This summary aims to give you 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 and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the entire [REDACTED] before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

Who we are

We are an established digitalised sales and marketing service provider, primarily focusing on market-leading FMCG brand owners. Our services aim at digitalising and systemising offline sales and marketing operations of our customers. During the Track Record Period, we offer four types of services, including (i) on-site solution; (ii) field force assignment; (iii) matching service; and (iv) SaaS+ subscription.

We started as a traditional sales and marketing service provider in 2004 and started to digitalise our business process in 2012. Since then, we have gradually transformed ourselves into a technology-enabled sales and marketing service provider. Our services are supported by our FMES platform, which contains digitalised tools with different functionalities and data assets accumulated from our provision of services over the years. With a view to generating recurring revenue from a wider range of customers, we launched our matching service and SaaS+ subscription in 2019 and 2020, respectively.

Our service network has an extensive coverage in terms of scale of customers, geographical locations and types of tasks. Most of our services require on-site implementation by touchpoints. Touchpoints refer to the persons who directly interact with consumers, such as shop owners, salespersons, frontline staff, drivers, food delivery riders, restaurant waiters, etc. Supported by our touchpoint pool comprising over 453,000 touchpoint users from more than 320 cities of 31 provinces/municipalities in China as of the Latest Practicable Date, we are capable of meeting customers’ demands. Riding on our touchpoint pool, we have achieved completion rate for tasks of nearly 80% for 9M2022. Meanwhile, benefiting from data collected and processed as a result of our provision of services, our FMES platform has consolidated data assets of over 4 million of points of sale from more than 360 cities of 31 provinces/municipalities in China during the Track Record Period.

Our services are well recognised and perceived in the market. In particular, according to the Agency Scope China 2019/20 study, we were the agency most valued by our clients for the attribute of (i) innovative agency (business transformation through different offering); (ii) good at sales promotions/activation; and (iii) good execution. For our other recognitions and awards, see “Awards and recognition” in this section. In addition, leveraging our industry insights, we together with Frost & Sullivan and LeadLeo issued 2022 China Offline Digital Marketing White Paper (《2022年中國線下動銷數字化白皮書》) to analyse challenges and market opportunities of offline sales and marketing under the trend of digital transformation. For details, see “Our sales and marketing” in this section.

Our Business Model and Service Offerings

Our flexible business model features full coverage of different offline retail scenarios. In an offline retail scenario, brand owners/distributors, offline retail stores and salespersons/frontline staff are major players which drive the sales of merchandise. They interact with and affect one another, thereby creating different offline retail scenarios. In response, our extensive service coverage supported by our FMES platform has enabled us to connect these players and bring network effect and synergies to them.

During the Track Record Period, supported by our FMES platform and digitalised tools which collect operational data for our and customers' analytical use and thereby enhance the effectiveness of our services, we offer digitalised sales and marketing services. Our services are further categorised into on-site solution, field force assignment, matching service and SaaS+ subscription. Our on-site solution offers solution services for customised sales and marketing activities with set up of offline venues and event materials, while our field force assignment focuses on manpower assignment and management services. Our matching service offers standardised sales and marketing activities without set up of offline venues and event materials and helps find suitable salespersons using our intelligent matching recommendations, while SaaS+ subscription offers customisation (on an as-needed basis) and subscription for our readily-available digitalised tools. Further details of our services are set out below:

- ***On-site solution***, being our long-established business, contributed the largest share of our revenue and accounted for 81.0%, 74.0%, 65.5% and 73.8% of our total revenue during the Track Record Period. Our on-site solution offers solution services for customised sales and marketing activities with set up of offline venues and event materials. In particular, we help formulate and implement offline sales and marketing plans in pre-determined offline retail stores. We are also responsible for helping find suitable salespersons/frontline staff to assist in raising brand awareness, promoting customers' merchandise, driving sales, etc. and converting offline sales and marketing information into data assets and facilitating overall project management. Typical examples of our customers' marketing initiatives include promotional activities, marketing events, roadshows, product launch events, order-placing events, appreciation ceremony, designing sales and marketing materials, etc.

- ***Field force assignment***, contributed the second largest share of our revenue for the three years ended 31 December 2021 and third largest share of our revenue for 9M2022 and accounted for 14.9%, 17.8%, 16.7% and 9.1% of our total revenue during the Track Record Period. Our field force assignment offers manpower assignment and management services. In particular, we enable customers to reduce operating costs associated with human resources-related administration matters and converting offline human resources information into data assets for convenient management. Benefiting from our field force assignment services, our customers can focus on and allocate more management resources towards their core business activities, while having access to stable workforce.

- ***Matching service***, being our fast-growing business, contributed the third largest share of our revenue for the three years ended 31 December 2021 and second largest share of our revenue for 9M2022 and accounted for 4.1%, 7.7%, 14.2% and 13.0% of our total revenue during the Track Record Period. Our matching service offers standardised sales and marketing activities without set up of offline venues and event materials. In particular, we help find suitable salespersons to promote customers' merchandise and drive sales by publishing tasks using our intelligent matching recommendations. We offer access to flexible resources deployment and regularly evaluate the impact of tasks on sales performance to enable dynamic adjustments of suitable salespersons and targeted offline retail stores from our nationwide coverage. Typical examples of matching service tasks include in-store merchandise display and sales and promotion of customers' merchandise.

- ***SaaS+ subscription***, contributed the fourth largest of our revenue and accounted for nil, 0.5%, 3.6% and 4.1% of our total revenue during the Track Record Period. Our SaaS+ subscription offers customisation (on an as-needed basis) and subscription for our readily-available digitalised tools. In particular, our digitalised tools support our customers to streamline their sales and marketing process and manage their offline retail network, as well as make data-driven decisions.

OUR MARKET OPPORTUNITY AND COMPETITION

Being a digitalised sales and marketing service provider which primarily serve FMCG customers in the PRC, our operations are subject to the impact of the China's offline retail market and we face opportunities and challenges of the retail support services market, as well as retail sales and marketing services market in China.

According to the Frost & Sullivan Report, China's retail market is categorised into online and offline channels. The online channel is the faster-growing segment and increased rapidly at a CAGR of 26.5% from 2017 to 2021, whereas the offline channel only grew at a CAGR of 4.1% for the same period. Going forward, online retail market is expected to increase at a CAGR of 11.9% from 2021 to 2026, while offline retail market is expected to grow at a CAGR of 3.3% during the same years. Accordingly, considering our current business is primarily offline-focused, such transformation may adversely affect our operations and performance and the growth of our business due to the slower growth momentum of the offline retail channels. Nonetheless, the offline channel represented more than 67% of the entire retail market over the last five years and according to Frost & Sullivan, with the increasing costs of acquiring and retaining consumers in the online channel and deeper and more tangible consumer experience in the offline channel, the offline retail market is expected to remain larger than the online retail market, the offline channel is projected to represent more than 58% of the entire retail market in the next five years.

According to the Frost & Sullivan Report, China's retail support services market is projected to increase from RMB7.9 trillion in 2021 to RMB11.0 trillion in 2026 at a CAGR of 6.8% and the retail sales and marketing services market in China is expected to grow from RMB2,167.7 billion in 2021 to RMB3,350.1 billion in 2026, yielding a CAGR of 9.1%. The retail sales and marketing services can be categorised into FMCG, durable goods, agricultural means of production, and others. According to Frost & Sullivan, among all categories under retail sales and marketing services market, FMCG sector holds the largest market share, which amounted to RMB1,261.5 billion and accounted for approximately 58.2% of total market size of the retail sales and marketing services market in 2021, and is projected to reach RMB1,678.3 billion in 2026, attaining a stable CAGR of 5.9%.

