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### 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 commerce. 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

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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.

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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. In addition, brand owners often consider online retail channel as a channel for distributing products supplementary to the offline retail channels. 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. 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%.

Our Directors consider that the sales and marketing services in China is relatively competitive, with a large number of participants with different skills and backgrounds. With the increasing demand for more diverse, integrated and data tracking marketing services and higher standards of data collection and more complicated sales and marketing scenario, market participants are under pressure to strengthen their competitive advantages through cross-industry or intra-industry mergers and acquisitions. Also, cyclical volatility in retail industry caused by external macroeconomic conditions can negatively impact brand owners’ operations, leading to a reduction in their marketing spending, which in turn result in increasingly fierce competition for limited customer resources. 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, it is also expected 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. On the other hand, we are subject to various threats and challenges.

In addition, our Directors consider that going forward, sales and marketing is expected to be conducted through a combination of online and offline channels, technology capability has gradually become the next core competency of sales and marketing services providers. Nowadays, established services providers strive to offer holistic marketing solutions to advertisers in one stop. Big data and cloud computing technology enable sales and marketing services providers to gather a vast amount of information to build a comprehensive customer profile for advertisers based on multiple tools and platforms. In addition, new domestic FMCG brands normally were born from internet and are not familiar with offline interactions, which urges sales and marketing services providers to digitalise their offline operations in order to improve marketing efficiency for brand owners and distributors. As more advanced technologies emerge and are applied, sales and marketing services providers are becoming more integrated and technology-driven. We cannot assure you that we could advance our technology capability successfully or we could provide digitalised services that are satisfactory to our customers. As a result, we cannot

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predict with certainty the future growth rate and size of the market of our business. Further, given the regulations in relation to cybersecurity and data privacy in the PRC, we may also face unpredictable restrictions on the adoption and development of different digitalised tools.

The slower growth momentum of offline retail market may be subject to uncertainties. The majority of brand owners in the retail industry have been suffered from different challenges, such as fiercer competition, fragmented distribution network and information asymmetry, and they tend to increase investment in physical sales and marketing with a view to obtaining consumer profiles, improving efficiency in the long retail value chain, and adopting technology empowered tools and systems while implementing sales and marketing activities. From consumer perspective, consumers not only are prone to using online channels to buy or interact with brand owners or distributors but also enjoy physical shopping experience. To some extent, these phenomena encourage brand owners and distributors to cooperate with offline retail sales and marketing service providers, like us, to advance their physical sales and marketing activities, which enables automation, data transparency, user interaction, and resources monitoring. Furthermore, the further development of SaaS technology also lowers the threshold for brand owners and distributors to embrace digitalisation by cancelling upfront hardware costs and flexible access to computed results. In this case, efficiency and resources saving are expected to bring cost down and strengthen existing value proposition for brand owners and distributors. In return, retail sales and marketing service providers are able to achieve business success in such a digitalisation era.

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. For further details, see “Risk Factors — Risks relating to our industry — The retail market and retail sales and marketing services market in China is subject to various uncertainties.”.

### **Our Performance**

Our revenue decreased by 13.1% from RMB475.9 million for FY2019 to RMB413.6 million for FY2020, mainly because of the COVID-19 pandemic and the corresponding restrictions, which had a negative impact on the overall sales performance of offline commerce in China and our major business segment, namely on-site solution. Our revenue slightly increased by 0.7% to RMB416.3 million for FY2021, primarily attributable to the increase in revenue from matching service and SaaS+ subscription. Our revenue increased by 37.8% from RMB315.6 million for 9M2021 to RMB434.9 million for 9M2022.

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On-site solution, being our long-established business, contributed the largest share of our revenue for the Track Record Period, accounting for 81.0%, 74.0% and 65.5% of our total revenue for FY2019, FY2020 and FY2021, respectively, and 66.9% and 73.8% of our total revenue for 9M2021 and 9M2022. Based on our industry insights and communications with our customers from time to time, we noted the market demand for digitalised result-oriented sales and marketing services, and thus we started providing matching service and SaaS+ subscription in 2019 and 2020, respectively. Driven by our continuous efforts, we have achieved strong growth in our matching service and SaaS+ subscription during the Track Record Period. The following table sets forth our revenue by service types for the period indicated:

	FY2019		FY2020		FY2021		9M2021		9M2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
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
<b>Total</b>	<b>475,855</b>	<b>100.0</b>	<b>413,571</b>	<b>100.0</b>	<b>416,289</b>	<b>100.0</b>	<b>315,569</b>	<b>100.0</b>	<b>434,912</b>	<b>100.0</b>

Our gross profit amounted to RMB171.8 million, RMB164.0 million and RMB170.2 million for the three years ended 31 December 2021, respectively, and our gross profit margin amounted to 36.1%, 39.6% and 40.9% for the same periods. Our gross profit amounted to RMB129.2 million and RMB131.6 million for 9M2021 and 9M2022, respectively, and our gross profit margin amounted to 40.9% and 30.3% for the same periods. On-site solution contributed the largest share of our gross profit and accounted for 60.6%, 53.3% and 48.2% of our total gross profit for FY2019, FY2020 and FY2021, respectively, and 50.6% and 52.6% of our total gross profit for 9M2021 and 9M2022, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by types of services for the periods indicated:

	FY2019		FY2020		FY2021		9M2021		9M2022	
	Gross		Gross		Gross		Gross		Gross	
	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
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
<b>Total</b>	<b>171,751</b>	<b>36.1</b>	<b>163,966</b>	<b>39.6</b>	<b>170,249</b>	<b>40.9</b>	<b>129,158</b>	<b>40.9</b>	<b>131,573</b>	<b>30.3</b>

We achieved net profit of RMB27.9 million, RMB53.9 million and RMB59.0 million, representing net profit margin of 5.9%, 13.0% and 14.2% for FY2019, FY2020 and FY2021, respectively. Our net profit was RMB52.3 million and RMB38.8 million, representing net profit margin of 16.6% and 8.9% for 9M2021 and 9M2022, respectively. By excluding the impact of share-based payment and [REDACTED], we had an adjusted net profit (Non-HKFRS measure) of 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.

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### **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 22,941 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 of merchandise, 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 COMPETITIVE STRENGTHS**

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

#### **Established digitalised sales and marketing service platform in China**

We are an established player in offline commerce-based sales and marketing for FMCG enterprises in China, with in-depth industry know-how and technology capabilities. Leveraging our industry expertise and deep understanding of sales and marketing and retail operations, we are capable of providing customers who are from various industry and with different scales, requirements and budgets with a full spectrum of services in various scenarios, such as formulating and implementing sales and marketing events to drive the sales of particular merchandise, providing data analytics of market potential of particular geographical location or specific offline retail stores to permeate into cities where they may not have physical presence via differentiated approach, reducing operating costs associated with human resources-related administration matters while having access to the stable workforce.

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Since 2004, we started providing traditional sales and marketing services for FMCG enterprises in China. Given the complicated nature and diverse scenarios of offline commerce, it is challenging for our customers to execute sales and marketing initiatives effectively, or to monitor and evaluate the relevant results efficiently. Recognising the benefits of how technologies could improve sales and marketing in offline commerce scenarios and huge market potential in the industry, we started to digitalise our business process in 2012. Since then, we have continuously expanded the functionalities of our ever-refining and upgrading FMES platform to provide technological support to our comprehensive service offerings. Utilising our digitalised tools portfolio and capability to develop new products over the years, we launched our matching service and SaaS+ subscription in 2019 and 2020, respectively, with a view to generating long-term and recurring revenue from a wider range of customers. Owing to our continuous effort in promoting our matching service and SaaS+ subscription, we provided matching service and SaaS+ subscription to 26 and 86 customers for 9M2022, respectively.

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.

### **Strong network effect and synergy effect enabled by our unique business model**

Our unique business model that engages different players in the offline retail scenarios benefits us with network effect. Our service network has an extensive coverage in terms of scale of customers, geographical locations and types of tasks. Most of our services, in particular on-site solution, field force assignment and matching service, 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. As at the Latest Practicable Date, we achieved service coverage of more than 320 cities of 31 provinces/municipalities in China. Our strong and expanding touchpoint pool helps us expand our customer base, while the expansion of our customer base brings higher task volume. Such higher task volume allows us to attract more touchpoints with diverse background and skill sets, which in turn strengthens our capability to match a more suitable touchpoint for a particular task. Improved task matching capability enables us to attract more customers with broadened service network and improved offline sales and marketing performance. Such network effects bring about sustainable and growing customer base, task volume and matching capability and touchpoint pool.

Our services also create synergies among the players in the offline retail scenarios, in particular our customers and touchpoints. On one hand, we help our customers to implement their sales and marketing initiatives efficiently and enhance their offline retail sales performance. On the other hand, we help touchpoint users to search for jobs with monetary rewards. Meanwhile, as touchpoint users are required to report on their attendance and performance of the tasks via our digitalised tool, we have created a large and real-time database which assists our customers to evaluate the sales and marketing activities.

### **Large and diverse touchpoint pool**

Supported by our touchpoint pool, we are capable of meeting customers’ demands and serving customers who have different merchandise, target consumers, requirements and budgets. Our touchpoint pool comprises project personnel who are our employees and third-party labour provided by our suppliers who are labour service providers. The number of registered touchpoints increased from over 264,600 as of 31 December 2019 to over 442,000 as of 30 September 2022, with the number of average monthly active touchpoints increased from over 15,500 as of 31 December 2019 to over 22,900 as of 30 September 2022.

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We use a task-based management system in our daily operations to manage implementation process of our projects, as well as touchpoints’ activities. 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. Riding on our touchpoint user base, we have achieved completion rate for tasks of nearly 80% for 9M2022, thereby satisfying our customers’ demand for sales and marketing services, whether one-off, short-term or continuous. We not only made our customers’ engagement of sales and marketing service providers easier and more convenient, but also help touchpoint users to obtain monetary rewards.

We value the experience of our touchpoint users. In particular, our digitalised tool which is created for the use by touchpoints, namely *MiJob Square*, has simple interface and is easy to access from mobile, encouraging users to stay tuned for newly released tasks thereby. Using such digitalised tool, touchpoints can easily and conveniently search for tasks, receive training videos and follow-up quizzes, so that they could have a better picture on how to satisfactorily fulfil their task duties and our customers’ expectations.

Taking advantage of our readily available and extensive touchpoint network, we believe that we are able to stand out amongst our competitors in assisting our customers to achieve enhanced sales with lower costs, hence capturing the huge market opportunities of SMEs’ offline digitalisation and systemisation. Combined with our service offerings, we believe that we could further monetise through our touchpoint network and data assets accumulated via our FMES, allowing us to build unique asset with significant entry barrier.

### **High-quality customer base with huge expansion potential**

We have a high-quality customer base. For the Track Record Period, a majority of our revenue was derived from brand owners. For 9M2022, we had 39 brand customers, out of a total of 143 customers. For the Track Record Period, a majority of our brand customers were engaged in the FMCG industry, such as daily commodities, food products and beverage and consumer electronics. For the same period, a majority of our brand customers and most of our top five customers for the Track Record Period are market-leading FMCG enterprises (such as 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).

Capitalising on our comprehensive service offerings, we have maintained long-term and stable business relationship with our customers. As at 30 September 2022, we had an average of seven years of business relationship with our top five customers.

Since the launch of matching service and SaaS+ subscription in 2019 and 2020, respectively, both services have been widely adopted and accepted by both existing and new customers. With respect to our matching service, we experienced a growing number of customers of 10, 15 and 19 for FY2019, FY2020 and FY2021, respectively. Number of our customers that engaged us for matching service increased from 17 for 9M2021 to 26 for 9M2022. Meanwhile, number of contracts completed by us under matching service increased from 8 for FY2019 to 23 for 9M2022. With respect to SaaS+ subscription, number of customers increased from 3 for FY2020 to 8 for FY2021, and then significantly increased to 86 for 9M2022. Meanwhile, number of SaaS+ subscription contracts completed by us increased from 6 for FY2020 to 51 for FY2021.

Our solid customer base has allowed us to expand our business by cross selling our service offerings and procuring business partners of our customers to be our new potential customers, while our diversified service offerings have enabled us to continuously expose ourselves to brand owners, distributors, points of sale and touchpoints, forming a pool of customers and potential customers of different background and thus providing us with monetisation opportunities on a recurring basis.



