the number of our research and development staff (especially for the development of our cross-border online-shop SaaS solutions business) and an increase in our server cost primarily for cross-border online-shop SaaS solutions business, partially offset by a decrease in outsourcing cost for research and development as we utilized our internal manpower instead.

Gross profit and gross profit margin

Our gross profit increased to US\$13.9 million in 2022 from US\$12.2 million in 2021. The increase was primarily due to the increase in our revenue from cross-border online-shop SaaS solutions and standardized digital marketing services. Our overall gross profit margin decreased slightly to 84.3% in 2022 from 84.8% in 2021 which was mainly due to the decrease in our gross profit margin of SaaS-based digital marketing services as a result of the decrease in the service fee rate adopted with respect to Marketer A in 2022 as compared to 2021.

Marketing expenses

Our marketing expenses decreased to US\$0.6 million in 2022 from US\$0.8 million in 2021. This decrease was primarily due to our sales and marketing personnel structure optimization in 2022.

Administrative expenses

Our administrative expenses increased to US\$4.7 million in 2022 from US\$3.2 million in 2021, primarily due to the [REDACTED] of US\$[REDACTED] incurred in 2022 whilst only US\$[REDACTED] of such expenses were incurred in 2021.

Expected credit losses on trade receivables

Our expected credit losses on trade receivables increased to US\$0.3 million in 2022 from US\$0.2 million in 2021.

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
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Finance costs

Our finance costs increased to US\$1.9 million in 2022 from US\$1.2 million in 2021. This increase was primarily due to an increase of interest on bank loans of US\$0.7 million mainly attributable to an increase in market interest rate in 2022 primarily triggered by a series of interest rate hikes by the Federal Reserve of the United States over the course of 2022.

Income tax expense

Our income tax expenses were US\$0.9 million in 2022 as compared to US\$1.1 million in 2021. Our effective income tax rate was 15.8% and 14.3% in 2021 and 2022, respectively.

Profit for the year

As a result of the foregoing, our profit for the year decreased to US\$5.5 million in 2022 from US\$5.8 million in 2021. Despite an increase in revenue and gross profit over the period, our net profit margin decreased to 33.4% in 2022 from 40.3% in 2021 primarily due to an increase in administrative expenses, in particular, the [REDACTED].

Discussion of Selected Consolidated Statement of Financial Position Items

Net Current Assets

	As of December 31,	
	2021	2022
	<i>(US\$'000)</i>	<i>(US\$'000)</i>
		<i>(unaudited)</i>
Current assets		
Trade and other receivables	132,309	109,545
Cash and cash equivalents	15,422	27,716
	147,731	137,261
	147,731	137,261
Current liabilities		
Trade and other payables	91,075	99,773
Contract liabilities	4,025	4,332
Bank loans	45,156	28,560
Lease liabilities	312	224
Current taxation	533	290
	141,101	133,179
	141,101	133,179
Net current assets	6,630	4,082

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
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Our net current assets decreased to US\$4.1 million as of December 31, 2022 from US\$6.6 million as of December 31, 2021. This decrease was primarily due to a decrease in trade and other receivables of US\$22.8 million which was mainly attributable to (i) a decrease in trade receivables which was primarily due to our accelerated collection of payments from customers, and (ii) a decrease in amounts due from related parties as such amounts from Mr. Li were settled by way of a set-off against the dividend payables to Mr. Li pursuant to a set-off arrangement as agreed by our Company and our Controlling Shareholders. Such decrease in trade and other receivables was partially offset by a decrease in bank loans of US\$16.6 million which was primarily because our demand for bank loans decreased along with our accelerated settlement of trade receivables from marketers and the decrease in our gross spending with media publishers.

Trade and other receivables

The following table sets forth the breakdown of trade and other receivables as of the dates indicated:

	As of December 31,	
	2021	2022
	<i>(US\$'000)</i>	<i>(US\$'000)</i>
		<i>(unaudited)</i>
Trade receivables-third parties	125,321	113,212
Trade receivables-a related party	276	–
	<u>125,597</u>	<u>113,212</u>
Less: loss allowance on trade receivables	(4,894)	(5,189)
	<u>120,703</u>	<u>108,023</u>
Amounts due from related parties	10,929	33
Amounts due from third parties	677	1,489
	<u>132,309</u>	<u>109,545</u>

Trade receivables

Our trade receivables decreased to US\$113.2 million as of December 31, 2022 from US\$125.6 million as of December 31, 2021, primarily due to our accelerated collection and settlement of trade receivables from our marketers.

Other receivables

Our other receivables decreased to US\$1.5 million as of December 31, 2022 from US\$11.6 million as of December 31, 2021, primarily due to the decrease of US\$10.9 million in other receivables due from Mr. Li, partially offset by an increase in our [REDACTED].