According to Frost & Sullivan, major market drivers of the retail sales and marketing services market in China include (i) consumption upgrade that prompts rising brand awareness of consumers; (ii) emerging of diverse tools and channels; and (iii) technology innovations that enable better performance tracking. Meanwhile, Frost & Sullivan expects that there will be (i) further expansion of publishing channels and media resources; (ii) growing demand from various product sectors; (iii) prevalence of marketing technology for integrated service capability; and (iv) performance-based advertising become increasingly favourable.

According to the Frost & Sullivan Report, with the rapid digitalisation transformation progress in recent years, China's retail sales and marketing services market is becoming more well-established and integrated, which would create long-term and positive impact on the development of retail market. Further, China's retail sales and marketing services market has been propelled by the PRC government policies, for example National Economic and Social Development during the "14th Five-Year Plan" Period, which create favourable development environment for starting new businesses and new growth potentials for the market. For the year ended 31 December 2021, our Group recognised revenue of RMB416.3 million, accounted for approximately 0.03% in the FMCG retail sales and marketing services market. In addition, the Company accounted for approximately 0.02% of the overall retail sales and marketing market in the PRC in 2021.

OUR TECHNOLOGIES

Our FMES platform contains digitalised tools with different functionalities and data assets accumulated from our provision of services over the years. Such platform primarily enables us to effectively manage our business processes, which include formulating implementation plans, managing implementation process and collecting, verifying, processing and analysing data to produce meaningful data analytics.

We collect and process in our daily operations fragmented and unorganised first-hand sales-related and consumer-related information input by our touchpoint users, including attendance records, task completion, sales performance and consumers' feedbacks. Our touchpoint user pool comprises salespersons/frontline staff with different background, experience and skill sets, etc. For 9M2022, the number of average monthly active touchpoint users was over 22,900 and the total number of touchpoint users was over 442,000, which spread across more than 320 cities of 31 provinces/municipalities in China. In order to effectively manage performance of our touchpoint users when they implement our services at offline retail stores/sales and marketing activities, we use task-based management system. Typical examples of tasks include sales and promotion, assisting in marketing campaigns to interact with and/or attract new potential consumers, in-store merchandise display, stock inventory management and other daily operations. For 9M2022, the total number of tasks completed was over 464,300 and we have achieved completion rate for tasks of nearly 80%. In view of such massive volume of data, we need a reliable and scalable platform to support our provision of effective sales and marketing services. In particular, *MiJob Square*, being one of our flagship digitalised tools, facilitates easy task application for touchpoint users, while also facilitates effective management of touchpoint users and monitoring of task performance and status for us.

Meanwhile, our matching service utilises big data and AI technologies to generate and continuously improve matching recommendations of touchpoint users with tasks (which stipulates the scope of tasks, merchandise and designated offline retail stores). Since different tasks at offline retail stores in different areas which may have different target consumer groups, consumers' behaviour and preference, merchandise variety, etc. require salespersons with different background, experience and skill sets, etc., we believe we can enhance our ability in achieving better results (such as sales amount) using AI-generated matching recommendations.

OUR CUSTOMERS

Leveraging our proven track record and service quality, we have acquired positive market reputation for providing our services and accumulated a solid customer base, comprising brand owners and distributors. A majority of our top five customers for the Track Record Period are Fortune Global 500 companies, Top 500 Enterprises of China companies and/or otherwise market-leading FMCG brand owners in the PRC and/or have global presence. Revenue from our five largest customers amounted to RMB261.9

million, RMB269.2 million, RMB250.4 million and RMB307.7 million for FY2019, FY2020, FY2021 and 9M2022, representing 55.0%, 65.2%, 60.2% and 70.8% of our total revenue for the same periods, respectively. During the same period, our revenue from our largest customer amounted to RMB61.0 million, RMB71.2 million, RMB81.2 million and RMB107.2 million, representing 12.8%, 17.2%, 19.5% and 24.7% of our total revenue, respectively. As we derived a significant portion of our revenue from our top five customers for the Track Record Period, we are exposed to the risk of concentration of our major customers. For further details, see "Risk Factors — We derived a significant portion of our revenue from our major customers and we are exposed to the risk of concentration of our major customers during the Track Record Period." and "Business — Our customers — Customer concentration".

OUR SUPPLIERS

Our suppliers mainly include labour service providers, event consumables suppliers and data service and related IT service providers. During the Track Record Period, our top five suppliers include labour service providers, event consumables suppliers and data service and relevant IT service providers. During the Track Record Period, our purchases from our five largest suppliers amounted to RMB174.9 million, RMB149.5 million, RMB156.4 million and RMB91.7 million, representing 58.5%, 60.6%, 58.1% and 47.0% of our total purchases for the same periods, respectively. During the same period, our purchases from our largest supplier, being a human resources management service provider amounted to RMB148.7 million, RMB90.8 million, RMB50.0 million and RMB34.3 million, representing 49.8%, 36.8%, 18.6% and 17.6% of our total purchases for the same periods, respectively. For further details, see "Business — Our suppliers".

OUR COMPETITIVE STRENGTHS

We believe that the following strengths have contributed to our success:

- Established digitalised sales and marketing service platform in China
- Strong network effect and synergy effect enabled by our unique business model
- Large and diverse touchpoint pool
- High-quality customer base with huge expansion potential
- Data-centric operation empowered by our FMES platform
- Seasoned and insightful management team

For further details, see "Business — Our competitive strengths".

OUR GROWTH STRATEGIES

We intend to leverage on our competitive strengths and implement the following strategies:

- Enhance our core technology capabilities and fundamental R&D to provide a full spectrum of services
- Strengthen and expand customer base and increase market share
- Attract and retain excellent talents
- Expand our international presence
- Pursue strategic investment, acquisition and cooperation

For further details, see "Business — Our growth strategies".

RISK FACTORS

Our business and industry and the [REDACTED] involve certain risks as set out in "Risk Factors". You should read that section in its entirety carefully before you decide to [REDACTED] in our [REDACTED]. Some of the major risks we face includes:

- If we fail to meet our customers' requirements of our services to suit their evolving needs, our customers may not renew our services, which, in turn, will have a material and adverse impact on our business, financial condition, results of operations and prospects.
- Our efforts to develop new digitalised tools or functionalities or maintain and or improve our technology infrastructure may not succeed. If so, we may not be able to provide services that are satisfactory to our customers, which, in turn, could harm our business and prospects.
- We operate in a relatively competitive market and may not be able to compete successfully against our existing and future competitors. In addition, we obtain some of our revenue through competitive tendering or quotation process. There is no assurance that we will succeed in the tender or quotation process.
- Our financial results of matching service depend on, among others, performance of salespersons/frontline staff which can be adversely affected by a number of factors, some of which may be beyond our control.
- If we are unable to provide satisfactory customer services, our business and reputation may be materially and adversely affected.
- If our FMES platform contain serious errors or defects, we may lose our sources of revenue and our customers may lose confidence in our products and services. In addition, system disruptions, distributed denial of service attacks, or other hacking and phishing attacks on our FMES platform. IT infrastructures or network systems may delay or interrupt services to our customers. We may incur significant costs defending or settling claims with our customers as a result of such serious errors or defects or disruptions.
- We derived a significant portion of our revenue from our major customers and we are exposed to the risk of concentration of our major customers during the Track Record Period.
- Any interruptions to or delays in services from third parties, such as labour service providers, event consumables suppliers and data service and related IT service providers, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business and results of operations.
- Our business generates and processes a large amount of data and we are required to comply with constantly evolving PRC laws relating to information security and privacy protection. The improper use or disclosure of data or alleged incidents of such could have a material and adverse effect on our business and prospects.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised), the Company shall be held as to [REDACTED]% and [REDACTED]% by Guangjun Sun Holdings and Guangjun Holdings respectively. Guangjun Holdings is owned as to 99% by Summit Plus (which in turn is wholly-owned by Mr. Sun's Family Trust which is a discretionary trust set up for the benefit of Mr. Sun and Junshu Holdings) and 1% by Junshu Holdings respectively. Guangjun Sun Holdings is wholly-owned by Junshu Holdings Limited, which in turn is wholly-owned by Mr. Sun. Accordingly, Mr. Sun, Junshu Holdings, Guangjun Sun Holdings, Summit Plus Holdings and Guangjun Holdings will be our Controlling Shareholders upon the [REDACTED].