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### **Data-centric operation empowered by our FMES platform**

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. Benefiting from data input by touchpoint users while they carry out tasks, for the Track Record Period, our FMES has consolidated data assets of over 4 million of points of sale from more than 360 cities of 31 provinces/municipalities in China. In traditional retail market, if a sales and marketing activity involves large amount of and highly dispersed players, it would be very difficult for our customers to track and manage each sales made and contract signed by each offline retail store and salesperson and to evaluate the performance of each offline retail store and salesperson. Also, if parties involved in a traditional scenario are widely dispersed, collecting information and making decisions usually take much time and resources. 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.

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. For instance, one of our customers, being FMCG brand owner primarily engages in food products and beverages, found it difficult to get through and analyse data from different software and systems, such as marketing management systems, finance systems or employee management systems, which had been used by its various branch companies. Benefiting from our services supported by FMES platform, such brand customer connected with different sales and marketing agencies, marketing supervisors and salespersons and obtain data with consistent data tags for the ease of carrying out for future analyses and evaluation on its sales performance. Other than supporting our services, we, as the operator of FMES platform, also benefit from the data assets. We gain market insights from data and thus, have continuously refined our services to fit the ever-evolving demands.

We attach great importance to product R&D and technological advancement. As at 30 September 2022, our innovation centre team, which was responsible for innovation and R&D, had 50 R&D staff and had R&D teams in Shanghai, Beijing, Guangzhou and Dalian. During the Track Record Period and up to the Latest Practicable Date, we have continuously upgraded our FMES platform and launched over 1,000 updates or new features that cater to the evolving needs of our customers. As at the Latest Practicable Date, we had 73 software copyrights registered in the PRC which we consider to be material or may be material to our business.

We have also established strategic cooperation relationship with Baidu Smart Cloud (百度智能雲), a leading AI company based in the PRC, under which Baidu Smart Cloud uses its AI, big data and cloud computing and other technologies to assist us in the construction of digitalised sales and marketing platforms and a digital database containing information on evaluation, historical sales performance and potential market size of offline retail stores. Currently, such database forms part of our platform and enables us to help our customers grasp the demographics and spending power of target consumer groups that our network covers in China.

### **Seasoned and insightful management team**

Our management team has a proven track record in the market-leading brands operation and offline sales and marketing industry. Our visionary management, Mr. Sun Guangjun (孫廣軍) has over 28 years of experience in the marketing industry. Leveraging his extensive industry experience in management and strategic planning acquired from his previous positions with some Fortune Global 500 companies, Mr. Sun has led us through our business development. In particular, our management has enabled our digitalisation

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transformation from a traditional sales and marketing service provider to an established digitalised sales and marketing service provider. In particular, in 2019, utilising our portfolio of digitalised tools, we launched our matching service with a view to generating long-term and recurring revenue from wider range of customers. Furthermore, our management has a proven record of empowering the Group to generate profit and improving our adjusted net profit margin (Non-HKFRS measure) during the Track Record Period.

Under the leadership of our seasoned management team, we have seized the market opportunity to establish relationship with high-quality market-leading FMCG brand owners, expand our service offerings and continuously upgrade our business model to achieve long-term sustainability.

### OUR GROWTH STRATEGIES

#### **Enhance our core technology capabilities and fundamental R&D to provide a full spectrum of services**

In view of the trend that technology and the Internet are transforming offline commerce and the rising demand for retail support services, we intend to enhance our core technology capabilities and fundamental R&D to provide a full spectrum of services to our customers. After years of development, the performance of SaaS products has drastically improved and are becoming a better alternative than traditional software. With the empowerment of advanced digital technologies, such as AI, big data, algorithms, etc., Frost & Sullivan expects that, in the future, certain SaaS development platforms will significantly simplify the SaaS development process and enhance the rapid expansion of the SaaS market.

To capitalise on such growing demand and to maintain our competitiveness in view of the anticipated lowered technological barrier, we plan to use [REDACTED] from the [REDACTED] for enhancing our core technology capabilities and fundamental R&D, which includes (i) continuous upgrading of our FMES platform and digitalised tools; (ii) establishing a cloud-based sales and marketing platform as a service (PaaS) system to achieve win-win situation by building a comprehensive offline commerce-based digitalised sales and marketing ecosystem; (iii) establishing an advanced digitalised R&D management system, creating open collaborative research environment, enhancing our Shanghai headquarters and Dalian R&D centre and establishing new R&D centres in Guangzhou and Zhengzhou/Suzhou as well as one laboratory in Guangzhou for optimising algorithm; and (iv) enhancing our technology infrastructure, which includes purchasing hardware and software copyrights or licences to expand storage and computing capabilities and strengthening our IT operation management and maintenance to ensure the reliability and security of our service offerings.

In particular, our plan relating to upgrading our FMES platform and digitalised tools will focus on:

- with respect to our FMES platform, we will strengthen the capabilities and continue to improve our core middle platforms, namely *BrandKEY*, *Channel Station* and *Touchkit*, and develop platform-level operation centres that consolidate all necessary functions, such as touchpoints operation centre and points of sale operation centre, to provide a full spectrum of services to our customers and further monetise our extensive user base;
- with respect to our digitalised tools, we will continuously upgrade our digitalised tools and develop new features to meet the ever-evolving market demands, thereby enabling better utilisation of our digitalised tools to support our service offerings and minimising our manual input in the provision of our services;

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- with respect to our SaaS+ subscription, we will focus on empowering the digitalisation and systemisation of our customers' offline commerce and devise and offer services and/or digitalised tools to serve a wider variety of offline retail scenarios, thereby allowing us to cater to the increasingly diversified customer needs; and
- with respect to data empowerment, we will focus on operations in the aspects of big data mining, R&D and optimisation of algorithms, thereby enabling our customers to overcome data barriers and improving their operational efficiency and effectiveness. For example, we will establish business centres to support our digitalised platforms and create systems and indexes of data tags, algorithm, performance indicators of sales and promotional activities, etc.

We believe with more comprehensive digitalised platforms and products being available, we will be able to provide more comprehensive services to a wider range of customers.

Meanwhile, our plan in relation to advanced digitalised R&D management system, R&D centres and algorithm laboratory is expected to benefit us in the following aspects:

- the advanced digitalised R&D management system can help us to effectively coordinate R&D resources and enhance the efficiency in digitalised tools innovation. At the same time, such management system can improve our R&D management environment and is expected to help attract and retain R&D talents;
- the enhancement of our Shanghai headquarters, Dalian and Guangzhou R&D centres and the establishment of a new R&D centre in Zhengzhou/Suzhou will provide additional and sufficient office space to support our recruitment plan hiring 99 R&D talents over the next three years. We believe that our enlarged R&D team would facilitate us to accelerate technology and digitalised tools innovations and expand the applicability of our digitalised tools to more commerce scenarios. Furthermore, these new staff could help us address the evolving business need of our customers and other industry participants along the value chain; Meanwhile, with a view to jointly develop and enhance the offline retail ecosystem, we plan to establish algorithm laboratories in Shanghai and Dalian, which are expected to create and provide a research environment for R&D talents to cooperate. These R&D talents may include specialists in algorithm research, big data mining and image recognition technology, etc.; and
- Upon completion of the enhancement of our Guangzhou R&D centre, we plan to commence the setting up of a laboratory in Guangzhou in the second quarter of 2024 for optimising algorithm.

### **Strengthen and expand customer base and increase market share**

With experience and expertise, many sales and marketing services providers have become more familiar with the effectiveness of different types of sales and marketing campaigns towards target customers. On the other hand, advertisers understand that the effectiveness and efficiency of the collaboration between advertisers and services providers significantly determines the performance of market campaigns. Therefore, a sustainable and mature cooperation between both sides can ensure the long-term development for both participants. Accordingly, we plan to use [REDACTED] from the [REDACTED] to increase our market share in the PRC by enhancing our capabilities in sales and marketing to further our business growth and brand awareness, as well as strengthening our sales and marketing channels. We intend to promote our services to market-leading companies, as well as SMEs, in the FMCG industry and other industry, such as finance and tourism industry. We plan to drive the penetration of our service offerings and digitalised tools through word-of-mouth referrals and a range of other channels, such as customer meetings, conducting regular market researches and industry conferences

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and events, as well as by engaging online sales and marketing channels including strategically placing advertisements on professional and social network platforms. We also plan to establish an exhibition hall in Shanghai to display our landmark cases. Also, the exhibition hall will demonstrate various offline retail scenarios and how our digitalised tools are used in such scenarios, thereby enhancing our customers’ understandings in our technology capability and services.

We also plan to strengthen the capabilities and continue to improve our digitalised platforms and develop platform-level operation centres that consolidate all necessary functions to provide a full spectrum of services to our customers and further monetise on our extensive user base. For details, see “Business — Our growth strategies — Enhance our core technology capabilities and fundamental R&D to provide a full spectrum of services”. Through empowering players (i.e., brands, distributors, points of sale, touchpoints) in the ecosystem of offline retail scenarios, coupled with improving operational efficiency and transparency of business operations using integrated digitalisation and systemisation in the long run, we will be able to enhance our value propositions to our customers and propel the development of the entire ecosystem.

### **Attract and retain excellent talents**

We recognise that all of our staff are critical to our success and long-term development. As highlighted by Frost & Sullivan, possessing qualified and experienced management capability and service professionals are key success factors for marketing companies as outstanding talents are able to quickly provide sales and marketing solutions due to their experience and business acumen. Meanwhile, these talents are much likely to handle business development and collaborate with technology teams to integrate technology empowered sales and marketing tools or service innovations. Industry expertise and experience require sufficient and long-term accumulation that a new entrant may not be able to afford or develop such capability in short term. We plan to use [REDACTED] from the [REDACTED] continue to attract and retain talented staff, including (i) R&D staff, such as industry experts, digitalised product managers and assistants, testing engineers and algorithm and data analysts and management and support staff, who will be responsible for enhancing our core technology capabilities and fundamental R&D; (ii) business team, who will help accelerate the business development of our on-site solution and matching service; and (iii) business development teams who will primarily help expand into the major countries/cities in Southeast Asia (such as Singapore, Jakarta in Indonesia or Manila in Philippines) and Japan (such as Tokyo).

We intend to remunerate our managerial and other key staff with compensation packages that we believe to be competitive in our industry. Also, we may provide our talented and promising staff with training and rotation opportunities to help them develop professionally and enhance their work experience so they can become competent managers. We also intend to provide professional trainings to our sales team to strengthen their capabilities to serve our customers, thereby enhancing customer loyalty. Aside from trainings, we will also organise various team building activities to build the morale of our staff and to instil a sense of belongings in our staff as they grow with our Group. In addition, as we plan to expand our service offerings and geographical coverage of our business, we expect to hire additional talents to cater for and in line with our expansion needs. With continued effort on the development of our valuable human resources, we believe that we will be successful in retaining and motivating our managerial, sales and operation, R&D and other staff and continue to attract more talented individuals.

### **Expand our international presence**

We plan to expand into the retail support services markets outside the PRC, such as Southeast Asia and Japan by leveraging our proven track record in serving market-leading FMCG brand customers with a view to capturing the huge overseas market opportunities. The development of Asia’s retail market is partly driven by the steady growth of the retail market in Japan and Singapore in addition to China. Considering

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robust economic outlook, large population sizes, and steady political environment, the retail market in these countries would sustain the momentum and also brew the development of the retail support services market, making it an opportunity for retail brand owners and retail support services providers. According to Frost & Sullivan, Singapore and Japan are relatively mature markets, which are projected to grow from RMB164 billion and RMB6.7 trillion, respectively, in 2021 to RMB179.3 billion and RMB6.8 trillion, respectively, in 2026. In addition, as Singapore is an important economic hub in the Southeast Asia and has convenient transportation with neighbouring countries, it has a relatively high CAGR of 1.8% from 2021 to 2026, while Japan has a CAGR 0.4% for the same period. According to Frost & Sullivan, the competitive landscape of sales and marketing industry in previous mentioned countries are relatively fragmented. In 2021, the market share of the top five sales and marketing players in Japan, Singapore, Indonesia and the Philippines accounted for approximately 40%, 35%, 20%, and 25%, respectively. The leading (in terms of revenue) sales and marketing service players in the said four countries as identified by Frost & Sullivan are listed companies with global presence. In terms of the number of existing players, there are over 20,000, 4,000, 15,000 and 3,000 sales and marketing entities in Japan, Singapore, Indonesia and the Philippines, respectively.