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Trade and other payables

The following table sets forth the breakdown of trade and other payables as of the dates indicated:

	As of December 31,	
	2021	2022
	<i>(US\$'000)</i>	<i>(US\$'000)</i>
		<i>(unaudited)</i>
Trade payables – third parties	84,442	96,986
VAT and other taxes payable	86	32
Payroll payable	339	280
Other payables and accruals	208	1,177
Dividends payable	6,000	1,298
	<u>91,075</u>	<u>99,773</u>

Our trade and other payables increased to US\$99.8 million as of December 31, 2022 from US\$91.1 million as of December 31, 2021, primarily due to an increase in trade payables of US\$12.5 million as a result of an increase in our gross spending with media publishers in the fourth quarter of 2022 as compared to the same period in 2021. Such increase in gross spending with media publishers was primarily because our marketers increased their marketing spending in the fourth quarter of 2022 when the PRC government relaxed or eliminated most COVID-19 related protective measures, which subsequently, led to the increase in our gross spending with media publishers.

Indebtedness

Our indebtedness consist of bank loans and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,	
	2021	2022
	<i>(US\$'000)</i>	<i>(US\$'000)</i>
		<i>(unaudited)</i>
<i>Current</i>		
Bank loans	45,156	28,560
Lease liabilities	312	224
	<u>45,468</u>	<u>28,784</u>
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	As of December 31,	
	2021	2022
	<i>(US\$'000)</i>	<i>(US\$'000)</i>
		<i>(unaudited)</i>
<i>Non-current</i>		
Bank loans	633	461
Lease liabilities	105	85
	<u>738</u>	<u>546</u>
Total	<u>46,206</u>	<u>29,330</u>

We had bank loans of US\$45.8 million and US\$29.0 million as of December 31, 2021 and 2022, respectively, which were primarily used for supporting the growth of our business expansion and development.

We had lease liabilities of US\$0.4 million and US\$0.3 million as of December 31, 2021 and 2022, respectively, which were primarily in relation to the properties we leased in the PRC as our offices.

Key Financial Ratios

The following table sets forth certain financial ratios relating to our Group as of the dates or for the periods indicated:

	As of/For the year ended	
	December 31,	
	2021	2022
		<i>(unaudited)</i>
Current ratio ⁽¹⁾	1.05	1.03
Return on equity ⁽²⁾	66.7%	87.0%
Return on total assets ⁽³⁾	3.8%	3.9%
Gearing ratio ⁽⁴⁾	528.8%	459.7%
Debt to equity ratio ⁽⁵⁾	350.7%	20.7%
Gross profit margin ⁽⁶⁾	84.8%	84.3%
Net profit margin ⁽⁷⁾	40.3%	33.4%

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
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Notes:

- (1) Current ratio is calculated by dividing total current assets by total current liabilities as of the date indicated.
- (2) Return on equity is calculated by dividing profit for the year by the closing balance of total equity for the relevant year and multiplied by 100%.
- (3) Return on total assets is calculated by dividing profit for the year by the closing balance of total assets for the relevant year and multiplied by 100%.
- (4) Gearing ratio is calculated by dividing total borrowings by total equity as of the date indicated and multiplied by 100%.
- (5) Debt to equity ratio is calculated by dividing total borrowings net of cash and cash equivalents by total equity as of the date indicated and multiplied by 100%.
- (6) Gross profit margin is calculated by dividing gross profit by total revenue for the relevant year.
- (7) Net profit margin is calculated by dividing profit for the year by total revenue for the relevant year.

Current Ratio

Our current ratio was 1.05 times and 1.03 times as of December 31, 2021 and 2022, respectively.

Return on Equity

Our return on equity increased from 66.7% in 2021 to 87.0% in 2022, primarily due to a decrease in total equity as we declared dividend in January 2022.

Return on Total Assets

Our return on total assets remained relatively stable at 3.8% in 2021 and at 3.9% in 2022.

Gearing Ratio

Our gearing ratio decreased from 528.8% as of December 31, 2021 to 459.7% as of December 31, 2022, primarily due to a decrease in balances of bank loans, despite a decrease in total equity as we declared dividend in January 2022.

Debt to Equity Ratio

Our debt to equity ratio significantly decreased from 350.7% as of December 31, 2021 to 20.7% as of December 31, 2022, primarily due to a decrease in balances of bank loans and an increase in cash and cash equivalents as a result of the accelerated settlement of trade receivables from our marketers, despite a decrease in total equity as we declared dividend in January 2022.

**APPENDIX III UNAUDITED PRELIMINARY FINANCIAL INFORMATION
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Gross Profit Margin and Net Profit Margin

For the discussion on the changes of our gross profit margins and net profit margins, see “– Management’s Discussion and Analysis of Results of Operations and Financial Condition – Year to Year Comparison.”

DISCLOSURE ABOUT MARKET RISK

See “Financial Information – Financial Risks” for further information.

CODE ON CORPORATE GOVERNANCE PRACTISES

Since we were not yet [REDACTED] on the Stock Exchange during the year ended December 31, 2022, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules was not applicable to us during such period. After the [REDACTED], save as disclosed in “Directors and Senior Management – Corporate Governance”, we will comply with all the code provisions set forth in the Corporate Governance Code.