OUR [REDACTED]

Since the establishment of our Company, we have secured [REDACTED] from New Mercury Investments. For further details of the identity and background of the [REDACTED], and the principal terms of the [REDACTED], see "History, Reorganisation and Corporate Structure — [REDACTED]".

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables sets forth our summary historical financial information for the periods or as of the dates indicated. This summary has been derived from our historical financial information set forth in the Accountant's Report in Appendix I to this document. The summary historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountant's Report in Appendix I to this document, including the accompanying notes, and the information set forth in "Financial Information." Our historical financial information was prepared in accordance with HKFRS.

Summary of consolidated statements of comprehensive income

	FY2019	**FY2020**	**FY2021**	**9M2021**	**9M2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Revenue	475,855	413,571	416,289	315,569	434,912
Gross profit	171,751	163,966	170,249	129,158	131,573
Operating profit	53,720	78,097	86,122	74,069	60,384
Profit before income tax	43,409	73,435	81,453	70,169	57,736
Profit for the year/period	27,935	53,897	59,010	52,258	38,787
Attributable to:					
Owners of the Company	27,287	53,874	58,664	51,790	38,787
Non-controlling interests	648	23	346	468	—
	27,935	53,897	59,010	52,258	38,787

Non-HKFRS measures

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also use non-HKFRS measures, such as adjusted net profit (Non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, HKFRS. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company. We believe that such measure provides useful information to [REDACTED] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit (Non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies.

We defined adjusted net profit (Non-HKFRS measure) as profit for the year/period adjusted by adding back share-based payment and [REDACTED]. We exclude share-based payment and [REDACTED] because (i) such share-based payment was a non-cash expense in relation to share transfers prior to the Reorganisation and did not result in cash outflow; and (ii) [REDACTED] are expenses related to the [REDACTED]. Therefore, share-based payment and [REDACTED] are added back to the adjusted net profit (non-HKFRS measure) with a view to eliminating the potential impacts of such items. The Directors believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measure provides useful information to potential [REDACTED] and management in better reflecting our underlying operating performance and facilitating a better comparison of our underlying operating performance from period to period. Adjusted net profit (Non-HKFRS measure) is not a measure required by, or presented in accordance with HKFRS. The use of adjusted net profit (Non-HKFRS measure) has limitations as an analytical tool, and you should not consider it insolation from, as a substitute for analysis of, our results of operations or financial position as reported under HKFRS.

The following table reconciles our adjusted net profit (Non-HKFRS measure) presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	FY2019	**FY2020**	**FY2021**	**9M2021**	**9M2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit for the year/period	27,935	53,897	59,010	52,258	38,787
Add:					
Share-based payment *(note)*	20,492	—	—	—	—
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (Non-HKFRS measure)	**48,427**	**53,897**	**67,380**	**52,258**	**54,876**

Notes: Share-based payment mainly represented the total difference between the transaction consideration and the estimated fair value of the shares transferred from a director of certain subsidiaries of our Group to a shareholder and adviser of the Group. Please see "History, Reorganisation and Corporate Structure — Corporate history prior to the Reorganisation — Plus Shanghai — 8. Equity transfers in 2019 and 2020" and "Appendix 1 — Accountant's report — note 8(c)" for details.

Our adjusted net profit (Non-HKFRS measure) amounted to RMB48.4 million, RMB53.9 million, RMB67.4 million for FY2019, FY2020 and FY2021, and RMB52.3 million and RMB54.9 million for 9M2021 and 9M2022, respectively. Our adjusted net profit margin (Non-HKFRS measure) was 10.2%, 13.0% and 16.2% for FY2019, FY2020 and FY2021, and 16.6% and 12.6% for 9M2021 and 9M2022, respectively.

Key operating data

The following table sets out key operating data regarding our customers for the periods indicated:

	FY2019	FY2020	FY2021	9M2021	9M2022
The Group					
Number of customers	84	57	59	57	143
Number of brand customers	54	47	41	41	39
Average revenue per customer *(RMB'000) (Note 1)*	5,665	7,256	7,056	5,536	3,041
Average revenue per brand customer *(RMB'000) (Note 2)*	7,789	7,302	8,331	6,446	9,950
On-site solution					
Number of customers	74	42	41	38	42
Number of brand customers	49	35	30	29	26
Average revenue per customer *(RMB'000) (Note 1)*	5,211	7,283	6,652	5,557	7,638
Average revenue per brand customer *(RMB'000) (Note 2)*	6,751	6,754	6,763	5,736	10,814
Matching service					
Number of customers	10	15	19	17	26
Number of brand customers	7	12	14	10	15
Average revenue per customer *(RMB'000) (Note 1)*	1,936	2,142	3,118	2,680	2,174
Average revenue per brand customer *(RMB'000) (Note 2)*	2,729	2,662	4,077	4,187	3,562
SaaS+ subscription					
Number of customers	—	3	8	6	86
Number of brand customers	—	3	4	4	5
Average revenue per customer *(RMB'000) (Note 1)*	—	658	1,864	1,013	207
Average revenue per brand customer *(RMB'000) (Note 2)*	—	658	3,328	1,361	2,959
Touchpoints					
Average monthly active touchpoint users *(Note 3)*	15,502	16,220	23,374	23,895	22,941

Notes:

1. Average revenue per customer is calculated by dividing revenue by number of customers for the respective period.

2. Average revenue per brand customer is calculated by dividing revenue from brand customers by number of brand customers for the respective period.

3. Average monthly active touchpoint users is calculated by dividing (i) the sum of monthly active touchpoint users for the respective period by (ii) twelve months for FY2019, FY2020 and FY2021 and nine months for 9M2021 and 9M2022.

Revenue

Services types

The following table sets forth a breakdown of our revenue by service types for the periods indicated:

	FY2019		FY2020		FY2021		9M2021		9M2022	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
On-site solution	385,603	81.0	305,888	74.0	272,724	65.5	211,172	67.0	320,789	73.8
Field force assignment	70,896	14.9	73,583	17.8	69,412	16.7	52,753	16.7	39,789	9.1
Matching service	19,356	4.1	32,127	7.7	59,238	14.2	45,568	14.4	56,520	13.0
SaaS+ subscription	—	—	1,973	0.5	14,915	3.6	6,076	1.9	17,814	4.1
Total	**475,855**	**100.0**	**413,571**	**100.0**	**416,289**	**100.0**	**315,569**	**100.0**	**434,912**	**100.0**

Our revenue decreased from RMB475.9 million for FY2019 to RMB413.6 million for FY2020. The decrease was because the decrease in revenue from our on-site solution outweighed the increase in revenue from matching service for FY2020. The decrease in revenue from on-site solution was mainly attributable to the decrease in the number of customers who engaged us for on-site solution as our customers' businesses were adversely impacted by the COVID-19 pandemic. The increase in our revenue from our matching service was generally in line with our business strategies to divert more resources and effort in promoting and developing our matching service as one of our key service types. Our revenue then increased to RMB416.3 million for FY2021. The increase was primarily attributable to the significant increase in revenue from matching service and SaaS+ subscription, which was in line with our business strategy to promote our matching service and SaaS+ subscription, the effect of which was partially offset by the decrease in revenue from on-site solution, which was due to the decrease in spending of some of our brand customers of on-site solution in FY2021.