We consider that our overseas expansion plan is commensurate with our historical and future business strategies. Historically, we have focused on serving market-leading FMCG customers, such as Fortune Global 500 companies or top FMCG brands with international presence. We believe that expanding into overseas market will also strengthen our market share in Asia and broaden our core customer base as we intend to procure new market leading customers and companies with sound credit ratings. Furthermore, we believe that our ability to provide services in overseas locations could help strengthen our business relationship with our existing market-leading FMCG customers as we can better understand these customers’ demand, business culture and business operations, etc. Moreover, geographical expansion has been our Group’s strategy to pursue growth that during the Track Record Period, we provided services in different locations in the PRC where customer demand arose. As of the Latest Practicable Date, we had established branch offices in over 20 cities. Our Directors believe that geographical expansion in overseas market following the footprint of our internationally-renowned customers would be a commercially sensible approach to pursue growth in the future.

We intend to procure new market leading customers and companies with sound credit ratings. We plan to set up our overseas headquarters in Singapore as it is an important economic hub in Southeast Asia and has easy access to neighbouring countries. In addition, we intend to set up overseas offices in (i) Japan (for example Tokyo) with a focus on serving merchants in Japan who want to enter into the PRC market; and (ii) Indonesia (for example Jakarta) or Philippines (for example Manila) with a view to penetrate into the local markets. In order to support the daily operations of our overseas offices and facilitate our plan to expand into the overseas market, we plan to establish business development team by recruiting eight staff in the first year of establishment for the Singapore office. Such team would comprise one general manager, four sales and marketing staff, one financial staff and two administration and support staff. Meanwhile, we intend to also set up business development teams with a similar composition for other overseas offices by recruiting four staff in the first year of establishment of the same. As we have served a number of market-leading FMCG brands with global presence and leveraging our track record for providing a wide portfolio of services in the PRC market, we believe that these customers with global presence may find our service offerings also applicable to their Southeast Asia and Japan markets. For further details, see “Future Plans and [REDACTED] — Implementation plans — Expanding into overseas markets and increasing our market share in the PRC”.

Based on a preliminary feasibility study conducted by our management, the locations where we plan to set up new overseas office, namely, Japan, Indonesia and the Philippines, are suitable for our overseas expansion because of their robust economic outlook, large population sizes and steady political environment. As such, we consider their retail markets are sustainable and the development of the retail

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support services markets are promising. In particular, the FMCG distribution/retail ecosystem in Singapore and Japan are relatively mature. As such, we will focus on optimising the connection, integration and consolidation of various players in those markets. In particular, with respect to Singapore, we target on acquiring customers which are chain restaurant, chain supermarket, real estate manager, operator of shopping malls that focused on branded goods and market-leading brand owners or distributors. Meanwhile, the FMCG distribution/retail ecosystem of other Southeast Asia countries, such as Indonesia and the Philippines, is comparatively fragmented and multi-tiered. As such, we plan to penetrate into the local FMCG markets and focus on acquiring market share. For example, we may target on acquiring chain supermarket customers in Indonesia, or chain restaurant customers in the Philippines. Based on information currently available to us, we intend to focus on providing matching service and SaaS+ subscription to overseas customers and plan to customise our digitalised products to accommodate different marketing needs in different countries. In addition to business development by our own overseas staff, we may also consult local merchant acquiring agents or enter into strategic cooperation with payment gateways to procure potential customers and touchpoints. Typically, local merchant acquiring agents and payment gateways have business relationships or contacts of local merchants and they may assist us promote our services and penetrate into the local market. Also, we may promote our services to payment gateways so that our services can create synergistic effect with their payment services and local connections. In addition, having considered the competitive landscape, we believe that we could recruit local touchpoints to assist in and attend to on-site implementation of our services. By doing so, we believe that we will be able to connect, integrate and consolidate various players in the overseas market in the same way as we do in the PRC market using our services and digitalised products, as well as penetrate into the local markets by procuring local customers and touchpoints.

Where good overseas opportunities arise, we plan to collaborate with local strategic partners to better formulate services that cater for the specified needs of overseas FMCG customers, for example, sales and marketing events tailored to the audience in different geographical regions based on their preferences and culture. We also intend to focus on cooperating with business-to-business (B2B) platforms to promote overseas business and enrich the use case scenarios (i.e. how a user might interact with our digitalised tools/FMES system to achieve a goal) of our services. As at the Latest Practicable Date, we had not commenced any operation in any specific overseas market to expand into, but we are currently planning and implementing our overseas expansion plan, such as communicating with an overseas recruitment agent to discuss on the availability of potential candidates for our overseas business development team.

### **Pursue strategic investment, acquisition and cooperation**

We intend to continuously pursue strategic cooperation with selected institutions and enterprises, including but not limited to strategic alliance, investment, joint venture and/or acquisition, that may be complementary to our growth strategies, particularly those that can help us enrich our service offerings, enhance our technologies and FMES platform, and expand our customer and user base. We also intend to enrich our existing capabilities, enhance our core competencies and supplement our strategic business development plan. Further details of our strategic investment, acquisitions and cooperation are set out below:

- strategic acquisitions of large companies in the PRC which could enable us to rapidly expand our business across the country. In particular, we intend to look for traditional sales and marketing companies in the PRC. Since our current business operations cover more than 320 cities of 31 provinces/municipalities in China, location(s) where the target operates would not be restricted. When selecting and assessing potential targets, we will consider a number of selection criteria. In particular, we intend to look for and will selectively pursue potential target which (i) is a traditional sales and marketing company in the PRC having a focus on FMCG industry; (ii) has an established customer base consisting of international and local

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market-leading brand owners and/or distributors, which preferably not to overlap with our existing customer base; (iii) has an established touchpoint base, which could be employee touchpoint and/or third-party labour; and (iv) possesses competitive advantages in areas or subjects we consider valuable to our existing business operations and can help expanding our service coverage in respect of different offline retail scenarios; and (v) has proven track record in providing traditional sales and marketing services and at least an annual revenue of RMB150 million. Based on the expert interviews conducted by Frost & Sullivan, for our selection criteria and the availability of such targets, as of 2021, there were approximately over 300 sales and marketing companies in China that had revenue of at least RMB150 million. We believe that such targets could enlarge our customer base, enhance our market presence and strengthen our market share, thereby supplementing our future plan relating to business growth and brand awareness. In addition, if the targets have international presence, they could further supplement our strategic business development plan relating to international presence. Meanwhile, with the view to strengthen the connection between online and offline retail ecosystem with using the offline platform as an entry, we may also consider online consumer marketing companies with at least an annual revenue of RMB80 million. Based on the expert interviews conducted by Frost & Sullivan, there were approximately over 200 online marketing companies in China that have revenue of at least RMB80 million; and

- investments in technology platforms which could complement our FMES platform. In particular, when identifying potential platform, we will consider whether such target has (i) local or international presence; (ii) technology capabilities and fundamental R&D to develop technology platforms; (iii) sales and marketing customers; and/or (iv) at least an annual revenue of RMB50 million. Based on the expert interviews conducted by Frost & Sullivan, there were approximately over 100 technology development companies who are familiar with sales and marketing industry in the market that have revenue of at least RMB50 million. We expect that such targets could further enhance our technology capabilities and complement our existing FMES platform by encouraging cooperation among different R&D talents across different platforms. We believe our extensive industry experience and insights will enable us to identify suitable potential opportunities and effectively evaluate and execute such opportunities. For potential investment, in the long run, we will utilise our internally generated resources to enhance the performance of the acquired companies, such as sharing our extensive industry experience, implementing our advanced operation models, reorganising their corporate governance structure to help them integrate into our operations, as well as establishing a competitive and flexible remuneration system, with the goal to form sustainable and mutually beneficial relationships with such acquired companies.

In the past, we expanded organically through setting up branch offices in different locations across the mainland China due to the lower cost required. However, such expansion strategy limited us in acquiring competitive capabilities and could not provide other important benefits which could only be achieved through strategic investment in, acquisition of and cooperation with external targets, including convenient access to an established customer portfolio to enhance our customer base. With the elevated corporate image, which may allow us to attract sizable and quality targets with capabilities we seek and stronger financial resources upon the successful [REDACTED], we believe that it would be appropriate for us to step up and expand through strategic investment, acquisition and cooperation.

Although we currently do not have any specific investment or acquisition plans or targets and have not entered into any definitive agreements with any potential targets, we believe we will be able to identify attractive strategic investment and acquisition opportunities that can enrich our existing capabilities, enhance our core competencies and supplement our strategic business development plan.

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**OUR BUSINESS MODEL**

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 effectively connect these players and bring network effects and synergies to them. The following diagram describes the relationship among the players and how our services facilitate them in the offline retail scenarios:



*Notes:*

- (1) Brand owners and distributors supply merchandise to points of sale for retail purpose. We provide services to brand owners and distributors to assist them to carry out sales and marketing initiatives, offline retail network management and obtain sales and marketing data analytics.
- (2) Points of sale require touchpoints for on-site implementation, including providing product-related information and services to consumers, in-store merchandise display, stock inventory management and other daily retail operations.
- (3) Touchpoints refer to the persons who directly interact with consumers, such as shop owners, salespersons, frontline staff, drivers, food delivery riders, restaurant waiters, etc. They not only affect the consumers’ experience and choice on merchandise, but also possess first-hand sales-related and consumer-related information, such as sales performance, consumer behaviour and consumers’ feedbacks on merchandise.
- (4) Touchpoints can search for tasks using our digitalised tool. 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. Having accepted the tasks, touchpoint users will execute the required task duties and thus, facilitate us to provide sales and marketing services to our customers. After touchpoint users finish the tasks, they earn monetary rewards in return for their services provided.
- (5) Using our digitalised tools, we collect from touchpoint users’ first-hand sales-related and consumer-related information. Meanwhile, using certain built-in functions of our digitalised tools, we verify the accuracy of the information.



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- (6) Afterwards, via our digitalised tools, the offline information is converted into data assets, systemised using consistent data tags and analysed and processed to provide meaningful data analytics. Such data is then transmitted to brand owners and distributors, thereby allowing them to increase operational efficiency, obtain first-hand consumers’ insights in a timely manner and gain the upper hand in the competitive market.

Benefiting from the unique characteristics of the offline retail scenarios, we have been surrounded by multiple layers of players and thus, have accumulated in-depth understanding and insights of players’ demands and identified their core challenges and difficulties when working with traditional offline sales and marketing agencies or in a traditional offline retail scenario. In response, we provide our services to address and solve their core challenges, connect and integrate the players in the ecosystem and bring synergies to players in the ecosystem of offline retail scenarios.

**OUR SERVICE OFFERINGS**

In view of the trend that technology and the internet are transforming offline commerce and the rising demand for digitalised sales and marketing services from comprehensive perspectives, we offer a range of sales and marketing services, aiming to empower the digitalisation and systemisation of offline commerce. The following table sets out a general overview of our services provided during the Track Record Period.