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

The unaudited financial information in respect of our consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in the section headed “2022 Preliminary Financial Information” in this Appendix III of this document have been agreed by the reporting accountants of our Company to the amounts set out in our draft consolidated financial statements for the year ended December 31, 2022, following their work under Practice Note 730 (Revised) “Guidance for Auditors Regarding Preliminary Announcement of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants. The work performed by the reporting accountants of our Company in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the reporting accountants of our Company on the 2022 Preliminary Financial Information.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY’S SHARES

Since we were not yet [REDACTED] on the Stock Exchange during the year ended December 31, 2022, this disclosure requirement is not applicable to us.

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SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on March 3, 2023 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix VI in the section headed "Documents on Display".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on March 3, 2023 and include provisions to the following effect:

2.1 *Directors*

(a) Power to allot and issue Shares

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

(b) Power to dispose of the assets of the Company or any subsidiary

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(c) Compensation or payment for loss of office

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

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(d) Loans to Directors

There are no provisions in the Articles of Association relating to making of loans to Directors.

(e) Financial assistance to purchase Shares

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity 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 any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

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- (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 any of his close associates 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:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such 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 any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's 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 their remuneration as a Director.

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(h) Retirement, appointment and removal

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

- (i) the Director gives notice in writing to the Company that he resigns the office of Director;
- (ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;
- (iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (iv) the Director is found to be or becomes of unsound mind; or
- (v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

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At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

2.2 *Alteration to constitutional documents*

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.3 *Variation of rights of existing shares or classes of shares*

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorised representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

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2.4 Alteration of capital

The Company may by ordinary resolution:

- (a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the [REDACTED] of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company’s benefit;
- (c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and
- (d) cancel any shares that at the date of the passing of the ordinary 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.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Companies Act.

2.5 Special resolution – majority required

A “special resolution” is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been

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duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean 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 corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.6 *Voting rights*

Subject to any rights or restrictions attached to any shares, at any general meeting (a) every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have the right to speak; (b) on a show of hands every member present in any such manner shall have one vote; and (c) on a poll every member present in such manner shall have one vote for every share of which he is the holder.

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, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

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At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general 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 pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which that person represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.7 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting for each financial year, to be held within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. The annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the

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requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

2.8 *Accounts and audit*

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act or authorised by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law.

2.9 *Auditors*

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

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2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which 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. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place, the day and the hour of the meeting, particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

- (a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and
- (b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

- (a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

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- (b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and
- (c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard form of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and

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- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (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).

2.12 Power of the Company to purchase its own shares

Subject to the provisions of the Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorised by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorise payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realised or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

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The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company 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 Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct.

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Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorised representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

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The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

2.16 Calls on shares and forfeiture of shares

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

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A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

2.17 Inspection of register of members

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. The Directors may, on giving 10 business days' notice (or 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (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).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorised representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorised representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

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2.20 Procedure on liquidation

Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

- (a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;
- (b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, given notice of

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its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The [REDACTED] of any such sale shall belong to the Company and upon receipt by the Company of such [REDACTED] it shall become indebted to the former member for an amount equal to such [REDACTED].

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 7, 2019 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is 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 size of its authorised share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a 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:

- (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;

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- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

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.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, 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, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, 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 shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. 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 member of the company holding shares. 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.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

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4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands 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 into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands 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.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

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8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

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.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of 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.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act 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.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

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12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is 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 shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

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15 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% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand 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 shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- (a) is or is likely to become unable to pay its debts; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

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18 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

19 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

20 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company;
or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

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 certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

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21 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

22 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in "Documents Delivered to the Registrar of Companies and Documents on Display – Documents on Display" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

We were incorporated in the Cayman Islands under Cayman Companies Act as an exempted company with limited liability on June 7, 2019. We have established a principal place of business in Hong Kong at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong, and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on February 28, 2022. Ms. Lam Wing Chi has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As we were incorporated in the Cayman Islands, our operations are subject to the Cayman Companies Act and to the Memorandum and Articles of Association. A summary of certain aspects of the Cayman Islands company law and a summary of certain provisions of the Memorandum and Articles of Association are set forth in “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix IV.

2. Changes in the Share Capital of Our Company

On the date of incorporation of our Company, our Company had an authorized share capital of US\$50,000, divided into 50,000 shares in our Company with a par value of US\$1.00 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this document:

- On June 7, 2019, one nil-paid share in our Company was allotted and issued to the initial subscriber, and such share was subsequently transferred at par value to and paid up by Lucky Linkage, a company wholly-owned by Ms. Yu on June 7, 2019. On the same day, 5,999, 2,500 and 1,500 shares in our Company were allotted and issued at par value to each of Lucky Linkage, Total Best and Wealth Express, respectively.
- On January 14, 2022, our Company underwent a subdivision of shares in our Company whereby each issued and unissued share of nominal value of US\$1.00 each in our Company’s authorized share capital was subdivided into 100 Shares of US\$0.01 each, such that immediately following such Share Subdivision, our Company’s authorized share capital was US\$50,000 divided into 5,000,000 Shares.
- On March 3, 2023, the authorized share capital of our Company was increased from US\$50,000 divided into 5,000,000 Shares of a par value of US\$0.01 each to US\$20,000,000 divided into 2,000,000,000 Shares of a par value of US\$0.01 each

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by the creation of an additional of 1,995,000,000 Shares of a par value of US\$0.01 each pursuant to the written resolutions passed by the then shareholders of our Company referred to in “– Resolutions in Writing of the Shareholders Passed on March 3, 2023”.