Our revenue increased from RMB315.6 million for 9M2021 to RMB434.9 million for 9M2022 primarily attributable to the increase in our revenue from on-site solution. Increase in revenue from on-site solution was mainly due to (i) the increase in the average revenue per brand customer from RMB5.7 million for 9M2021 to RMB10.8 million for 9M2022 as some of our existing brand customers expanded their spendings on on-site solution; (ii) revenue contributed by new customers procured by us in late 2021; and (iii) the fact that some of our field force assignment customers switched to our on-site solution services, which was in line with our strategies to put more focus on on-site solution and to cater changes in sales and marketing strategies of our customers from time to time in response to the prevailing changes in their industry.

Geographical area

The following table sets forth a breakdown of our revenue by geographical area of our customers for the periods indicated:

	FY2019		FY2020		FY2021		9M2021		9M2022	
	Revenue	*%*	*Revenue*	*%*	*Revenue*	*%*	*Revenue*	*%*	*Revenue*	*%*
							(unaudited)			
East China[1]	192,360	40.4	181,887	44.0	200,184	48.1	146,834	46.5	147,239	33.9
South China[2]	234,422	49.3	203,703	49.3	154,035	37.0	121,126	38.4	235,119	54.0
North China[3]	29,301	6.2	24,272	5.9	54,394	13.1	41,180	13.1	47,919	11.0
Others[4]	19,772	4.2	3,709	0.9	7,676	1.8	6,430	2.0	4,635	1.1
Total	**475,855**	**100.0**	**413,571**	**100.0**	**416,289**	**100.0**	**315,569**	**100.0**	**434,912**	**100.0**

Notes:

(1) Included customers from Jiangsu, Shanghai, Zhejiang and other provinces/municipalities in East China.

(2) Included customers from Guangdong, Guangxi and Hainan.

(3) Included customers from Beijing, Tianjin, Shanxi and other provinces/municipalities in North China.

(4) Included customers from Hubei, Sichuan, Henan and other provinces/municipalities in China except East China, South China and North China.

We generated most of our revenue from customers located in East China and South China, which in aggregate contributed revenue of RMB426.8 million, RMB385.6 million, RMB400.4 million and RMB382.4 million and accounted for 89.7%, 93.2%, 96.2% and 87.9% of our total revenue for FY2019, FY2020, FY2021 and 9M2022, respectively. Our revenue generated from customers located in North China increased substantially from 6.2% and 5.9% of our total revenue for FY2019 and FY2020 to 13.1% and 11.0% of our total revenue for FY2021 and 9M2022, respectively, mainly because we expanded our business presence in Beijing and thus, generated increased revenue from customers in Beijing.

Cost of services

The following table sets forth a breakdown of our cost of services and as a percentage of our cost of services for the periods indicated:

	FY2019		FY2020		FY2021		9M2021		9M2022	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Labour service fees[1]	216,924	71.3	197,806	79.3	182,310	74.2	141,010	75.7	121,760	40.1
Employee benefit expenses[2]	15,696	5.2	7,659	3.1	9,424	3.8	7,358	3.9	150,920	49.8
Event consumables[3]	49,891	16.4	29,238	11.7	38,354	15.6	27,464	14.7	17,206	5.7
Travel and transportation expenses	17,151	5.6	10,030	4.0	10,611	4.3	8,205	4.4	6,993	2.3
Research, development and technical service expenses[4]	—	—	1,285	0.5	4,729	1.9	1,906	1.0	5,796	1.9
Impairment losses on inventories[5]	2,395	0.8	1,755	0.7	—	—	—	—	—	—
Other expenses	2,047	0.7	1,832	0.7	612	0.2	468	0.3	664	0.2
Total	**304,104**	**100.0**	**249,605**	**100.0**	**246,040**	**100.0**	**186,411**	**100.0**	**303,339**	**100.0**

Notes:

(1) Labour service fees mainly represented fees incurred in relation to third-party labour provided engaged through labour services providers.

(2) Employee benefit expenses mainly represented salaries and benefits paid to our staff (including Group staff and project personnel).

(3) Event consumables mainly represented production costs, event materials purchase fees, meeting and training fees and venue fees.

(4) Research, development and technical service expenses mainly represented the expenses associated with the provision of SaaS+ subscription.

(5) Impairment losses on inventories mainly represented provision of loss allowance for our candy products.

Labour service fees represented the largest component of our cost of services for FY2019, FY2020 and FY2021 and accounted for 71.3%, 79.3% and 74.2% of our total cost of services, respectively. For 9M2022, employee benefit expenses increased significantly to 49.8% of our total cost of services and thus, became the largest component of our cost of services, mainly because some of our field force assignment customers switched to our on-site solution services to cater changes in their sales and marketing strategies in response to the prevailing changes in their industry, and the salespersons and other frontline staff who worked for these customers became our employees retained for implementation of on-site solution projects, thus the related employee benefit expenses in full were recorded in our cost of services.

Gross profit and gross profit margin

The following table sets forth a breakdown of our gross profit and gross profit margin by service types for the periods indicated:

	FY2019		FY2020		FY2021		9M2021		9M2022	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
On-site solution	104,057	27.0	87,474	28.6	82,040	30.1	65,403	31.0	69,209	21.6
Field force assignment	60,134	84.8	65,580	89.1	61,633	88.8	46,381	87.9	35,787	89.9
Matching service	7,560	39.1	10,357	32.2	16,764	28.3	13,440	29.5	14,818	26.2
SaaS+ subscription	—	—	555	28.1	9,812	65.8	3,934	64.7	11,759	66.0
Total	171,751	36.1	163,966	39.6	170,249	40.9	129,158	40.9	131,573	30.3

Our gross profit was RMB171.8 million, RMB164.0 million and RMB170.2 million for FY2019, FY2020 and FY2021, respectively, and RMB129.2 million and RMB131.6 million for 9M2021 and 9M2022, respectively. Our gross profit margin was 36.1%, 39.6% and 40.9%, for FY2019, FY2020 and FY2021, respectively, and 40.9% and 30.3%, for 9M2021 and 9M2022, respectively.

On-site solution

Our gross profit margin of on-site solution remained relatively stable at 27.0% and 28.6% for FY2019 and FY2020, respectively, then increased slightly from 28.6% for FY2020 to 30.1% for FY2021. The increase in gross profit margin was mainly due to the increase in project scale of relatively higher profit margin projects with some brand owners. Our gross profit margin of on-site solution decreased from 31.0% for 9M2021 to 21.6% for 9M2022. The decrease was mainly due to increase in employee benefit expenses because some of our field force assignment customers switched to our on-site solution services to cater changes in their sales and marketing strategies in response to the prevailing changes in their industry, with salespersons and other frontline staff who worked for these customers became employees retained for implementation of on-site solution projects, thus the related employee benefit expenses in full were recorded in our cost of services.