	<b>On-site solution</b>	<b>Field force assignment</b>	<b>Matching service</b>	<b>SaaS+ subscription</b>
<b>Service offerings</b>	Solution services for customised sales and marketing activities with set up of offline venues and event materials	Manpower assignment and management services	Standardised sales and marketing activities without set up of offline venues and event materials	Customisation (on an as-needed basis) and subscription of readily-available digitalised tools
<b>Value to customers</b>	<p>Helping formulate and implement offline sales and marketing plans in pre-determined offline retail stores</p> <p>Helping find suitable salespersons/frontline staff to assist in raising brand awareness, promoting customers’ merchandise, driving sales, etc.</p> <p>Converting offline sales and marketing information into data assets and facilitating overall project management</p>	<p>Enabling customers to reduce operating costs associated with human resources-related administration matters</p> <p>Converting offline human resources information into data assets for convenient management</p>	<p>Helping find suitable salespersons to promote customers’ merchandise and drive sales</p> <p>Access to flexible resources deployment and regularly evaluating the impact of tasks on sales performance to enable dynamic adjustments of suitable salespersons and targeted offline retail stores from our nationwide coverage</p>	Supporting customers to streamline their sales and marketing process and manage their offline retail network

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	On-site solution	Field force assignment	Matching service	SaaS+ subscription
<b>Deliverable</b>	<p>Organising and implementing offline activities including: promotional activities, marketing events, roadshows, product launch events, order-placing events, appreciation ceremony, designing sales and marketing materials, etc.</p> <p>Mainly providing third-party labour, who does not have any employment or contractual relationship with us and thus, can flexibly cope with our customers' ad-hoc service demands, to carry out on-site implementation and retaining third-party labour, who were considered by our customers to be able to deliver adequate performance, as project personnel (i.e. our employee)</p> <p>Publishing tasks to find suitable touchpoint users to perform above on-site activities execution</p> <p>Providing online and/or offline trainings to touchpoint users and managing their performance</p> <p>Providing sales results and touchpoint users' performance report</p>	<p>Assisting our customers in recruitment, training and appraisal of field force for offline retail stores designated by customers and management of human resources-related administration matters</p> <p>Maintaining employment relationship with field force, thereby allowing continuity and consistency of the relevant positions</p>	<p>Providing third-party labour, as touchpoint users who does not have any employment or contractual relationship with us and thus, can flexibly cope with our customers' ad-hoc service demands</p> <p>Publishing tasks to find suitable touchpoint users based on our intelligent matching recommendations to perform in-store merchandise display and sales and promotion of customers' merchandise</p> <p>Providing online and/or offline training to touchpoint users and managing their performance</p> <p>Providing sales results and touchpoint users' performance report</p>	<p>Access to our digitalised tools, together with customisation on an as-needed basis</p>
<b>Major digitalised tool(s) involved</b>	<i>Remotes, SMV and MiJob Square</i>	<i>eHR and MiJob Square</i>	<i>Touchkit and MiJob Square</i>	<i>BrandKEY, Channel Station, Site DNA and MiJob Square</i>
<b>Major components of our fees</b>	Fixed service fees	(i) Fixed service fees; and (ii) Field force salaries, benefits and disbursements as reimbursements to us	(i) Performance-based fees; and/or (ii) Fixed fees including service and/or system fees	Fixed service and/or subscription fee
<b>Our risks in relation to fee model</b>	In certain cases, if we could not achieve performance indicators (such as salesperson attendance rates, recruitment rates, etc.) as set out in the service agreements, our customers can deduct the agreed fees	Minimal	If the sales performance of the salespersons could not meet the performance indicators (such as sales amounts of the offline retail stores or number of completed tasks) as set out in the service agreements entered into between us and our customers, we can only generate a minimal amount of revenue based on the fixed service fees	Minimal
<b>Billing arrangement</b>	Project basis (after project completion or based on project milestone)	Monthly basis	Monthly basis	Project basis (after project completion or based on project milestone)
<b>Credit term</b>	6–186 days	7–180 days	0–170 days	30–120 days
<b>Major marketing channels</b>	Quotation/tender	Quotation/tender	Quotation/tender	Quotation
<b>Major types of customers</b>	Brand owners	Brand owners	Brand owners	Brand owners
<b>Major types of suppliers</b>	Labour service provider, event consumables supplier and logistics service provider	Human resources agency	Labour service provider	IT service provider

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### Key operating data

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

	FY2019	FY2020	FY2021	9M2021	9M2022
<b>The Group</b>					
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
<b>On-site solution</b>					
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
<b>Matching service</b>					
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
<b>SaaS+ subscription</b>					
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
<b>Touchpoints</b>					
Average monthly active touchpoint users (Note 3)	15,502	16,220	23,374	23,895	22,941

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*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.

### ***On-site solution***

#### *Overview*

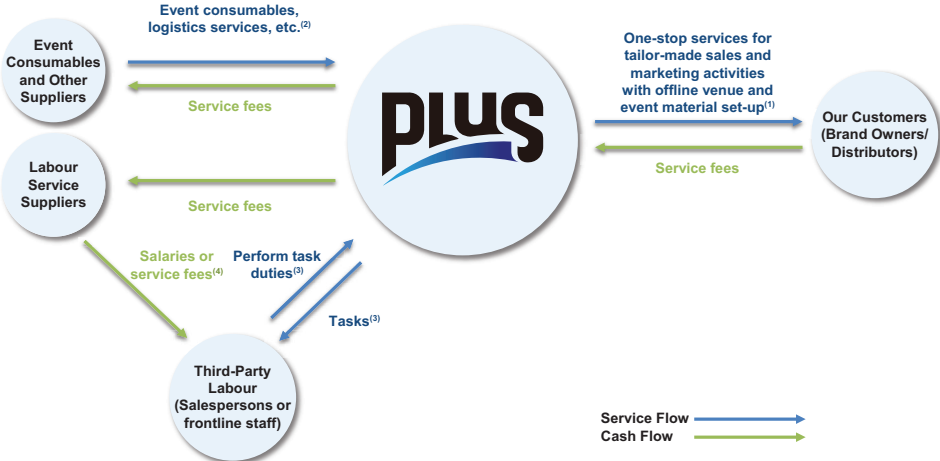
On-site solution, being our long-established business, contributed the largest share of our revenue and accounted for 81.0%, 74.0%, 65.5% and 73.8% of our total revenue during the Track Record Period. Our on-site solution offers solution services for customised sales and marketing activities with set 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.

The activities from on-site solution all together form a single performance obligation as we provide an integrated service. Revenue from on-site solution is recognised over time as the customers simultaneously receive and consume the benefits provided by our performance. Revenue for provision of on-site solution is recognised on a gross basis over time while the contract costs to fulfil a contract, such as labour costs, event consumables and operating cost are recognised as cost of services. See Notes 2.22 and 4(a) to the Accountant’s Report in Appendix I to this document for further details on significant accounting policies regarding revenue recognition and critical accounting estimates and judgements in relation to revenue recognition.

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*Business model and process*

The following diagram illustrates the business model of our on-site solution:



*Notes:*

1. 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.
2. Major suppliers of on-site solution include labour service suppliers, event consumables suppliers and other suppliers. Further details on labour service suppliers, see “Our service network and touchpoints” in this section.
3. Our services provided under on-site solution require on-site implementation by third-party labour. Third-party labour is provided by our labour service suppliers. Since third-party labour does not have any employment or contractual relationship with us, they can flexibly cope with our customers’ ad-hoc service demands. We may also retain third-party labour, who were considered by our customers to be able to deliver adequate performance, as project personnel (i.e. our employee). In order to efficiently manage third-party labour in daily operations, we use a task-based management system. Tasks are published using *Remotes* and touchpoints can access a list of available tasks and apply for any suitable tasks using *MiJob Square*. Typical examples of tasks include sales and promotion, assisting in marketing campaigns to interact with and/or attract new potential consumers and other daily operations.
4. We do not directly pay third-party labour. Instead, we enter into service contract with labour service suppliers and pay them service fees, which in turn make payments of salaries/service fees to third-party labour. Further details on labour service suppliers, see “Our service network and touchpoints” in this section.

We identify potential projects generally through quotation invitations or competitive tender from existing and potential customers. For further details on the tendering process, see “Our sales and marketing” in this section.

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We act as the adviser, organiser and project manager and are responsible for all aspects of the on-site solution project. The below flowchart summarises the major business process of our on-site solutions:



**1. Communication with customers and giving necessary advices and solutions**

Our customer puts forward specific requirements and we communicate with customers on details of the services, such as: dates and duration of the events, which offline retail stores should be selected as venues for the events, design and contents of any event consumables required, etc.. We continuously discuss with our customers and give advices and solutions and confirm with our customers on the scope of services;

**2. Formulating implementation plan and strategic planning**

We analyse the scope of services based on our customers’ goals and requirements. We then formulate an implementation plan, including the activity planning, floor plan, emergency exits and security, a list of event materials and a list of salespersons/frontline staff required, after taking into account a wide range of factors including the background and market position of the customer, the nature of the merchandise, the budget from customers and our internal resources. The implementation plan would be continuously revised according to our customers’ requests until it is approved by our customers;

**3. Preparation**

Based on the approved implementation plan, we source and coordinate with suppliers in relation to event consumables and venues, and ensure appropriate logistics and facilities. With respect to the list of salespersons/frontline staff, we engage suitable touchpoint users by publishing tasks using *Remotes*. Touchpoint pool for on-site solution include project personnel who are our employees and third-party labour. Tasks information includes duration and frequency, location, detailed description of duties, amount and calculation method of remuneration and other important notes. After touchpoint users applying for the tasks and our approval of their application, we may provide online and/or offline trainings and follow-up quizzes, so that they could have a better picture on how to satisfactorily fulfil their task duties and our customers’ expectations;

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### 4. *Implementation and production*

During the implementation of an on-site solution project, we normally position ourselves as the project manager of our customers to supervise and monitor on-site implementation of the plan. We would follow the approved implementation plan, unless our customer request for a change. We are responsible for implementing the plan, including time and venue arrangement, logistics arrangement and installation and setting up of event materials, coordinating with the suppliers and service providers and monitoring the attendance and performance of touchpoint users. We are also responsible for ensuring the safety and wellbeing of the guests of the events. Approved touchpoint users execute the required task duties and thus, facilitate us to implement on-site solution projects.

On one hand, *Remotes* is used for managing offline sales and marketing implementation and publishing tasks. It contains a set of integrated tools for real-time project management, tasks publication and management and internal communications. On the other hand, *MiJob Square* is used by touchpoint users to report their attendance and task completion. For example, they are required to upload a self-portrait when they arrive at work, take photos of entire venue and other particular areas and input performance-related data, such as units of merchandise sold, units of promotional gifts distributed, amount of stock inventory and number of display shelves organised, with photos taken using built-in camera function of *MiJob Square* as supporting evidence. The built-in camera function ensures photos submitted as supporting evidence would not be edited by the salesperson/frontline staff. In order to enhance customer experience and satisfaction and ensure customer retention, we may evaluate the effectiveness of the on-site solutions using *SMV*. Through *SMV*, our customers can require its frontline staff or third-party service providers to perform scheduled on-site visits at designated offline retail stores and report any red flags regarding sales management and operational performance, such as low product visibility, slow-moving inventory, and other sales-related data; and

### 5. *Continuous reporting, evaluation and customer’s payment*

Data input by salespersons or other frontline staff are synchronised to FMES, which minimise any manual data migration, and can be retained as data assets for future reference and to facilitate our customers to make data-driven strategic planning, implementation and evaluation. In order to ensure the implementation of the activities follows the approved implementation plan, our business team generally create instant message groups to timely monitor and follow up on the progress. For a long-term on-site solution project, our customer may require us to produce analysis reports on execution status based on data input by salespersons and other frontline staff during the implementation. Based on customers’ requirements, analysis reports are provided to our customers. Also, the data assets accumulated on the FMES throughout the preparation and implementation of on-site solutions, can be exported at any time as future reference for data-driven strategic planning, implementation and evaluation. We issue our invoice based on the service agreement for our customer’s settlement.

### *Project personnel*

Starting from 2022, we strategically put more focus on our on-site solution. As of 30 September 2022, we had 3,841 project personnel who were retained for the implementation of on-site solution and these personnel spread across 130 cities of 23 provinces/municipalities in China, primarily including Beijing, Shanghai, Nanjing etc., with a view to maintaining stable workforce for our on-site solution customers and ensuring quality of services provided by salespersons and other frontline staff involved in on-site solution. For further details, see “Our service network and touchpoints” in this section.

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### *Number of customers and average revenue from customers*

The following table sets out number of our customers who engaged us for on-site solution and our average revenue from these customers for the periods indicated:

	FY2019	FY2020	FY2021	9M2021	9M2022
Number of customers	74	42	41	38	42
Number of brand customers	49	35	30	29	26
Average revenue per customer (RMB'000) <i>(Note 1)</i>	5,211	7,283	6,652	5,557	7,638
Average revenue per brand customer (RMB'000) <i>(Note 2)</i>	6,751	6,754	6,763	5,736	10,814
Number of new customers	N/A	13	17	N/A	21
Number of repeating customers	N/A	29	24	N/A	21

*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.

Number of customers who engaged us for on-site solution decreased from 74 for FY2019 to 42 for FY2020, as a result of (i) certain of our customers' demand for our on-site solution reduced as their business operation were adversely affected by the COVID-19 pandemic; and (ii) some of our on-site solution customers switched to our matching service which was in line with our business strategy to promote such service in FY2020 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. Whereas, average revenue per customer increased from RMB5.2 million for FY2019 to RMB7.3 million for FY2020, mainly because number of on-site solution customers decreased at a faster rate than total revenue from on-site solution customers as customers who ceased to engage us for our on-site solution were those which had relatively less spendings on our on-site solution. Number of on-site solution customers then remained relatively stable at 41 for FY2021 with average revenue per customer decreased slightly to RMB6.7 million for FY2021, mainly because we procured certain new distributor customers during 2021.

Number of customers who engaged us for on-site solution increased from 38 for 9M2021 to 42 9M2022 with average revenue per customer increased significantly from RMB5.6 million for 9M2021 to RMB7.6 million for 9M2022. This was mainly because some of our existing brand customers expanded their spendings on on-site solution, which was in line with our strategic focus on brand customers which had relatively more budgets on sales and marketing.