Save as disclosed above and in this document, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

In addition, the following change in the share capital of our Company will take place after the date of this document:

- Assuming that the [REDACTED] becomes unconditional, immediately following the completion of the [REDACTED] and the [REDACTED] but without taking into account any Shares which may be issued upon the exercise of the [REDACTED], the issued share capital of our Company upon [REDACTED] will be [REDACTED], divided into [REDACTED] Shares, all fully paid or credited as fully paid.

3. Resolutions in Writing of the Shareholders Passed on March 3, 2023

On March 3, 2023, resolutions in writing were passed by our Shareholders pursuant to which, among other things:

- (a) our Company conditionally approved and adopted the Memorandum and Articles of Association with effect upon the [REDACTED], the terms of which are summarized in Appendix IV;
- (b) the authorized share capital of our Company was increased from US\$50,000 divided into 5,000,000 Shares of a par value of US\$0.01 each to US\$20,000,000 divided into 2,000,000,000 Shares of a par value of US\$0.01 each by the creation of an additional of 1,995,000,000 Shares of a par value of US\$0.01 each, each ranking *pari passu* with the Shares then in issue in all respects;
- (c) conditional on all the conditions set out in “Structure of the [REDACTED]” being fulfilled or waived on or before such dates and times:
 - (i) the [REDACTED] and the grant of the [REDACTED] were approved and our Directors were authorized to allot and issue [REDACTED] pursuant to the [REDACTED] and such number of Shares as may be required to be allotted and issued upon the exercise of the [REDACTED];
 - (ii) the [REDACTED] was approved and our Directors, or a committee of Directors duly authorized by our Directors or the authorized signatory, were authorized to implement the [REDACTED];

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- (iii) conditional on the share premium account of our Company being credited as a result of the issue of [REDACTED] under the [REDACTED], our Directors were authorized to [REDACTED], standing to the credit of the share premium account of our Company by applying that sum in paying up in full [REDACTED] Shares for allotment and issue to the holders of Shares whose names appear on the register of members of our Company at the close of business on the business day immediately preceding the [REDACTED] in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholding in our Company and so that the Shares be allotted and issued shall rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorized to give effect to such [REDACTED];

- (iv) subject to the lock-up undertaking given by our Company pursuant to Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to our Directors pursuant to the Memorandum and Articles of Association 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 whether during or after the end of the Relevant Period (as defined below), provided that the aggregate number of Shares allotted or agreed to be allotted by our Directors other than pursuant to (i) a rights issue, (ii) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares in accordance with the Memorandum and Articles of Association, or pursuant to the exercise of rights of subscription or conversion attaching to any warrants of our Company or any securities which are convertible into Shares, or pursuant to the exercise of the [REDACTED] or any options that may be granted under the [REDACTED] or the [REDACTED], or (iii) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:
 - (a) 20% of the total number of Shares in issue immediately following the completion of the [REDACTED] and the [REDACTED] (excluding any Shares which may be issued under the [REDACTED]); and
 - (b) the total number of Shares repurchased by our Company (if any) pursuant to the Repurchase Mandate (as defined 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 and (iii) the date on which the mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting (the "**Relevant Period**");

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- (v) a general unconditional mandate (the “**Repurchase 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 [REDACTED] (and which is recognized by the SFC and the Stock Exchange for this purpose) not exceeding in aggregate 10% of the total number of Shares in issue immediately following the completion of the [REDACTED] and the [REDACTED] (excluding any Shares which may be issued under the [REDACTED]) in accordance with all applicable laws and the requirements of the Listing Rules, such mandate to remain in effect during the Relevant Period; and
- (vi) the extension of the general mandate to allot, issue and deal with Shares pursuant to sub-paragraph (iv) above by the addition of such Shares repurchased by our Company (if any) pursuant to sub-paragraph (v) above.

4. Our Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the [REDACTED]. For further details, see “History, Reorganization and Corporate Structure.”

5. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are referred to in the Accountants’ Report, the text of which is set forth in Appendix I to this document. Save for the subsidiaries mentioned in the Accountants’ Report, we do not have any other subsidiaries.

Save as disclosed in “History, Reorganization and Corporate Structure – Reorganization,” there have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

6. Repurchases of Our Own Securities

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies [REDACTED] on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) *Shareholders’ Approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary [REDACTED] 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.

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Pursuant to a resolution passed by our then Shareholders on March 3, 2022, a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be [REDACTED] and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate number of the Shares in issue immediately following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Act or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of Hong Kong and the Cayman Islands.

A [REDACTED] 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 trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of the profits of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the Cayman Companies Act, a repurchase may also be made out of capital.