Field force assignment

Our gross profit margin of field force assignment increased from 84.8% for FY2019 to 89.1% for FY2020 and remained stable at 88.8% for FY2021. Our gross profit margin of field force assignment remained relatively stable at 87.9% and 89.9% for 9M2021 and 9M2022, respectively.

Matching service

Our gross profit margin of matching service decreased from 39.1% for FY2019 to 32.2% for FY2020. The decrease in gross profit margin of matching service was mainly attributable to the increase in labour service fees due to the increase in the number of salespersons to enhance the level of project execution and to meet the demands associated with the business expansion. Our gross profit margin of matching service further decreased from 32.2% for FY2020 to 28.3% for FY2021. The decrease in gross profit margin of matching service was mainly due to the increase in labour service fees. Our gross profit margin of matching service decreased from 29.5% for 9M2021 to 26.2% for 9M2022, as cost of services for matching service increased at a higher rate than revenue from matching service, which was mainly because (i) with a view to ensure the quality of our services and maintain a stable touchpoint user base, we did not substantially reduce our cost of services; and (ii) as affected by overall economic downturn, sales performance of offline retail stores involved under our matching service was affected, which in turn reduced our revenue from matching service that adopts a "performance-based" fee model.

SaaS+subscription

As a newly launched service type in 2020, our gross profit margin of SaaS+ subscription increased significantly from 28.1% for FY2020 to 65.8% for FY2021. The increase was mainly due to the decrease in the percentage of research, development and technical service expenses to the revenue from SaaS+ subscription from 65.1% for FY2020 to 31.7% for FY2021 as we only had to make modifications to our software developed in 2020 to fit our customers' specification requirements instead of having it developed from scratch when we bring on new customers. Our gross profit margin of SaaS+ subscription remained relatively stable at 64.7% and 66.0% for 9M2021 and 9M2022, respectively.

For detailed analysis of our results of operation during the Track Record Period see "Financial Information".

Other income and gains — net

Our other income and gains — net increased from RMB8.6 million for FY2020 to RMB25.2 million for FY2021. The increase was mainly attributable to the significant increase in government grants from RMB3.7 million for FY2020 to RMB22.8 million for FY2021, most of which were financial support from the PRC government.

Our other income and gains — net increased from RMB17.4 million for 9M2021 to RMB24.2 million for 9M2022, primarily due to the increase in government grants of RMB15.2 million for 9M2021 to RMB22.2 million for 9M2022 as a result of the increased financial support granted by the PRC government. Government grants during the Track Record Period mainly represented the financial support from local authorities in the PRC to incentivise the development of our Group based on our Group's income tax payment and our business scale, as well as job-subsidy programme. The timing, amounts and conditions of these government grants were within the sole discretion of the government and may fluctuate from time to time pursuant to the changes in relevant government policies. There are no unfulfilled conditions or other contingencies attached to these grants.

Profit for the year/period

Our profit for the year increased from RMB27.9 million for FY2019 to RMB53.9 million for FY2020, primarily due to the decrease in administrative expenses of RMB29.6 million as one-off share-based payment expenses of RMB20.5 million being recognised in FY2019.

Our profit for the year increased from RMB53.9 million for FY2020 to RMB59.0 million for FY2021, primarily due to (i) the increase in other income from government grants by RMB19.1 million during FY2021; and (ii) the increase in gross profit by RMB6.3 million for FY2021. The effect was partially offset by the increase in administrative expenses of RMB11.6 million mainly as a result of [REDACTED] of [REDACTED] million being recognised in FY2021.

Our profit for the period decreased from RMB52.3 million for 9M2021 to RMB38.8 million for 9M2022, primarily due to (i) the increase in administrative expenses of RMB15.1 million mainly as result of [REDACTED] of [REDACTED] million being recognised for 9M2022; and (ii) the increase in research and development expenses of RMB9.7 million mainly as a result of the expenses incurred in relation to the use of external third party database for the purpose of research and development.

Summary of consolidated statements of financial position

The following tables sets forth out a summary of our consolidated statements of financial positions as at the dates indicated.

	As at 31 December			As at 30 September
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	611,225	575,355	616,272	620,505
Current liabilities	250,440	323,352	303,546	298,286
Net current assets	**360,785**	**252,003**	**312,726**	**322,219**
Non-current assets	22,902	19,004	14,438	11,270
Non-current liabilities	6,647	3,570	2,133	910
Net assets	**377,040**	**267,437**	**325,031**	**332,579**
Non-controlling interests	—	1,523	—	—

Our net current assets decreased from RMB360.8 million as at 31 December 2019 to RMB252.0 million as at 31 December 2020 primarily due to (i) the amounts due from related parties, which mainly represented our loan to Mr. Sun, one of our Controlling Shareholders for FY2019, was fully repaid in FY2020; and (ii) the increase in trade and other payables, which was mainly attributable to the refund on pension return to customers and as a result of social security payments reduction policy introduced by the PRC government and the increase in other tax payables as the results of dividend distribution to shareholders; the effects of which were partially offset by the increase in trade receivables primarily in line with the decrease in the amount of trade receivables factoring facilities used for FY2020.

Our net current assets increased from RMB252.0 million as at 31 December 2020 to RMB312.7 million as at 31 December 2021 primarily due to the increase in trade receivables as the result of increase in revenue for the fourth quarter in 2021 as compared with the same period in 2020 and the decrease in the use of trade receivables factoring facilities, the effect of which was partially offset by the (i) increase in our borrowings; (ii) the decrease in trade and other payables; and (iii) decrease in our contract assets.

Our net current assets increased from RMB312.7 million as at 31 December 2021 to RMB322.2 million as at 30 September 2022 primarily due to the increase in (i) financial assets at fair value through profit or losses, (ii) deposits, other receivables and prepayments and (iii) contract assets, the effects of which were partially offset by the decrease in trade receivables and cash and cash equivalents.

Net assets

Our net assets decreased from RMB377.0 million as at 31 December 2019 to RMB267.4 million as at 31 December 2020 primarily due to the dividend distribution of RMB165.0 million during FY2019, the effect of which was partially offset by the net profit of RMB53.9 million for FY2020.

Our net assets increased from RMB267.4 million as at 31 December 2020 to RMB325.0 million as at 31 December 2021 primarily due to the net profit of RMB59.0 million for FY2021.

Our net assets further increased from RMB325.0 million as at 31 December 2021 to RMB332.6 million as at 30 September 2022 primarily due to the net profit of RMB38.8 million for 9M2022, the effect of which was partially offset by the decrease in other reserves of RMB34.7 million arising from the acquisition of minority interests of Plus Shanghai as a result of the Reorganisation.

Summary of consolidated statements of cash flows

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

	FY2019	FY2020	FY2021	9M2021	9M2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net cash generated from operating activities	21,762	45,803	20,110	53,697	75,310
Net cash (used in)/ generated from investing activities	(19,376)	83,976	4,794	(24,926)	(44,479)
Net cash used in financing activities	(2,820)	(139,889)	(13,697)	(8,379)	(33,676)
Net (decrease)/increase in cash and cash equivalents	(434)	(10,110)	11,207	20,392	(2,845)
Cash and cash equivalents at the beginning of the year/period	19,654	19,220	9,110	9,110	20,317
Cash and cash equivalents at the end of the year/period	**19,220**	**9,110**	**20,317**	**29,502**	**17,472**

Our net cash generated from operations increased significantly from RMB27.5 million for FY2019 to RMB59.3 million for FY2020. The increase was mainly attributable to (i) the increase in profit before income tax by RMB30.0 million; (ii) the decrease in contract assets by RMB67.5 million as the result of the decrease in revenue from on-site solution; (iii) the increase in trade and other payables by RMB32.7 million, which was primarily attributable to the refund on pension return to customers and as a result of social security payments reduction policy introduced by the PRC government, the effects of which were partially offset by (i) the increase in trade receivables by RMB80.2 million due to payment disruptions caused by the COVID-19 pandemic; and (ii) decrease in finance costs by RMB5.9 million as the result of the decrease in the average residual factoring period and decrease in overall trade receivables factored for FY2020.