During the Track Record Period, we had customers which engaged us for more than one service types and/or change the service type or combination of service types from time to time. In particular our cross-selling of on-site solution and matching service is mainly because our customers may have different sales and marketing initiatives for different offline retail stores. For example, our customers may engage us for on-site solution for implementing customised sales and marketing activities in their more popular stores to promote brand awareness of new products. Our on-site solution is characterised by our capability to implement customised sales and marketing activities, which may involve various event consumable suppliers and require lots of frontline staff to attend to on-site implementation. On the other hand,



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customers may engage us for matching service to drive sales in less popular stores. Our matching service is characterised by our capability to select suitable salespersons using AI technologies and big data to help improve sales performance of designated offline retail stores.

### *Backlog of our projects during the Track Record Period*

Backlog represents our estimate, based on the best knowledge, information and belief of our Directors, of the number and remaining amounts of contracts/confirmed purchase orders of on-site solution, the terms of which were not expired as at the end of the indicated period.

The following table sets out a rolling backlog of on-site solution:

	FY2019	FY2020	FY2021	9M2022
<b><i>Number of contracts/confirmed purchase orders</i></b>				
Total number of outstanding contracts/confirmed purchase orders as at the beginning of the year/period	56	46	34	57
Add: number of new contracts/confirmed purchase orders commenced during the year/period	117	87	79	45
Less: number of contracts/confirmed purchase orders completed during the year/period	<u>127</u>	<u>99</u>	<u>56</u>	<u>66</u>
Total number of outstanding contracts/confirmed purchase orders as at the end of the year/period	<u>46</u>	<u>34</u>	<u>57</u>	<u>36</u>
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>9M2022</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<b><i>Outstanding contract/confirmed purchase order amounts</i></b>				
Total outstanding contract/confirmed purchase order amounts as at the beginning of the year/period	225,631	218,704	121,402	488,563
Add: amounts of new contracts/confirmed purchase orders commenced during the year/period	378,676	208,586	639,885	182,793
Less: revenue recognised for the year/period	<u>385,603</u>	<u>305,888</u>	<u>272,724</u>	<u>320,789</u>
Total outstanding contract/confirmed purchase order amounts as at the end of the year/period	<u>218,704</u>	<u>121,402</u>	<u>488,563</u>	<u>350,567</u> <i>(Note)</i>

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The number of outstanding contracts/confirmed purchase orders for on-site solution decreased from 57 as at 31 December 2021 to 36 as to 30 September 2022 was mainly due to impact of the outbreak of COVID-19 in Shanghai in early 2022. The average amount of outstanding contracts/confirmed purchase orders for on-site solution increased from RMB8.6 million at 31 December 2021 to RMB9.7 million as at 30 September 2022. This was mainly because some of our existing brand customers expanded their spendings on on-site solution, which was in line with our strategic focus on brand customers which had relatively more budgets on sales and marketing. As of the Latest Practicable Date, we had outstanding contract/confirmed purchase order amounts under on-site solution of RMB248.6 million <sup>(Note)</sup>, all of which is expected to be recognised as revenue for the year ending 31 December 2023.

*Note:*

The outstanding contract/confirmed purchase order amounts as of 30 September 2022 and as of the Latest Practicable Date represent the amounts that we expect, based on the best knowledge, information and belief of our Directors, to receive assuming the contracts/confirmed purchase orders are to be performed in accordance with its terms as of 30 September 2022 and the Latest Practicable Date, respectively, for the remaining durations.

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The following table sets out the top 10 contracts of on-site solution in terms of aggregate revenue recognised throughout the Track Record Period:

Rank	Customer	Contract duration	Scope of services	Charging bases	FY2019 RMB '000	FY2020 RMB '000	Revenue FY2021 RMB '000	9M2022 RMB '000	Aggregate revenue recognised throughout the Track Record Period RMB '000	Amount expected to be recognised as revenue for the three months ended 31 December 2022 (Note 5) RMB '000	Outstanding contract/confirmed purchase order amounts as of the Latest Practicable Date expected to be recognised as revenue for the year ending 31 December 2023 (Note 6) RMB '000	Gross profit margin as of the Latest Practicable Date (Note 7) %	Contract status
1	Customer D (Note 1)	2021/10/1– 2023/9/30	Raise brand awareness and promote products at designated offline retail stores	Fixed service fees	—	—	—	104,907	104,907	60,202	194,642	3.2%	Ongoing
2	Customer B (Note 2)	2021/1/1– 2022/6/30	Sales and marketing services	Fixed and floating service fees	—	—	59,950	28,765	88,715	—	—	37.1%	Completed
3	Customer B (Note 2)	2019/4/1– 2020/6/30	Sales and marketing services	Fixed and floating service fees	24,080	60,738	—	—	84,818	—	—	32.3%	Completed
4	Customer B (Note 2)	2021/7/1– 2022/6/30	Sales and marketing services	Fixed and floating service fees	—	—	24,651	35,576	60,227	—	—	31.2%	Completed
5	Customer B (Note 2)	2019/10/1– 2020/6/30	Sales and marketing services	Fixed and floating service fees	5,992	45,395	—	—	51,387	—	—	37.1%	Completed
6	Customer B (Note 2)	2020/7/1– 2021/6/30	Sales and marketing services	Fixed and floating service fees	—	6,816	37,720	—	44,535	—	—	32.5%	Completed
7	Customer A (Note 3)	2019/7/1– 2020/3/31	Marketing and promotion services in designated stores	Fixed and floating service fees	18,134	21,639	—	—	39,773	—	—	43.0%	Completed
8	Customer C (Note 4)	2018/11/17– 2020/3/31	Sales and marketing services	Fixed service fees	20,725	16,993	—	—	37,718	—	—	14.2%	Completed
9	Customer A (Note 3)	2020/4/1– 2022/3/31	Sales and marketing services	Fixed and floating service fees	—	9,697	18,539	6,665	34,901	—	—	45.0%	Completed
10	Customer B (Note 2)	2018/7/1– 2019/9/30	Sales and marketing services	Fixed and floating service fees	33,191	—	—	—	33,191	—	—	43.1%	Completed

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*Notes:*

- 1 Group of PRC entities primarily engage in dairy product and were subsidiaries of a FMCG multinational corporation, the shares of which are listed on London Stock Exchange. Based on its annual report, such listed corporation recorded a net revenue of around GBP12.8 billion for FY2019. The group entities of Customer D were subsequently acquired by an Asia-Pacific-based global investment firm based in PRC in June 2021 and thus, became private PRC entities.
- 2 Group of PRC entities primarily engage in daily commodities and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on New York Stock Exchange. Based on its annual report, such listed corporation recorded a net sale of around USD67.7 billion, USD71.0 billion and USD76.1 billion for FY2019, FY2020 and FY2021, respectively. The market cap of which was USD299.2 billion as at 30 September 2022.
- 3 Private PRC entity primarily engages in food products and is a subsidiary of a FMCG multinational corporation. It had a registered capital of USD91.5 million.
- 4 Private PRC-based multinational technology corporation that designs, develops and sells consumer electronics. The company within the customer's group which had the most frequent business relationship with us had a registered capital of RMB44.7 billion.
- 5 Amount expected to be recognised as revenue for the three months ended 31 December 2022 represents the aggregate of (i) revenue recognised for the month ended 31 October 2022 and 30 November 2022 based on the Group's unaudited management accounts; and (ii) revenue expected to be recognised as revenue for the month ended 31 December 2022 based on the best knowledge, information and belief of our Directors.
- 6 The outstanding contract/confirmed purchase order amounts as of the Latest Practicable Date represent the amounts that we expect, based on the best knowledge, information and belief of our Directors, to receive assuming the contracts/confirmed purchase orders are to be performed in accordance with its terms as of the Latest Practicable Date for the remaining durations of the year ending 31 December 2023.
- 7 Gross profit margin represents overall gross profit margin for the particular contract for the Track Record Period.

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### *Fee model*

In general, our service fees charged for on-site solution is calculated by multiplying a fixed base fee by the total number of manshifts (i.e. number of salespersons and other frontline staff per event). We determine our fixed fees based on a cost-plus approach with reference to cost and expenses expected to be incurred. Our cost and expenses under on-site solution mainly include labour service fees (primarily representing service fees paid to third-party salespersons and other frontline staff involved in the projects), event consumables (such as costs of promotional materials, charges for venue and facilities, etc.) and employee benefit expenses. In certain cases, we may adopt a maximum cap for our fixed fees and thus, we are subject to the risks in relation to any unexpected and extra cost and expenses incurred. Also, there are a few cases under which we are entitled to performance-based floating fees, mainly calculated with reference to sales performance.

In certain cases, if we could not achieve performance indicators (such as salesperson attendance rates, recruitment rates, etc.) as set out in the service agreements, our customers can deduct the agreed fees. During the Track Record Period, we did not experience any material deduction of fees by our customers for on-site solution during the Track Record Period. For the Track Record Period, fee deduction under our on-site solution as the result of our failure to achieve performance indicators amounted to RMB2.7 million, RMB3.0 million, RMB2.9 million and RMB1.4 million, respectively. During the Track Record Period, average revenue from on-site solution (in terms of contracts/confirmed purchase orders completed during the year/period) amounted to RMB3.0 million, RMB3.1 million, RMB4.9 million and RMB4.9 million, respectively.

During the Track Record Period, we undertook one loss-making on-site solution project under which we were responsible for assisting our customer to promote the specified candy products and managing sales and inventory control of such candy products for a term from January 2018 to December 2020. In order to implement this project, we were required to purchase candy products before promoting and managing sales of such specified candy products in the market. In respect to this loss-making project, we recognised revenue of RMB6.2 million and RMB2.7 million for FY2019 and FY2020, respectively, and gross loss of RMB1.0 million and RMB1.6 million for the same periods. The reason for such loss-making project was mainly due to inefficient project control which led to impairment losses on such candy products. This was mainly because inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and the net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. A provision for impairment of inventories is made for inventories which costs are higher than their net realisable value. Our Directors consider that such loss-making project was one-off isolated incident as it only contributed 1.3% and 0.6% of our total revenue for FY2019 and FY2020, respectively, and the gross loss recognised as a result of this project did not have any material impact on our operations and financial performance. During the Track Record Period, save for the aforementioned on-site solution project, we had no other loss-making on-site solution project. During the Track Record Period, other than the above-mentioned loss-making on-site solution project, the Group did not undertake any other projects under which it would be required to purchase inventories with similar arrangement.

In order to minimise our exposure to loss-making projects, we have adopted internal control measures and business strategies, including regularly monitoring accounts, observing comparatively lower prices offered to our customers and closely monitor cost incurred by us. For details, see “Business — Our sales and marketing — Pricing measures and strategies”.

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*Payment and billing arrangement*

On-site solution is charged on project basis. Depending on the nature of projects, we generally bill our customers after project completion or based on project milestone. During the Track Record Period, we granted credit terms of 6–186 days to our on-site solution customers.

*Case study*

Below are some of the representative on-site solutions projects undertaken by us during the Track Record Period:

- (i) Providing an integrated management system

<b>Customer category</b>	FMCG brand owner primarily engages in daily commodities
<b>Implementation period</b>	January 2021 to December 2021
<b>Project fee</b>	Around RMB52.0 million
<b>Customer’s requirements/ our responsibilities</b>	<ul style="list-style-type: none"><li>• Customer wanted to implement sales and marketing activities in the offline retail stores designated by Customer, with a view to improve sales of those offline retail stores.</li><li>• Customer wanted us to provide a system which can connect with its own internal IT system and use such system to collect sales data for the calculation of performance-based remuneration of salespersons; meanwhile, such system should help refine the management of retail process, tasks for salespersons and service fees of salespersons.</li></ul>

**Our major work steps**      *Implementation of sales and marketing activities*

- (1) First, Customer provided a list of offline retail stores which require our services. Based on such list, we engaged necessary and suitable salespersons by publishing tasks to *MiJob Square*. Main duties of salespersons as stated in the tasks were sales promotion at the designated offline retail stores. We used *Remotes* to publish tasks for touchpoint users’ application, while touchpoint users used *MiJob Square* to apply for tasks. Afterwards, we reviewed and approved their application. Approved touchpoint users received confirmation notification on *MiJob Square*.
- (2) We were responsible for managing and systemising the assessment system of salespersons. As such, we provided online and offline trainings to salespersons to ensure the services provided by them were up to standard as required by Customer.