(iii) Trading Restrictions

The total number of shares which a [REDACTED] 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 the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a [REDACTED] 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 [REDACTED] on the Stock Exchange. The Listing Rules also prohibit a [REDACTED] company from repurchasing its securities if the repurchase would result in the number of [REDACTED] securities which are in the

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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.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically [REDACTED] and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of Repurchase

A [REDACTED] company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been 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 [REDACTED] 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 [REDACTED] 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 [REDACTED] 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 [REDACTED] company has breached the Listing Rules.

(vi) 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 [REDACTED] 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.

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(vii) Core Connected Persons

A [REDACTED] company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to the company.

(b) 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 the 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 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 Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its 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 document) 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.

(d) General

The exercise in full of the repurchase mandate, on the basis of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] and the [REDACTED] and assuming the [REDACTED] is not exercised, could accordingly result in up to approximately [REDACTED] Shares being repurchased by our Company during the period prior to:

- (i) the conclusion of our next annual general meeting;

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- (ii) the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or
- (iii) the date when the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

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 or 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, 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 Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of interest, 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 falling below 25% of the total number of Shares in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange has agreed to waive the requirement regarding the [REDACTED] 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 [REDACTED] as prescribed under the Listing Rules.

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B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts:

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this document which are or may be material:




- (a) an equity transfer agreement (股權轉讓協議) dated December 29, 2021 entered into between Powerwin Media and Beijing Yingli, pursuant to which, Powerwin Media transferred its entire equity interest in Powerwin Shenzhen to Beijing Yingli at a consideration of RMB851,436.58;
- (b) an equity transfer agreement (股權轉讓協議) dated January 19, 2022 entered into between Powerwin Media and Beijing Yingli, pursuant to which, Powerwin Media transferred its entire equity interest in Beijing Dingli to Beijing Yingli at a consideration of RMB1,350,181.14;
- (c) the Deed of Indemnity;
- (d) the Deed of Non-competition; and
- (e) the [REDACTED].

2. Intellectual Property Rights of our Group
















As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

Number	Trademark	Registration number	Class	Registered owner	Place of registration	Expiry date
1.		305497877	41, 42	Powerwin Media	Hong Kong	January 4, 2031
2.		40202100277U	35	Powerwin Media	Singapore	January 4, 2031
3.		40202100287R	41	Powerwin Media	Singapore	January 4, 2031







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Number	Trademark	Registration number	Class	Registered owner	Place of registration	Expiry date
4.		40202100288P	42	Powerwin Media	Singapore	January 4, 2031
5.		305634027	35, 42	Powerwin Media	Hong Kong	May 23, 2031
6.		40202112002T	42	Powerwin Media	Singapore	May 22, 2031
7.		40202112001Y	35	Powerwin Media	Singapore	May 22, 2031
8.		018476563	35, 42	Powerwin Media	European Union	May 22, 2031
9.		018486830	35, 41, 42	Powerwin Media	European Union	June 8, 2031
10.		305652207	35, 41, 42	Powerwin Media	Hong Kong	June 8, 2031
11.		56755966	42	Powerwin Media	PRC	December 27, 2031
12.		56769637	41	Powerwin Media	PRC	January 13, 2032
13.		56777047	35	Powerwin Media	PRC	March 20, 2032
14.		40202113546T	42	Powerwin Media	Singapore	June 8, 2031
15.		40202113541P	35	Powerwin Media	Singapore	June 8, 2031
16.		40202113545U	41	Powerwin Media	Singapore	June 8, 2031
17.		40202113547X	35	Powerwin Media	Singapore	June 8, 2031
18.		40202113548V	41	Powerwin Media	Singapore	June 8, 2031

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Number	Trademark	Registration number	Class	Registered owner	Place of registration	Expiry date
19.	 动力商城	40202113549S	42	Powerwin Media	Singapore	June 8, 2031
20.		5544378	35	Powerwin Media	USA	August 20, 2028
21.		304325724	35	Powerwin Media	Hong Kong	November 5, 2027
22.		40202116641T	35	Powerwin Media	Singapore	July 14, 2031
23.		40202116640Y	42	Powerwin Media	Singapore	July 14, 2031
24.		UK00003668358	35, 42	Powerwin Media	UK	July 14, 2031
25.		305686543	35, 42	Powerwin Media	Hong Kong	July 13, 2031
26.		305798198	41, 42	Powerwin Media	Hong Kong	November 10, 2031
27.		305798206	35, 41, 42	Powerwin Media	Hong Kong	November 10, 2031
28.		305798215	35, 41, 42	Powerwin Media	Hong Kong	November 10, 2031

As of the Latest Practicable Date, we have applied for the registration of the following trademarks:

No.	Trademark	Type and class	Applicant	Place of registration	Application number	Application date
1.		35	Powerwin Media	USA	90441114	December 31, 2020
2.		41	Powerwin Media	USA	90441108	December 31, 2020
3.		42	Powerwin Media	USA	90441102	December 31, 2020
4.		35	Powerwin Media	USA	90731078	May 24, 2021
5.		42	Powerwin Media	USA	90731146	May 24, 2021
6.		35	Powerwin Media	USA	90763295	June 9, 2021