Our net cash generated from operations slightly decreased from RMB59.3 million for FY2020 to RMB56.8 million for FY2021. The decrease was mainly attributable to the decrease in trade and other payables by RMB37.6 million as the said social security payments reduction policy was an one-off policy for FY2020, the effect of which was partially offset by (i) the increase in profit before income tax by RMB8.0 million; and (ii) the decrease in trade receivables by RMB27.0 million as the result of our efforts in collecting trade receivables from certain of our major customers during the Track Record Period.

Our net cash generated from operations increased from RMB90.4 million for 9M2021 to RMB98.1 million for 9M2022. The increase was mainly attributable to (i) the decrease in trade receivables by RMB48.1 million primarily because we entered into an agreement with one of our major customers during the Track Record Period, pursuant to which such customer agreed on a shorter settlement period with us; (ii) the increase in trade and other payables by RMB34.7 million as the result of our prolonged settlement process as a result of administrative disruptions caused by the COVID-19 pandemic, the effects of which were partially offset by the increase in contract assets by RMB59.7 million which was in line with our increased revenue.

Key financial ratios

	As at or for the year ended 31 December			As at or for the nine months ended 30 September	
	2019	2020	2021	2021	2022
				(unaudited)	
Revenue growth(1)	N/A	–13.1%	0.7%	N/A	37.8%
Gross profit margin(2)	36.1%	39.6%	40.9%	40.9%	30.3%
Net profit margin(3)	5.9%	13.0%	14.2%	16.6%	8.9%
Adjusted net profit margin (Non-HKFRS measure)(4)	10.2%	13.0%	16.2%	16.6%	12.6%
Current Ratio(5)	2.4	1.8	2.0	N/A	2.1

Notes:

(1) Revenue growth ratio equals revenue growth divided by revenue for the same period of the last year.

(2) The calculation of gross profit margin is based on gross profit divided by revenue for the period.

(3) The calculation of net profit margin is based on profit by revenue for the period.

(4) Adjusted net profit margin (Non-HKFRS measure) equals adjusted net profit (non-HKFRS measure) divided by revenues for the period.

(5) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the period.

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]
[REDACTED] of our Shares *(Note 1)*	HK$[REDACTED]	HK$[REDACTED]
[REDACTED] adjusted consolidated net tangible assets attributable to owners of our Company per Share *(Note 2)*	HK$[REDACTED]	HK$[REDACTED]

Notes:

1. The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED], assuming the [REDACTED] is not exercised.

2. Our [REDACTED] adjusted consolidated net tangible assets attributable to owners of our Company per Share is arrived at after the adjustments referred to in "[REDACTED] Financial Information" as set out in Appendix II to this document and on the basis that [REDACTED] Shares were in issue assuming the Share Subdivision and [REDACTED] had taken place on 30 September 2022, without taking into account of any Shares which may be allotted and issued upon the exercise of the [REDACTED], or any Shares which may be allotted and issued or repurchased by our Company under the general mandate for the allotment and issuance of Shares or the general mandate for repurchase of Shares.

[REDACTED]

[REDACTED] represented professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. Assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED], we expect to incur [REDACTED] of a total of RMB[REDACTED] (equivalent to approximately HK$[REDACTED]), representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED] and consisting of RMB[REDACTED] million in [REDACTED] and RMB[REDACTED] in non-[REDACTED] (comprising fees and expenses of legal advisers and reporting accountants of RMB[REDACTED] and other fees and expenses of RMB[REDACTED]). Our [REDACTED] charged to profit or loss amounted to nil, nil, RMB[REDACTED] and RMB[REDACTED], for FY2019, FY2020, FY2021 and 9M2022, respectively.

In addition, we estimate that an additional [REDACTED] of RMB[REDACTED] will be further incurred by us, of which RMB[REDACTED] is expected to be charged to our consolidated statements of profit or loss and RMB[REDACTED] is expected to be deducted from equity upon [REDACTED], which is directly attributable to the issue of the [REDACTED] to the [REDACTED] and will be [REDACTED]. The [REDACTED] above are the best estimate as of Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

[REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK$[REDACTED], assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range of HK$[REDACTED] and HK$[REDACTED] per [REDACTED]) and after deduction of [REDACTED] and other estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised. We intend to utilise the [REDACTED] as follows:

- [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for enhancing our core technology capabilities and fundamental R&D
  - — [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for continuous upgrading of our FMES platform and digitalised tools;
  - — [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for establishing a cloud-based sales and marketing platform as a service (PaaS) system;
  - — [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for establishing an advanced digitalised R&D management system, creating open collaborative research environment, enhancing our Shanghai headquarters and Dailian R&D centre and establishing new R&D centres in Guangzhou and Zhengzhou/Suzhou as well as one laboratory in Guangzhou for optimising algorithm;
  - — [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for enhancing our IT infrastructure;
- [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for strategic investment, acquisition and cooperation;

- [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for enhancing our capabilities in sales and marketing and business development to further our business growth and brand awareness:

  — [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for increasing the size of our business team to accelerate the development of our on-site solution and matching service over the next three years;

  — [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for expanding and diversifying our sales and marketing channels;

  — [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for providing more professional training to our business and operation team to strengthen their capabilities to serve our customers, thereby enhancing customer loyalty;

- [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for expanding into the Southeast Asia and Japan with a view to strengthening our market share in Asia and broadening our core customer base by procuring new market-leading customers and companies with sound credit ratings; and

- [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used as our working capital for general purposes.

DIVIDEND

No dividend has been paid or declared by our Company since its incorporation. Save for the dividends of RMB165.0 million declared by Plus Shanghai to its then shareholders for FY2020, no dividend was declared or paid by our Group during the Track Record Period and up to the date of this document.

Our Company is a holding company incorporated in the Cayman Islands. Although currently we do not have a formal dividend policy or a fixed dividend distribution ration, our Board may recommend a payment of dividend in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, Shareholders' interests and such other conditions and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividend shall be proposed and approved by the Board in accordance with the Articles, the Cayman Companies Act and any applicable laws and regulations. Any future declarations of dividend may or may not reflect our historical declarations of dividend and will be at the absolute discretion of our Directors. There is no assurance that dividends of any amount will be declared or be distributed in any year.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2022

On the basis set out in Appendix III to this document, and in the absence of unforeseen circumstances, we estimate that our unaudited consolidated profit attributable to the parent of our Company for the year ended 31 December 2022 to be not less than RMB[REDACTED] million (equivalent to approximately HK$[REDACTED] million), representing a decrease of not more than [REDACTED]% as compared with the profit for the year for FY2021. Such decrease was mainly attributable to the increase in [REDACTED]. The profit estimate was prepared by our Directors on the basis of (i) the audited consolidated results of our Group for the nine months ended 30 September 2022; and (ii) the unaudited consolidated results of our Group [REDACTED] based on the management accounts of our Group. For details, see "Appendix III — Profit Estimate."