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- (3) During implementation of the project, salespersons were required to report their attendance and task completion using *MiJob Square*. Such data were transmitted to our FMES platform for our further processing. We were required to provide Customer with monthly analysis reports on details, such as recruitment rate and attendance rate of salespersons and sales performance of offline retail stores.

***Connecting with Customer’s internal IT system***

- (1) First, Customer provided all information about their system connectors in relation to their internal IT system.
- (2) Then, we linked our FMES platform with Customers’ internal IT system through system connectors provided by Customer.
- (3) After the connection, data necessary for the calculation of salespersons’ performance-based remuneration were pushed and transmitted from our FMES platform to Customers’ internal IT system through system connectors provided by Customer. Their data was input by touchpoint users using *MiJob Square* during their on-site implementation of the sales and marketing activities and retained on our FMES platform.

**Players involved**

***Customer*** — Brand owner

***Touchpoints*** — Around 12,000 salespersons

***Points of sale*** — Over 4,300 offline retail stores from 67 cities spreading across 20 provinces/municipalities in mainland China

**Digitalised tools involved and their major application**

- ***Remotes*** — Tasks were published using *Remotes* and the published tasks would reach touchpoints on *MiJob Square*. Customer could also initiate, update and manage the sales and marketing project in real time through *Remotes*. We, as the project manager, monitored the implementation of the activities by analysing data processed through *Remotes*.
- ***MiJob Square*** — Touchpoints received and applied for tasks through *MiJob Square* and were required to report attendance and revert task completion and other feedback using *MiJob Square*.

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<b>Achievements and assessment</b>	<ul style="list-style-type: none"><li>● Our performance was assessed by key performance indicators stated in the service agreement, which included recruitment and attendance rate of salespersons and sales performance of offline retail stores. For the second half of 2021, we achieved (i) recruitment rate of salespersons of 97%–99%, as compared with Customer’s minimum requirement of 95%; and (ii) attendance rate of salespersons of 98%–99%, as compared with Customer’s minimum requirement of 95%. In addition, over half of sales and marketing activities successfully improved sales performance of offline retail stores, as compared with the usual daily average sales performance of these offline retail stores.</li><li>● Owing to adequate salespersons and offline retail stores, we facilitated Customer to complete over 287,000 sales and marketing activities in the project</li><li>● All project data was directly pushed and transmitted from our FMES platform to internal IT system of Customer, which enabled the connection and integration of Customers’ system with data of offline retail stores and salespersons and simplified the project settlement process</li></ul>
<p>(ii) Outdoor sales and marketing activities using caravan</p>	
<b>Customer category</b>	FMCG brand owner primarily engages in food products and beverage
<b>Implementation period</b>	September to December 2021
<b>Project fee</b>	Around RMB6.9 million
<b>Customer’s requirements/ our responsibilities</b>	<ul style="list-style-type: none"><li>● Customer wanted to organise sales and marketing activities using a series of different digitalised sales and marketing activities using a caravan and red pockets to enhance consumer interactions and brand popularity.</li><li>● We were responsible for organising and implementing the said sales and marketing activities, including planning the schedule and route for activity and providing technology support in relation to our digitalised tools.</li></ul>



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**Our major work steps**

- (1) First, Customer provided a list of cities/towns which require our sales and marketing services. Based on such list, we planned the schedule and routes for all activities, hired the caravan, arranged decoration of the caravan, set up a performance stage and sourced all necessary event materials. We also arranged a promotional video to be published on the Internet before the commencement of the event. We were also responsible for purchasing necessary insurance as stated in the service agreement.
- (2) Also, we were responsible for engaging necessary and suitable frontline staff by publishing tasks to *MiJob Square*. Main duties of frontline staff as stated in the tasks included on-site implementation of the roadshow (such as setting up the venue, distributing gifts to guests, engaging guests to play minigames in *Lucky Radar*, etc.). We used *Remotes* to publish tasks for touchpoint users’ application, while touchpoint users used *MiJob Square* to apply for tasks. Afterwards, we reviewed and approved their application. Approved touchpoint users received confirmation notification on *MiJob Square*. We then provided training for approved touchpoint users prior to the events.
- (3) During implementation of the project, frontline staff facilitated the on-site implementation, while we, as the project manager, oversaw the event using *Remotes* to ensure smooth implementation of the event. We were also required to arrange a promotional video to be published on the Internet within two days after the end of each event.
- (4) Frontline staff are required to report their attendance and task completion using *MiJob Square*. Such data were transmitted to our FMES platform for our further processing. We were required to provide Customer with weekly progress reports, including sales performance of offline retail stores, completion rate of event, guest participation rate, Internet publication rate, etc.

**Players involved**

- Customer* — Brand owner
- Touchpoints* — Around 43,000 frontline staff
- Points of sale* — 80 offline retail stores in 60 cities and towns in the PRC
- Consumers* — Over 2,000 guests

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- Digitalised tools involved and their application**
- *Remotes* — Tasks were published using *Remotes* and the published tasks would reach touchpoints on *MiJob Square*. Customer could also initiate, update and manage the sales and marketing project in real time through *Remotes*. We, as the project manager, monitored the implementation of the activities by analysing data processed through *Remotes*.
  - *MiJob Square* — Touchpoints received and applied for tasks through *MiJob Square* and were required to report attendance and revert task completion and other feedback using *MiJob Square*.
  - *Lucky Radar* — Guests of the activities played mini-games on *Lucky Radar* and obtained discount coupons for their purchases at the offline retail stores.

- Achievements and assessment**
- Our service fees for this project were calculated with reference to number of events held. Our performance was assessed by key performance indicators stated in the service agreement, which included pre-event cooperation, implementation and production of event, frontline staff performance, etc. If we failed to achieve a minimal level of the performance indicators, Customer was entitled not pay for the service fees for particular events. During the project period, all events were held successfully and Customer did not deduct any of our service fees for this project.
  - Frontline staff receive tasks containing specific requirement via our digitalised tool, while at the same time, back-office staff of Customer could publish tasks, receive activity data information for further analyses via our another digitalised tool;

(iii) In-store traffic flow management and promotion activity

<b>Customer category</b>	Brand owner primarily engages in consumer electronics
<b>Implementation period</b>	January 2022 to May 2022
<b>Project fee</b>	Around RMB4.0 million
<b>Customer’s requirements/ our responsibilities</b>	<ul style="list-style-type: none"> <li>● Customer wanted to (i) address traffic flow at peak hours in offline retail stores, such as welcoming incoming consumers and processing consumers’ enquiries and requests in relation to products; and (ii) assist in store activities to enhance store services, such as outreach publicity and event maintenance</li> </ul>

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- Based on data assets accumulated on our FMES platform, we provided data-driven feedbacks on coverage of offline retail stores
- We were also responsible for providing systematic dynamic sales management, including project arrangement, implementation management, supervision and empowerment.

**Our major work steps**

- (1) We designed and recommended schedules. Based on the implementation plan approved by Customer, we engaged necessary and suitable salespersons/frontline staff by publishing tasks to *MiJob Square*. Main duties of salespersons as stated in the tasks were assisting the offline retail stores to carry out product introduction, event promotion, sales, etc. We used *Remotes* to publish tasks for touchpoint users’ application, while touchpoint users used *MiJob Square* to apply for tasks. Afterwards, we reviewed and approved their application. Approved touchpoint users received confirmation notification on *MiJob Square*. We provided online and offline trainings and quizzes to salespersons/frontline staff to ensure the services provided by them were up to standard as required by Customers.
- (2) During implementation of the project, salespersons/frontline staff were required to report their attendance and task completion using *MiJob Square*. Such data were transmitted to our FMES platform for our further processing. After activities, we prepared reports on overall performance for Customer’s perusal.

**Players involved**

**Customer** — Brand owner

**Touchpoints** — Over 7,200 salespersons/frontline staff manshifts per promotion activity

**Points of sale** — Over 4,500 offline retail stores in over 300 cities spreading across 31 provinces/municipalities in the PRC

**Digitalised tools involved and their application**

- *Remotes* — Tasks were published using *Remotes* and the published tasks would reach touchpoints on *MiJob Square*. Customer could also initiate, update and manage the sales and marketing project in real time through *Remotes*. We, as the project manager, monitored the implementation of the activities by analysing data processed through *Remotes*.

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**Achievements and assessment**

- *MiJob Square* — Touchpoints received and applied for tasks through *MiJob Square* and were required to report attendance and revert task completion and other feedback using *MiJob Square*.
- Our service fees for this project were calculated with reference to number of events held or salespersons/ frontline staff involved. During the project period, we held over 19,000 events. There was no performance indicator stated in the service agreement.
- Using our digitalised tool, Customer and us can monitor and supervise the recruitment, training and attendance of frontline staff and implementation of the on-site sales and marketing activities

***Field force assignment***

*Overview*

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.

Main duties and responsibilities of the field force include: (i) sales and marketing at the designated location and consumer management, which includes accomplishing the relevant monthly/annual sales and marketing targets and other on-site targets; (ii) acquiring new consumers and retaining existing consumers; (iii) accomplishing sales and displaying of merchandise and other performance indicators as may be required by our customers; (iv) executing promotional activities; and (v) managing inventories.

**BUSINESS**

Revenue for field force assignment services is recognised on a net basis which the labour costs paid to the employees are recorded to net off revenue and is recorded over time as the customers simultaneously receive and consume the benefits provided by our performance of the monthly administration work. While we enter into employment contracts with the field force, we are treated as our customers’ agent, further details are set out in Note 2.22(e) to the Accountant’s Report in Appendix I to this document. The majority of the fees that we received from our customers under field force assignment were paid out to the field force as salaries and benefits. Recognising the revenue on a net basis therefore allow us to give a more accurate reflection of our business model. Set forth below is the breakdown of our gross transaction amounts from field force assignment and reconciliation between the gross transaction amounts and revenue recognised:

	FY2019	FY2020	FY2021	9M2021	9M2022
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Gross transaction amounts from field force assignment	1,188,484	1,059,106	1,128,950	841,942	659,560
Payment to employee benefit and disbursements	1,175,588	985,523	1,059,538	789,189	619,771
Revenue from field force assignment	70,896	73,583	69,412	52,753	39,789

*Business model and process*

The following diagram illustrates the business model of our field force assignment:



*Notes:*

1. 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. We maintain employment relationship with field force, thereby allowing continuity and consistency of the relevant positions.
2. During the Track Record Period, if we do not have a subsidiary established in a particular province or city, we may make such contributions of social insurance and housing provident funds through third-party human resources agencies. For details, see “Risk Factors — Risks Relating to Our Business — We used third-party agents to make contributions under various government-sponsored employee benefits plans, which may subject us to penalties.” and “Business — Employees”.

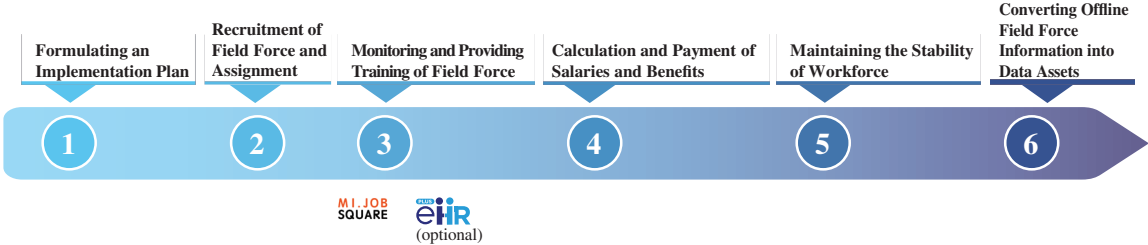
In general, we procure engagement for field force assignment services via quotation invitation or competitive tender from existing and potential customers. For further details on the tendering process, see “Our sales and marketing” in this section.