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No.	Trademark	Type and class	Applicant	Place of registration	Application number	Application date
7.	 POWERSHOPY	41	Powerwin Media	USA	90763290	June 9, 2021
8.	 动力商城	35	Powerwin Media	PRC	56774256	June 8, 2021
9.	 动力商城	35	Powerwin Media	USA	90827277	July 14, 2021
10.	 动力商城	41	Powerwin Media	USA	90827274	July 14, 2021
11.	 动力商城	42	Powerwin Media	USA	90827271	July 14, 2021
12.		35	Powerwin Media	USA	90827300	July 14, 2021
13.		42	Powerwin Media	USA	90827281	July 14, 2021

(b) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which are material to our business:

No.	Domain name	Registrant	Registration date	Expiry date
1	winkee.net	Powerwin Shenzhen	June 6, 2006	June 6, 2026
2	empowerservice.cn	Powerwin Shenzhen	March 26, 2012	March 26, 2024
3	empowercloud.cn	Powerwin Shenzhen	July 6, 2011	July 6, 2024
4	empowerwin.com	Powerwin Shenzhen	July 6, 2011	July 6, 2024
5	winkee.cn	Powerwin Shenzhen	June 6, 2006	June 6, 2026
6	empowersource.cn	Powerwin Shenzhen	July 6, 2011	July 6, 2024
7	empowerservice.com.cn	Powerwin Shenzhen	March 26, 2012	March 26, 2024
8	empowercloud.com.cn	Powerwin Shenzhen	July 6, 2011	July 6, 2024
9	winkee.com	Powerwin Shenzhen	December 15, 2004	December 16, 2024

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(c) Software Copyrights

As of the Latest Practicable Date, we have registered the following software copyrights which are material to our business:

No.	Title of software copyright	Version	Applicant	Registration number	Place of registration	Registration date
1	Adorado SMB Management Platform (Adorado SMB管理平台)	V3.0	Powerwin Media	2022SR0031410	PRC	January 6, 2022
2	Adorado Business Efficiency Improvement Management System (Adorado 商用提效工具管理系統)	V3.0	Powerwin Media	2022SR0132308	PRC	January 20, 2022
3	Adorado Advertisement Data Management System (Adorado 廣告數據管理系統)	V3.3	Powerwin Media	2022SR0031408	PRC	January 6, 2022
4	Adorado Data and Information Visualization Reporting System (Adorado 數據信息可視化報表系統)	V4.5	Powerwin Media	2022SR0031405	PRC	January 6, 2022
5	Adorado Xinghe Client Front-side Management System (Adorado 星合客戶前台管理系統)	V1.0	Powerwin Media	2022SR0031406	PRC	January 6, 2022
6	Adorado Xinghe Intelligent Flow Automation Management Platform (Adorado 星合智能流程自動化管理平台)	V3.0	Powerwin Media	2022SR0031409	PRC	January 6, 2022
7	Adorado Xinghe Intelligent Distribution System (Adorado 星合智能派單系統)	V3.0	Powerwin Media	2022SR0031407	PRC	January 6, 2022
8	Adorado Operating Management Back-stage System (Adorado 運營管理後台系統)	V2.0	Powerwin Media	2022SR0128229	PRC	January 20, 2022

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No.	Title of software copyright	Version	Applicant	Registration number	Place of registration	Registration date
9	Adorado Intelligent Advertisement Creation System (Adorado 智能廣告創建系統)	V4.2	Powerwin Media	2022SR0128234	PRC	January 20, 2022
10	Powershopy AI Intelligent Monitoring System (Powershopy AI 智能監控系統)	V2.0	Powerwin Media	2022SR0132501	PRC	January 20, 2022
11	Powershopy Client Management System (Powershopy 客戶管理系統)	V2.0	Powerwin Media	2022SR0128253	PRC	January 20, 2022
12	Powershopy Template Merchant System (Powershopy 模板商城系統)	V2.0	Powerwin Media	2022SR0128233	PRC	January 20, 2022
13	Powershopy Enterprise Operating Management Monitoring System (Powershopy 企業運營管理監控系統)	V2.0	Powerwin Media	2022SR0132309	PRC	January 20, 2022
14	Powershopy Product Management System (Powershopy 商品管理系統)	V2.0	Powerwin Media	2022SR0128232	PRC	January 20, 2022
15	Powershopy Data Consolidation Management Platform (Powershopy 數據集成管理平台)	V1.0	Powerwin Media	2022SR0128231	PRC	January 20, 2022
16	Powershopy Business Operating Management Platform (Powershopy 商務運營管理平台)	V2.0	Powerwin Media	2022SR0128252	PRC	January 20, 2022
17	Powershopy Advertisement Asset Management System (Powershopy 廣告資產管理系統)	V2.0	Powerwin Media	2022SR0128254	PRC	January 20, 2022
18	Powershopy DIY Website Building Platform (Powershopy 自助建站平台)	V2.0	Powerwin Media	2022SR0128230	PRC	January 20, 2022