LEGAL PROCEEDINGS AND COMPLIANCE

Legal proceedings

We may be subject to legal proceedings, investigations and claims arising in the ordinary course of our business from time to time. During the Track Record Period and up to the Latest Practicable Date, save as disclosed in "Business — Legal proceedings and compliance — Legal proceedings", our Directors confirmed that there had been no litigation or arbitration or administrative proceedings pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operation.

Compliance

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Adviser, there were no breaches or violations of applicable PRC laws and regulations that may have a material and adverse impact on our business, financial condition or results of operation taken as a whole, and we had obtained all material requisite licences and approvals from relevant governmental authorities for our operations in the PRC.

IMPACT OF COVID-19 PANDEMIC ON OUR OPERATIONS

Since December 2019, a novel strain of COVID-19, has severely impacted China and many other countries. On 11 March 2020, the World Health Organisation declared COVID-19 a global pandemic. Many businesses and social activities in China and other countries and regions have been severely disrupted, particularly in the first quarter of 2020. Although conditions have substantially improved since late March 2020 in the PRC, there was a slight rebound of number of confirmed cases of COVID-19 in certain cities afterwards. In 2022, a number of positive COVID-19 cases appeared in certain areas of Shanghai and other locations in China, which eventually led to resurgence of COVID-19 outbreak in various parts of China. In response to COVID-19, the PRC government has from time to time imposed various mandatory quarantine, which included temporary lockdown of residential areas and closures of offline retail stores, offices and workplaces and other facilities, implementation of "closed-door" production or work from home arrangement of non-essential business and suspension of public transportation. These measures have caused a temporary decline in the business activities in various industries in which our customers operate and the restricted movement of individuals has disrupted the operations of the offline retail network and consumer demand for certain FMCG merchandise and thus, in turn affect our business operations and financial results. Moreover, our operation efficiency was affected to a certain extent because our staff were required to work from home from time to time.

In view of the PRC government's recent relaxation of the national COVID-19 prevention measures since December 2022 (such as the PRC authorities releasing measures to accelerate the economic recovery and resume normal operations of the society and the lifting up of quarantine measures and travel restrictions), and notwithstanding the soaring of infections in late December 2022 and early January 2023, our Directors remain cautiously optimistic with our operations in the future. With information currently available to our Directors (including (i) the fact that since December 2022 and up to the Latest Practicable Date, there was no cancellation or postponement of contracts/projects; (ii) the fact that we did not experience any material shortage of labour and the number of average monthly active touchpoint users of around 24,000 for December 2022 remained relatively stable as compared with FY2021, 9M2022 and other months in the fourth quarter of 2022; (iii) the number of completed tasks in December 2022 remained relatively stable as compared with other months in the fourth quarter of 2022; (iv) our Group staff has gradually returned to offices and thus, our operation efficiency has gradually resumed to normal; and (v) market information based on our regular communication with our key customers and suppliers) and after taking into account the governmental measures implemented, up to the Latest Practicable Date, our Directors were not aware of any material adverse impact of such relaxation of the national COVID-19 policy and consequent resurgence of COVID-19 in the PRC since late 2022 on the Group's operations and financial performance. Furthermore, we believe that although there remain significant uncertainties surrounding the COVID-19 outbreak and its recent resurgence temporarily, which may have a negative impact on our operations and financial performance, for instance our business may be affected by the overall economic condition and consumers' offline activities due to the recent resurgence of COVID-19 and part of our revenue is floating fee income that is linked to our customers' sales performance, COVID-19 shall not have a permanent impact on us or materially disrupt our business operations as the demand for our services will gradually resume along with the recovery of the retail market, as well as the retail support service market. Our Directors will continue to assess the impact of the COVID-19 on our operations and financial performance and closely monitor our exposure to the risks and uncertainties in connection with the COVID-19.

During the Track Record Period and up to the Latest Practicable Date, our business operations and financial performance have been temporarily disrupted by COVID-19 and we believe that the business operations of our customers were adversely affected by the COVID-19 pandemic which in turn reduced their willingness in conducting sales and marketing activities, in particular:

- ***FY2020 —*** Our revenue decreased by 13.1% from FY2019 to FY2020 mainly due to the decrease in revenue from our on-site solution outweighed the increase in revenue from our other services for FY2020. Our revenue from on-site solution decreased by 20.7%. This was because, among other reasons, the COVID-19 pandemic and the corresponding restrictions had a negative impact on (i) the overall sales performance of offline commerce in China; and (ii) our customers' business operations (including but not limited to change in sales and marketing strategies and temporary closure of offline retail stores), and thus, their demands for our on-site solution. Meanwhile, our gross profit decreased by 4.5% from FY2019 to FY2020, and in particular, our gross profit from on-site solution decreased by 15.9%. This was because, among other reasons, our customers' demands for roadshows and marketing campaigns shrank as a result of the COVID-19 pandemic. On the other hand, our employee benefit expenses associated with cost of services, administrative expenses and selling and marketing expenses decreased in FY2020 mainly due to the introduction of Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration of the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises《人力資源社會保障部、財政部、税務總局關於階段性減免企業社會保險費的通知》and Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration on the extension of the implementation period of the policy of phased reduction and exemption of enterprise social insurance premiums and other issues《人力資源社會保障部、財政部、稅務總局關於延長階段性減免企業社會保險費政策實施期限等問題的通知》. According to the two said Notice, the deduction in social insurance amounted to RMB5.5 million. For FY2020, there was no cancellation or postponement of contracts/projects and we did not incur any expense for projects that could not be recovered as a result of COVID-19.

- ***FY2021*** — Although there was no large-scale outbreak of COVID-19 in FY2021, our revenue from field force assignment decreased because the negative impact of the COVID-19 pandemic caused a slowdown in our customers' sales, which led to a decrease in the number of customers who engaged us for field force assignment. Nevertheless, we still maintained a stable financial performance with 0.7% growth in our revenue and improvement in gross profit margin from 39.6% for FY2020 to 40.9% for FY2021 as we had successfully promoted our matching service and SaaS+ subscription during the year. For FY2021, there was no cancellation or postponement of contracts/projects and we did not incur any expense for projects that could not be recovered as a result of COVID-19 and we did not receive any government subsidies that are directly related to COVID-19.

- ***9M2022*** — Notwithstanding the COVID-19 outbreak in early 2022, our revenue increased by 37.8% for 9M2022 as compared to 9M2021 mainly due to the increase in our revenue from on-site solution. Nonetheless, for the same period, 15 contracts were cancelled, postponed or adjusted with less service scope and our Directors estimated and believed that it had resulted in a loss in revenue by RMB13.2 million, representing 3.0% of total revenue for 9M2022. Our Directors believe that such cancelled, postponed or adjusted contracts were attributable to the change in our customers' sales and marketing strategies after having considered, among others, impact of COVID-19 and temporary closure of offline retail stores. In addition, we experienced temporary disruption in daily operations, such as our prolonged settlement process to suppliers as a result of administrative disruptions caused by the COVID-19 pandemic and certain of our offices were only allowed to remain opened to a limited extent and thus, most of our Group staff were required to work from home from time to time in response to local social distancing measures. Nonetheless, we had not experienced any material difficulties in collecting payments from our customers. For 9M2022 and up to the Latest Practicable Date, save for the said 15 contracts, there was no cancellation, postponement or adjustment of contracts/projects. As of the Latest Practicable Date, all such postponed contracts remained postponed and had not resumed. Further, for 9M2022 and up to the Latest Practicable Date, we did not incur any expense for delayed and cancelled projects that could not be recovered as a result of COVID-19 and we did not receive any government subsidies that are directly related to COVID-19.