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## BUSINESS

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Below flow chart summarises the business process of our field force assignment services:



**1. Formulating an implementation plan**

We communicate with our customers and agree on scope of services of the field force, in particular work schedule, duties, salary scale and payment requirements, specific requirements on skills and experience of field force, policy on recruitment, termination and dismissal of field force, geographical location of assignment, number of positions and disbursements. We also discuss with our customers on whether they want to adopt *eHR* or their existing human resources software or system. The main features of *eHR* include field force user identity verification, digital employment contracts and a wide range of human resources management functions, such as calculation and records of salaries and benefits and generating staff-related reports. We enter into retainer agreement with our customers and using data assets accumulated on the FMES platform, we formulate an implementation plan for our customers’ approval;

**2. Recruitment of field force and assigning them to designated offline retail stores**

We assist in the selection and recruitment of the field force based on the said implementation plan and sign digital employment contracts with the field force via *eHR* or sign employment contracts in paper form with the field force. *eHR* automatically generates digital employment contract based on the personal details input by the field force, hence reducing chances of clerical and inadvertent errors when preparing internal records and digital employment contracts as compared with traditional data entry and preparation of employment contracts manually by human resources staff. We consider that signing digital employment contracts using *eHR* could benefit our customers by ensuring compliance with the relevant PRC laws and regulations which require signing of employment contracts within one month from the date of commencement of work and streamlining new staff induction procedures. We then assign the field force to work for our customers. Each of the field force is assigned to a designated project and thus, stations at a designated offline retail store, which allows continuity and consistency of such position. Main duties and responsibilities of the field force include sales and marketing at designated location, consumer management, displaying of merchandise, executing promotional activities and managing inventories. Based on the instructions of our customers, we assist in the management of the field force. Generally, our customers may directly or with our assistance give instructions to field force so as to assign duties to them;

**3. Monitoring and providing training of field force**

We may need to appraise whether the assigned field force can meet the specific key performance indicators as stipulated in our service agreement with customers and provide trainings to field force to ensure satisfactory performance. Via *eHR*, we can continuously manage the employment records, such as digital employment contracts, number of field force pending recruitment approval, number of contracts pending execution and average salary of all field force, in an efficient manner;

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## BUSINESS

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#### 4. *Calculation and payment of salaries and benefits*

We calculate salaries (which may include fixed monthly salaries and bonus to be calculated based on stipulated performance indicators) and benefits (including social insurance and housing provident fund) of field force according to the employment contract signed between us and the field force. We then submit the calculations to our customers for their approval. Upon customers’ approval of the calculation, we make payments of salaries to the field force and make contributions of social insurance and housing provident funds, or if we do not have a subsidiary established in a particular province or city, we may make such contributions of social insurance and housing provident funds through third-party human resources agencies. We issue our invoice based on the service agreement for our customer’s settlement;

#### 5. *Maintaining the stability of workforce*

If our customers consider that any field force assigned by us being unsatisfactory, our customers have the right to request for replacement and we are responsible for providing suitable candidates for our customer to select and take up the post within a designated period of time, generally ranging from one to two weeks. For example, we receive appraisal bonus if, among others, we handle entry and exit procedures in a timely manner. As such, we help our customers maintain stable and appropriate workforce; and

#### 6. *Converting offline field force information into data assets*

Field force data assets maintained on *eHR* include offline information such as personal details of field force, payroll records and records of contribution of social insurance and housing provident funds.

#### *Field force*

We have employment relationship with field force and assign them to work for our customers. Field force forms part of our project personnel under touchpoint pool. Each of the project personnel is assigned to a designated project and thus, stations at a designated offline retail store, which allows continuity and consistency of such position. Main duties and responsibilities of the field force include: (i) sales and marketing at the designated location and consumer management, which includes accomplishing the relevant monthly/annual sales and marketing targets and other on-site targets; (ii) acquiring new consumers and retaining existing consumers; (iii) accomplishing sales and displaying of merchandise and other performance indicators as may be required by our customers; (iv) executing promotional activities; and (v) managing inventories. In order to incentivise our field force, their remuneration includes, among others, performance-based commissions, which are typically calculated based on stipulated performance indicators using a tiered commission structure and capped at a designated maximum amount. Performance indicators may include sales performances of the offline retail store or sales amount of a particular merchandise. For further details on our relationship with field force, see “Business — Our service network and touchpoints”.

## BUSINESS

We provide nationwide field force management services to our customers by effectively monitoring and governing highly dispersed sales and marketing field force. As at 30 September 2022, we assisted in the recruitment and assigned more than 6,000 field force who work for our customers in over 260 cities, including tier one to tier six cities, spreading across 26 provinces/municipalities in China. The table below sets out a summary of geographical areas where our field force was located at for the periods indicated:

	2019		As at 31 December 2020		2021		As at 30 September 2022	
	<i>Number of field force</i>	<i>%</i>	<i>Number of field force</i>	<i>%</i>	<i>Number of field force</i>	<i>%</i>	<i>Number of field force</i>	<i>%</i>
East China <sup>(1)</sup>	5,992	44.2	5,576	44.3	4,687	40.4	2,354	37.9
South China <sup>(2)</sup>	2,554	18.8	2,434	19.3	2,485	21.4	1,470	23.6
Southeast China <sup>(3)</sup>	679	5.0	632	5.02	651	5.6	458	7.4
Southwest China <sup>(4)</sup>	703	5.2	641	5.1	749	6.5	527	8.5
North China <sup>(5)</sup>	1,686	12.4	1,526	12.1	1,642	14.1	849	13.7
Northeast China <sup>(6)</sup>	916	6.8	810	6.4	774	6.7	268	4.2
Northwest China <sup>(7)</sup>	1	0.1	1	0.1	3	0.1	1	0.1
Central China <sup>(8)</sup>	1,022	7.5	981	7.8	621	5.3	289	4.6
<b>Total</b>	<b>13,553</b>	<b>100.0</b>	<b>12,601</b>	<b>100.0</b>	<b>11,612</b>	<b>100.0</b>	<b>6,216</b>	<b>100.0</b>

Notes:

- (1) Included field force in Jiangsu, Shanghai, Zhejiang and other provinces/municipalities in East China.
- (2) Included field force in Guangdong, Guangxi and Hainan.
- (3) Included field force in Sichuan and Jiangxi.
- (4) Included field force in Chongqing, Yunnan and Guizhou.
- (5) Included field force in Beijing, Shanxi, Hebei and other provinces/municipalities in North China.
- (6) Included field force in Jilin and Liaoning.
- (7) Included field force in Xinjiang.
- (8) Included field force in Hunan and Hubei.



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## BUSINESS

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### *Number of customers and average revenue from customers*

The following table sets out number of our customers who engaged us for field force assignment and our average revenue from these customers for the periods indicated:

	FY2019	FY2020	FY2021	9M2021	9M2022
Number of customers	25	22	14	15	16
Number of brand customers	21	22	14	15	16
Average revenue per customer (RMB'000) <i>(Note 1)</i>	2,836	3,345	4,958	3,517	2,487
Average revenue per brand customer (RMB'000) <i>(Note 2)</i>	3,367	3,315	4,878	3,375	2,417
Number of new customers	N/A	3	1	N/A	3
Number of repeating customers	N/A	19	13	N/A	13

*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.

Number of customers who engaged us for field force assignment decreased from 25 for FY2019 to 22 for FY2020 as a result of six customers ceasing to engage us for any services for FY2020, the effect of which was offset by our procurement of three new customers which engaged us for field force assignment for FY2020. Number of customers who engaged us for field force assignment further decreased to 14 for FY2021, mainly because (i) six customers ceased to engage us for any services for FY2021; and (ii) three customers ceased to engage us for our field force assignment but continued to engage us for our on-site solution and/or matching service for FY2021. These three customers contributed an aggregate revenue of RMB7.3 million and RMB8.4 million and an aggregate gross profit of RMB2.6 million and RMB3.0 million for FY2020 and FY2021, respectively. Meanwhile, number of customers who engaged us for field force assignment remained relatively stable at 15 and 16 for 9M2021 and 9M2022, respectively. We believe that the customers which ceased to engage us for our field force assignment but continued to engage us for our on-site solution and/or matching service was in line with our strategies to put more focus on on-site solution and matching service. From our perspective, field force assignment has been relatively less profitable (if gross transaction amount is considered) and requires relatively more working capital than our other services. From our customer’s perspective, it mainly depends on their sales and marketing strategies in response to the prevailing offline retail market situation. In particular, field force assignment offers dedicated and stable workforce whereas on-site solution delivers one-time customised sales and marketing event implementation services and matching service offers flexibility in the use of a large touchpoint pool for executing specific task duties at particular offline retail stores. For details on our relationship with salespersons/frontline staff/field force involved in our projects, see “Business — Our service network and touchpoints”.

### *Backlog of our projects during the Track Record Period*

Backlog represents our estimate, based on the best knowledge, information and belief of our Directors, of the number and remaining amounts of contracts of field force assignment, the terms of which were not expired as at the end of the indicated period. Contract amounts were prepared and estimated on a net basis.

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## BUSINESS

The following table sets out a rolling backlog of our field force assignment:

	FY2019	FY2020	FY2021	9M2022
<b><i>Number of contracts</i></b>				
Total number of outstanding contracts as at the beginning of the year/period	27	21	19	36
Add: number of new contracts commenced during the year/period	22	16	24	9
Less: number of contracts completed during the year/period	<u>28</u>	<u>18</u>	<u>7</u>	<u>32</u>
Total number of outstanding contracts as at the end of the year/period	<u>21</u>	<u>19</u>	<u>36</u>	<u>13</u>
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>9M2022</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<b><i>Outstanding contract amounts</i></b>				
Total outstanding contract amounts as at the beginning of the year/period	85,156	67,949	29,660	43,917
Add: amounts of new contracts commenced during the year/period	53,689	35,294	83,669	23,051
Less: revenue recognised for the year/period	<u>70,896</u>	<u>73,583</u>	<u>69,412</u>	<u>39,789</u>
Total outstanding contract amounts as at the end of the year/period	<u>67,949</u>	<u>29,660</u>	<u>43,917</u>	<u>27,179</u> <sup>(Note)</sup>

The number of outstanding contracts for field force assignment decreased from 36 as at 31 December 2021 to 13 as at 30 September 2022 and the average amount of outstanding contracts for field force assignment increased from RMB1.2 million at 31 December 2021 to RMB2.1 million as at 30 September 2022. This was mainly because as impacted by the outbreak of COVID-19 in Shanghai in early 2022, among the outstanding contracts as at 31 December 2021, ten customers had two or more field force assignment contracts for FY2021, whereas among the outstanding contracts as at 30 September 2022, only two customers had two or more field force assignment contracts for 9M2022. As of the Latest Practicable Date, we had outstanding contract amounts under field force assignment of RMB19.6 million <sup>(Note)</sup>, all of which is expected to be recognised as revenue for the year ending 31 December 2023.

*Note:*

The outstanding contract amounts as of 30 September 2022 and as of the Latest Practicable Date represent the amounts that we expect, based on the best knowledge, information and belief of our Directors, to receive calculated on a net basis and based on the latest monthly fees for the Track Record Period for the remaining durations.

## BUSINESS

The following table sets out the top 10 contracts of field force assignment in terms of aggregate revenue recognised throughout the Track Record Period:

Rank	Customer	Contract duration	Scope of services	Charging bases	FY2019 RMB'000	FY2020 RMB'000	Revenue FY2021 RMB'000	9M2022 RMB'000	Aggregate revenue recognised throughout the Track Record Period RMB'000	Amount expected to be recognised as revenue for the three months ended 31 December 2022 (Note 5) RMB'000	Outstanding contract amounts as of the Latest Practicable Date expected to be recognised as revenue for the year ending 31 December 2023 (Note 7) RMB'000	Gross profit margin as of the Latest Practicable Date (Note 8) %	Contract status
1	Customer D (Note 1)	2018/10/1– 2020/9/30	Recruitment and management of sales promoter and assignment of sales promoter to multiple promotion project	Fixed service fees	15,159	16,009	—	—	31,168	—	—	81.6%	Completed
2	Customer B (Note 2)	2019/7/1– 2020/6/30	Salesperson assignment and management	Fixed and floating service fees	547	22,353	—	—	22,900	—	—	87.0%	Completed
3	Customer B (Note 2)	2021/7/1– 2023/6/30	Salesperson assignment and management	Fixed and floating service fees	—	—	10,813	9,478	20,290	3,364	6,728	94.1%	Ongoing
4	Customer B (Note 2)	2018/7/1– 2019/6/30	Salesperson assignment and management	Fixed and floating service fees	19,332	—	—	—	19,332	—	—	89.5%	Completed
5	Customer F (Note 3)	2021/1/1– 2022/12/31	Recruitment and human resources management of sales representatives	Fixed service fees	—	—	8,816	4,232	13,048	1,891	—	92.8%	Completed
6	Customer A (Note 4)	2020/4/1– 2021/6/30	Assignment of salespersons to designated offline retail stores to carry out promotional activities	Fixed service fees	—	4,547	4,315	—	8,862	—	—	89.3%	Completed
7	Customer B (Note 2)	2020/7/1– 2021/6/30	Salesperson assignment and management	Fixed and floating service fees	—	253	9,480	—	9,733	—	—	95.4%	Completed
8	Customer G (Note 5)	2021/5/1– 2022/4/30	Recruitment, training and management of sales representatives	Fixed service fees	—	—	3,783	5,656	9,439	—	—	92.1%	Completed
9	Customer D (Note 1)	2018/10/1– 2021/9/30	Recruitment and management of sales promoter and remote sales promoter to multiple promotion project	Fixed service fees	—	60	7,948	—	8,008	—	—	88.0%	Completed
10	Customer F (Note 3)	2020/1/1– 2020/12/31	Recruitment and human resources management of sales representatives	Fixed service fees	—	7,671	—	—	7,671	—	—	85.6%	Completed