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No.	Title of software copyright	Version	Applicant	Registration number	Place of registration	Registration date
19	Powerwin CRM Financial Management System (Powerwin CRM財務管理系統)	V2.4	Powerwin Media	2022SR0132458	PRC	January 20, 2022
20	Powerwin CRM Intelligent Rights Allocation System (Powerwin CRM智能權限配置系統)	V2.2	Powerwin Media	2022SR0132459	PRC	January 20, 2022
21	Powerwin Credit Evaluation System for Advance Payment Clients (Powerwin 墊付客戶資信評估系統)	V2.5	Powerwin Media	2022SR0132455	PRC	January 20, 2022
22	Powerwin Contract Management System (Powerwin 合同管理系統)	V4.1	Powerwin Media	2022SR0132456	PRC	January 20, 2022
23	Powerwin Client Intelligent Management System (Powerwin 客戶智能管理系統)	V3.0	Powerwin Media	2022SR0031111	PRC	January 6, 2022
24	Powerwin Business Operating Management System (Powerwin 商務運營管理系統)	V4.3	Powerwin Media	2022SR0132457	PRC	January 20, 2022

As of the Latest Practicable Date, we have applied for the registration of the following software copyrights which are material to our business:

No.	Title of software copyright	Version	Applicant	Application number	Place of application	Application Date
1.	Powershopy Applied Merchant System (Powershopy 應用商店系統)	V2.0	Powerwin Media	2021R11S2173487	PRC	December 14, 2021

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, designs, intellectual or industrial property rights which were material in relation to our Group’s business.

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of the Directors of Our Company

Immediately following the completion of the [REDACTED] and the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED], the interests or short positions of our Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of [REDACTED] as set forth in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are [REDACTED], will be as follows:

(i) Interest in our Company

Name of Director	Nature of interest	Number of shares	Approximate percentage of shareholding interest ⁽²⁾
Mr. Li	Interest in a controlled corporation	[REDACTED]	[REDACTED]
	Settlor of a discretionary trust ⁽³⁾	[REDACTED]	[REDACTED]
	Interest of spouse ⁽⁴⁾	[REDACTED]	[REDACTED]
Ms. Yu	Interest in a controlled corporation	[REDACTED]	[REDACTED]
	Settlor of a discretionary trust ⁽⁵⁾	[REDACTED]	[REDACTED]
	Interest of spouse ⁽⁴⁾	[REDACTED]	[REDACTED]

Notes:

- (1) Unless otherwise stated, all interests stated are long positions.
- (2) The shareholding percentage is calculated (i) assuming no exercise of the relevant options, and (ii) based on the total number of issued shares of [REDACTED] immediately following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]).

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- (3) The Imperial Trust is a discretionary trust established by Mr. Li (as the settlor) and the beneficiaries of which include Ms. Yu and Mr. Li’s family members.
- (4) Mr. Li and Ms. Yu are spouses. Therefore, each of them is deemed to be interested in all the Shares the other party is interested in for the purpose of the SFO.
- (5) The Tranquil Trust is a discretionary trust established by Ms. Yu (as the settlor) and the beneficiaries of which include Mr. Li and Ms. Yu’s family members.

(b) Interests of the Substantial Shareholders of Our Company

Save as disclosed in the section headed “Substantial Shareholders,” our Directors are not aware of any other person (other than a Director or chief executive of our Company) who will, immediately following the completion of the [REDACTED] and the [REDACTED] and assuming that the [REDACTED] is not exercised, have an interest and/or a short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be directly or indirectly, 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 our Company or any other member of our Group.

2. Directors’ Service Contracts and Letters of Appointment

Each of our executive Directors has entered into a service contract with our Company and we have issued a letter of appointment to each of our independent non-executive Directors. The service contracts with each of our executive Directors are for an initial fixed term of three years commencing from the [REDACTED]. The letters of appointment with each of our independent non-executive Directors are for an initial fixed term of three years commencing from the [REDACTED]. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors’ Remuneration

The aggregate remuneration (including salaries, discretionary bonuses, housing allowance and contributions to a retirement benefit scheme and other benefits in kind) incurred for our Directors for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022 was US\$135,000, US\$240,000, US\$625,000 and US\$510,000.

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Save as disclosed above, no other payments have been made or are payable, in respect of the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, by any of member of the Group to any of the Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, payable to our Directors for the year ending December 31, 2023 to be approximately HK\$34.8 million.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this document.

4. Directors' Competing Interests

None of our Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

5. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors or chief executive of our Company has any interests or short positions in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of [REDACTED] as set forth in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are [REDACTED] on the Stock Exchange; so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, 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;
- (b) none of our Directors nor any of the persons listed in "– D. Other Information – 6. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, 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 save as disclosed in "History, Reorganization and Corporate Structure";

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- (c) none of our Directors nor any of the persons listed in “– D. Other Information – 6. Qualification of Experts” below is materially interested in any contract or arrangement with our Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;
- (d) save in connection with [REDACTED], none of the persons listed in “– D. Other Information – 6. Qualification of Experts” below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (e) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (f) none of our Directors, their respective close associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company’s five largest customers and five largest suppliers.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or any of our subsidiaries.