Throughout the COVID-19 pandemic, we have been taking remedial measures to mitigate the impact of the COVID-19 pandemic. Such remedial measures include implementing various precautionary policies to ensure the safety of our employees who work remotely or on-site at offline retail stores, such as adoption of hygiene equipment, thereby enabling our normal business operations without material disruptions. As such, despite the temporary disruptions caused by COVID-19, we were able to sustain our strong growth momentum for matching service and SaaS+ subscription and achieve increase in profit during the Track Record Period. The aggregate revenue from matching service and SaaS+ subscription increased by 76.2% from RMB19.4 million for FY2019 to RMB34.1 million for FY2020, and further increased by 117.5% to RMB74.2 million for FY2021. The aggregate revenue from matching service and SaaS+ subscription for 9M2022 amounted to RMB74.3 million, representing an increase of 43.9% as compared with RMB51.6 million for 9M2021. Meanwhile, we recorded net profit of RMB27.9 million, RMB53.9 million and RMB59.0 million for FY2019, FY2020 and FY2021, respectively, and RMB52.3 million and RMB38.8 million for 9M2021 and 9M2022, respectively.

It would be difficult to predict the future development of the COVID-19 pandemic and its impact on the macro-economy and retail support service industry. The extent of any possible business disruption and the related impact on our financial results and outlook cannot be reasonably estimated at this time.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Business developments

In June 2022, we entered into a service agreement for a term commencing from July 2022 in relation to the provision of matching service to promote the instalment loan products offered by a financial services corporation. The said financial corporation is a major bank card service provider that is based in China, and it operates electronic fund transfer, mobile and online payment, and interbank networks in China. Its networks covered over 180 countries and regions, with over 2,500 business partners from all over the world as members in its networks. Pursuant to the said service agreement, we are responsible for (i) promoting the products and brand of the financial services corporation to merchants; (ii) displaying promotional materials at relevant merchants and promoting the financial services corporation's brand and its products in the designated form of services; and (iii) conducting regular on-site visits to merchants according to designated arrangements. Our responsibilities do not include sales of such instalment loan products. As of the Latest Practicable Date, we had not yet commenced providing such promotional and marketing services pursuant to this agreement.

We have been actively exploring new business opportunities in order to remain competitive in the industry and strengthen our financial performance. By entering into the said service agreement, we can expand our business presence into industry outside the FMCG market and further enhance our brand awareness, which is in line with our growth strategies as set out in "Business — Our growth strategies — Strengthen and expand customer base and increase market share". We also believe that this opportunity could help us diversify our income streams and customer base and resulted from our consistent effort in diversifying our customer base as set out in "Business — Our customers — Customer concentration — Measures taken to mitigate our concentration risks".

Recent regulatory developments

On 28 December 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》), (the "**Cybersecurity Review Measures**") which came into effect on 15 February 2022. According to Article 2 of the Cybersecurity Review Measures, critical information infrastructure operators (關鍵信息基礎設施運營者) (the "**CIIO**") purchasing network products and services, and network platform operators carrying out data processing activities which affect or may affect national security are subject to cybersecurity review. Specifically, the obligations of voluntary filing for cyber security review must be fulfilled under two circumstances: (i) if a CIIO anticipates that its procurement of network products and services affect or may affect national security after the network products and services are put into use, it should apply for cyber security review to the Cybersecurity Review Office; and (ii) network platform operators possessing personal information of more than one million users that seek for [REDACTED] in a foreign country must apply for cybersecurity review to the Cybersecurity Review Office. However, if regulatory authorities determine that our products and services as well as data processing activities affect or may affect national security as stipulated in the Measures for Cybersecurity Review, they can initiate cyber security reviews.

On 14 November 2021, the CAC promulgated the Draft Regulations on Network Data Security Management (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Regulations on Network Data Security Management**"), which sets out general guidelines of personal information protection, important data security, cross-border security management of data and obligations of internet platform operators. Also, it stipulates that data processors who carry out activities that affect or may affect national security shall declare the cyber security review. According to Article 2 of the Draft Regulation on Network Data Security Management, the Draft Regulation on Network Data Security Management applies to the activities relating to the use of networks to carry out data processing activities within the territory of the PRC. Tian Yuan Law Firm, our PRC legal adviser as to PRC laws in relation to cyber security and data compliance matters, is of the view that once the Draft Regulation on Network Data Security Management become effective in the current form, it will be applicable to certain PRC domestic entities of the Company.

On 7 July 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the "**Measures on Security Assessment of Cross-border Data Transfer**"), which became effective on 1 September 2022. These measures outline the requirements and procedures for security assessments on export of important data or personal information collected within the territory of mainland China. Furthermore, these Measures provide that the security assessment shall combine pre-assessment and continuous supervision, and security self-assessment and security assessment to prevent data export security risks. More specifically, these Measures specify that any of the circumstances below will require security assessment before any cross-border data transfer out of mainland China can occur: (i) the data transferred out of mainland China is important data; (ii) the data processor is a critical information infrastructure operator or data processor that processes personal information of more than 1 million individuals; (iii) cross-border data transfer of personal information by a data processor who has made cross-border data transfers of personal information of more than 100,000 individuals, or sensitive personal information of more than 10,000 individuals, in each case as calculated cumulatively, since 1 January of the previous year; or (iv) under other circumstances as stipulated by the CAC.

Further details on the Cybersecurity Review Measures, the Draft Regulation on Network Data Security Management and the Measures on Security Assessment of Cross-border Data Transfer (the "**Relevant Regulations**") are set out in "Regulatory Overview — Laws and regulations relating to information security and privacy protection".

Our Group and Tian Yuan Law Firm are of the view that, under the currently effective Cybersecurity Review Measures and the Measures on Security Assessment of Cross-border Data Transfer, and assuming that if the Draft Regulation on Network Data Security Management become effective in the current form, they do not foresee any material impediments for the Group to comply with the Relevant Regulations in all material respects and these Relevant Regulations would not have a material adverse impact on our Group's business operations or our Company's proposed [REDACTED] in Hong Kong. Please refer to "Risk Factors — Risks Relating to Our Industry — Regulatory, legislative or self-regulatory developments for online businesses may be expensive to comply with, not clearly defined and rapidly evolving, which might create unexpected costs, subject us to enforcement actions for compliance failures, or restrict portions of our business. These might also have a material and adverse impact on our business, prospects, results of operations and financial condition.". As of the date of this document, we have not received any inquiry, notice, warning, investigation, sanctions or objection regarding the proposed [REDACTED] plan or requesting any cybersecurity review regarding the Relevant Regulations. The laws and regulations of cybersecurity and data protection are relatively new and evolving and their interpretation and enforcement involve significant uncertainty. Our Group cannot preclude the possibilities that new regulations or rules in the future may impose additional compliance requirements on us.

No material adverse change

Our Directors confirm that, up to the date of this document, save for the subsequent events as described in Note 31 to the Accountant's Report in Appendix I to this document and the recent developments as set out in "Summary — Recent developments and no material adverse change", there has been no material adverse change in our financial, operational or trading positions or prospects since 30 September 2022, being the date of our consolidated financial statements as set out in the Accountant's Report included in Appendix I to this document and there has been no event since 30 September 2022 that would materially affect the information as set out in the Accountant's Report in Appendix I to this document.