2. Tax and Other Indemnities

Our Controlling Shareholders have entered into the Deed of Indemnity in favor 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 things, tax liabilities (including all fines, penalties, liabilities, costs, charges, expenses and interests incidental or relating to taxation (including but not limited to profits tax, provisional profits tax, interest tax, salaries tax, property tax, any form of value-added tax, estate duty, death duty, capital duty, stamp duty, withholding tax, rates, customs and excise duties)) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring, on or before the [REDACTED].

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3. Litigation

As of the Latest Practicable Date, save as disclosed in “Business – Legal Proceeding and Compliance,” no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its business, financial condition or results of operations.

4. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the [REDACTED], the Shares in issue and to be issued pursuant to the [REDACTED] and the [REDACTED] (including the additional Shares which may be issued pursuant to the exercise of the [REDACTED]). All necessary arrangements have been made to enable such Shares [REDACTED].

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 3A.07 of the Listing Rules. The Sole Sponsor’s fee is HK\$5,500,000 and a discretionary bonus of HK\$500,000, both are payable by our Company.

5. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since December 31, 2021 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

6. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

Name	Qualification
GF Capital (Hong Kong) Limited	Licensed to conduct type 6 (advising on corporate finance) regulated activity as defined under SFO
KPMG	Certified Public Accountants; Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Jingtian & Gongcheng	PRC legal advisors
Maples and Calder (Hong Kong) LLP	Cayman Island legal advisors
Lam Vincent C.W.	Barrister-at-law of Hong Kong
Frost & Sullivan	Industry consultant

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7. Consents of Experts

Each of the experts as referred to in “– D. Other Information – 6. Qualification of Experts” above has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

As at the Latest Practicable Date, none of the experts named above has any shareholding interests 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.

8. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

9. Preliminary Expenses

The preliminary expenses incurred by our Company in relation to the incorporation of our Company were approximately HK\$58,720 and have been paid by us.

10. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

11. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

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12. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's [REDACTED] will be subject to Hong Kong stamp duty. Profits from [REDACTED] in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or parties involved in the [REDACTED] accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares.

13. Miscellaneous

(a) Save as disclosed in this document:

- (i) within the two years immediately preceding the date of this document, neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash save as disclosed in this document;*
- (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;*
- (iii) within the 24 months immediately preceding the date of this document, no commissions, discounts, brokerage (other than under the [REDACTED]) or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;*
- (iv) within the two years immediately preceding the date of this document, no commission has been paid or payable (except commission to [REDACTED]) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;*

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- (v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
 - (vi) our Company has no outstanding convertible debt securities or debentures; and
 - (vii) there is no arrangement under which future dividends are waived or agreed to be waived.
- (b) Our Directors confirm that there has not been any interruption in the business of our Group which may have or has had a material adverse effect on the financial position of our Group in the 12 months immediately preceding the date of this document.
- (c) None of the equity and debt securities of our Company, if any, is [REDACTED] or [REDACTED] in any other stock exchange nor is any [REDACTED] or [REDACTED] being or proposed to be sought.
- (d) The principal register of members of our Company is maintained by our [REDACTED], [REDACTED], in Cayman Islands. The Hong Kong register of members of our Company will be maintained by our [REDACTED], in Hong Kong. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our [REDACTED] and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be [REDACTED].

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND DOCUMENTS ON DISPLAY**

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of the [REDACTED];
- (b) the written consents referred to in “Statutory and General Information – D. Other Information – 7. Consents of Experts”; and
- (c) a certified copy of each of the material contracts referred to in “Statutory and General Information – B. Further Information About Our Business – 1. Summary of Material Contracts”.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company’s website at www.empowerwin.com up to and including the date which is 14 days from the date of this document:

- (a) the Memorandum and Articles of Association;
- (b) the Accountants’ Report from KPMG, the text of which is set forth in Appendix I;
- (c) the report on the unaudited [REDACTED] financial information of our Group from KPMG, the text of which is set forth in Appendix II;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022;
- (e) the note of advice issued by the Legal Counsel, in respect of certain Hong Kong law matters in relation to our business operations in Hong Kong;
- (f) the legal opinion issued by Jingtian & Gongcheng, our PRC Legal Advisors, in respect of certain aspects of our Group;
- (g) the letter of advice issued by Maples and Calder (Hong Kong) LLP, our legal advisors as to Cayman Islands law, summarizing the constitution of our Company and certain aspects of the Cayman Companies Act referred to in “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix IV;
- (h) the written consents referred to in “Statutory and General Information – D. Other Information – 7. Consents of Experts” in Appendix V;

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF
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- (i) the material contracts referred to in “Statutory and General Information – B. Further Information About Our Business – 1. Summary of Material Contracts” in Appendix V;
- (j) the service contracts and letters of appointment referred to in “Statutory and General Information – C. Further Information About Our Directors and Substantial Shareholders – 2. Directors’ Service Contracts and Letters of Appointment” in Appendix V;
- (k) the Frost & Sullivan Report; and
- (l) the Cayman Companies Act.