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## BUSINESS

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*Notes:*

- 1 Group of PRC entities primarily engage in dairy product and were subsidiaries of a FMCG multinational corporation, the shares of which are listed on London Stock Exchange. Based on its annual report, such listed corporation recorded a net revenue of around GBP12.8 billion for FY2019. The group entities of Customer D were subsequently acquired by an Asia-Pacific-based global investment firm based in PRC in June 2021 and thus, became private PRC entities.
- 2 Group of PRC entities primarily engage in daily commodities and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on New York Stock Exchange. Based on its annual report, such listed corporation recorded a net sales of around USD67.7 billion, USD71.0 billion and US\$76.1 billion for FY2019, FY2020 and FY2021, respectively. The market cap of which was USD299.2 billion as at 30 September 2022.
- 3 Group of PRC entities primarily engage in daily commodities and food products and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on London Stock Exchange. Based on its annual report, such listed corporation recorded a turnover of around EUR52.0 billion, EUR50.7 billion and EUR52.4 billion for FY2019, FY2020 and FY2021, respectively. The market cap of which was USD111.6 billion as at 30 September 2022.
- 4 Private PRC entity primarily engages in food products and is a subsidiary of a FMCG multinational corporation. It had a registered capital of USD91.5 million.
- 5 PRC entity primarily engages in daily commodities and is a subsidiary of a FMCG multinational corporation, the shares of which are listed on New York Stock Exchange. Based on its annual report, such listed corporation recorded a net sales of around USD18.5 billion, USD19.1 billion and USD19.4 billion for FY2019, FY2020 and FY2021, respectively. The market cap of which was USD38.0 billion as at 30 September 2022.
- 6 Amount expected to be recognised as revenue for the three months ended 31 December 2022 represents the amount that we expect, based on the best knowledge, information and belief of our Directors, to receive calculated on a net basis and based on the latest monthly fees for the Track Record Period.
- 7 The outstanding contract amounts as of the Latest Practicable Date represent the amounts that we expect, based on the best knowledge, information and belief of our Directors, to receive calculated on a net basis and based on the latest monthly fees for the Track Record Period for the remaining durations of the year ending 31 December 2023.
- 8 Gross profit margin represents overall gross profit margin for the particular contract for the Track Record Period.

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## BUSINESS

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### *Fee model*

Generally, we charge our customers (i) fixed service fees, which are calculated based on the actual number of field force recruited by us and assigned to work for such customer; and/or (ii) floating fees which are calculated based on and as reimbursement of field force salaries and benefits and other disbursements paid by us. In certain projects, we may charge our customers performance-based floating fees which are calculated based on the results of specified performance indicators. Typical examples of performance indicators include sales performances of the offline retail store or sales amount of a particular merchandise. During the Track Record Period, average revenue from field force assignment (in terms of contracts completed during the year/period) amounted to RMB2.5 million, RMB4.1 million, RMB9.9 million and RMB1.2 million, respectively. For the same period, we had no loss-making field force assignment contract.

Regarding field force salaries and benefits and other disbursements (as stated under item (ii) in the above paragraph), we first calculate salaries (which may include fixed monthly salaries and bonus to be calculated based on stipulated performance indicators) and benefits (including social insurance and housing provident fund) of field force according to the employment contract signed between us and the field force. Then, we submit the calculations to our customers for their approval. Upon customers’ approval of the calculation, we are responsible for and we make payments of salaries to the field force and make contributions of social insurance and housing provident funds, or if we do not have a subsidiary established in a particular province or city, we may make such contributions of social insurance and housing provident funds through third-party human resources agencies. For details, see “Risk Factors — Risks Relating to Our Business — We used third-party agents to make contributions under various government-sponsored employee benefits plans, which may subject us to penalties.” and “Business — Employees”.

### *Payment and billing arrangements*

We charge and bill our field force assignment customers on monthly basis. During the Track Record Period, we granted credit terms of 7–180 days to our field force assignment customers.

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**BUSINESS**

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*Case study*

<b>Customer category</b>	FMCG brand owner primarily engage in food products
<b>Implementation period</b>	January 2021 to December 2021
<b>Project fee</b>	Around RMB8.0 million per month
<b>Our responsibilities</b>	<ul style="list-style-type: none"><li>• According to Customer’s requirements, we were responsible for ensuring the human resources-related matters of the field force including but not limited to the signing of employment contracts and payment of salaries and benefits, etc. are in compliance with the relevant laws and regulations</li></ul>
<b>Our major work steps</b>	<ol style="list-style-type: none"><li>(1) We assisted Customer in recruitment of field force. Upon confirmation of employment, the new field force received an invitation link via instant messages to fill out required personal details and uploading supporting documents such as household registration status, social security, bank account details and address proof, to verify his or her identity. Executed version of the digital employment contracts were retained as data assets and are available for review and download by Customer.</li><li>(2) Customer could manage and review day-to-day human resources-related operations, such as calculation and records of salaries and benefits and generating staff-related reports through <i>eHR</i>.</li><li>(3) We calculated salaries and benefits (including social insurance and housing provident fund) of field force according to the employment contract signed between us and the field force. We then submitted the calculations to Customer for their approval. Upon Customers’ approval of the calculation, we made payments of salaries to the field force and made contributions of social insurance and housing provident funds.</li></ol>
<b>Players involved</b>	<p><i>Customer</i> — Brand owner</p> <p><i>Touchpoints</i> — Over 1,100 field force in around 120 cities in the PRC</p> <p><i>Points of sale</i> — N/A (<i>Customer did not opt for using our other digitalised tools and thus, did not provide information on points of sale</i>)</p>
<b>Digitalised tool involved and their application</b>	<p><i>eHR</i> — Using <i>eHR</i>, Customer and us can continuously manage the employment records. In particular, <i>eHR</i> assists in field force user identity verification and automatically generates digital employment contract based on the personal details input by the field force, hence reducing chances of clerical and inadvertent errors.</p>

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## BUSINESS

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### **Achievements and assessment**

- Our service fees for this project were calculated with reference to number of field force involved. There was performance indicators stated in the service agreement, which include on-time payment and submission of payment records of salaries and benefits to field force.
- Owing to the nature of offline retail market which is labour intensive and widely spread, signing digital employment contracts and conducting identity verification using our digitalised tool can reduce travel expenses and prevent counterfeit signing
- In addition to employment contract, other human resources-related documents, such as employee handbooks and administrative notices, can also be signed using digital signing function of our digitalised tool and completed online
- Human resources-related data (such as salaries payment, work-related injury, retirement, social insurance and housing provident funds contributions, etc.) and documents are digitalised and systemised, thereby significantly improving operation efficiency, strengthened record-keeping, data security and information sharing and enhanced collaboration among different business units

### ***Matching service***

#### *Overview*

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.

Revenue from matching service is recognised over time as the customers simultaneously receive and consume the benefits provided by our performance. Revenue for matching service is recognised on a gross basis over time while the contract costs to fulfil a contract, such as operating cost and labour costs are recognised as cost of services. See Notes 2.22 and 4(a) to the Accountant’s Report in Appendix I to this document for further details on significant accounting policies regarding revenue recognition and critical accounting estimates and judgements in relation to revenue recognition.

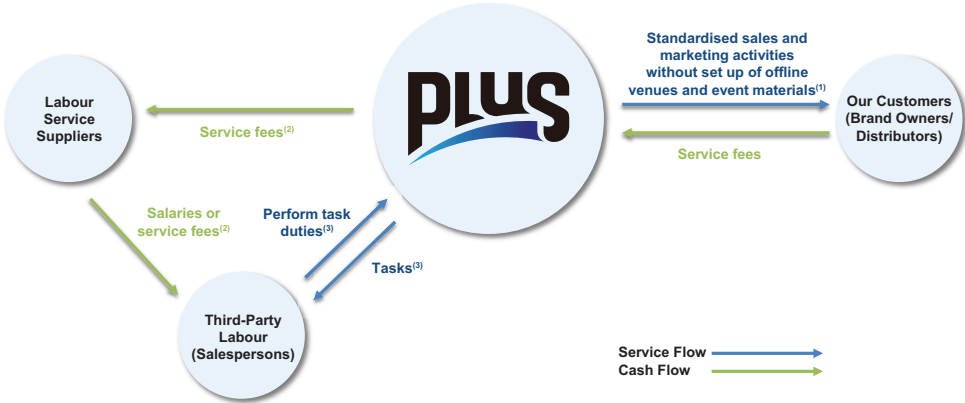
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## BUSINESS

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*Business model and process*

The following diagram illustrates the business model of our matching service:



*Notes:*

1. 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.
2. Major suppliers of matching service include labour service suppliers. We do not directly pay third-party labour. Instead, we enter into service contract with labour service suppliers and pay them service fees, which in turn make payments of salaries/service fees to third-party labour. Further details on labour service suppliers, see “Our service network and touchpoints” in this section.
3. Our services provided under matching service require on-site implementation by third-party labour. Third-party labour is provided by our labour service suppliers. Since third-party labour does not have any employment or contractual relationship with us, they can flexibly cope with our customers’ ad-hoc service demands. In order to efficiently manage third-party labour, we use a task-based management system. Tasks are published using *Touchkit* and touchpoints can access a list of available tasks and apply for any suitable tasks using *MiJob Square*. Typical examples of matching service task include in-store merchandise display and sales and promotion of customers’ merchandise.

We procure matching service projects generally through quotation invitations or competitive tender from existing and potential customers or as a result of our proactive communication with our existing and potential customers. For further details on the tendering process, see “Our sales and marketing” in this section.

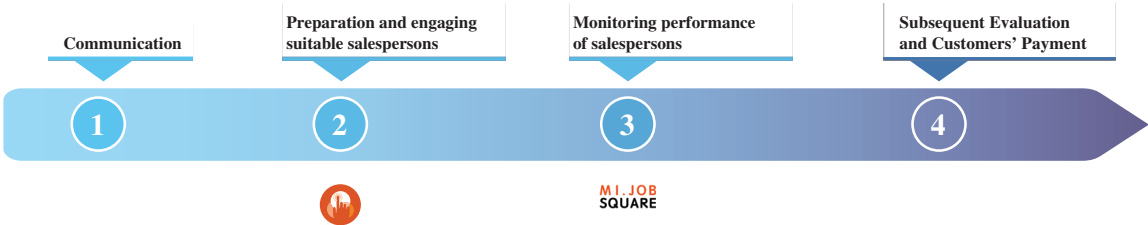


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## BUSINESS

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We act as adviser, organiser and project manager of the matching service and system operator of our digitalised tools. The below flowchart summarises the major business process of our matching service:



**1. Communication with customers and giving necessary advices**

We communicate with our customers on their requests and needs, in particular their specific sales target(s) (or other performance indicator(s)) and budget for achieving such target(s). Based on the customer’s expectation and budget and using our digitalised tools and data assets accumulated over the years, we formulate an implementation plan, which includes dates and duration of the events, coverage of offline retail stores and sales goals. The implementation plan would be continuously revised according to our customers’ requests until it is approved by our customers;

**2. Preparation and engaging suitable salespersons**

Based on the approved implementation plan, we publish tasks and find suitable touchpoint users based on our intelligent matching recommendations. Such matching recommendations are generated using AI algorithm that analyses historical performance data, which is tagged to each and every touchpoint user, collected using our digitalised tool over the years. During the Track Record Period, touchpoint pool for matching service included only third-party labour. Tasks include event information such as duration and frequency, location, detailed description of duties, amount and calculation method of remuneration and other important notes. Typical examples of matching service task include in-store merchandise display and sales and promotion of customers’ merchandise. Touchpoint users can apply for the tasks via *MiJob Square* and we would review and approve their application. We are also responsible for ensuring the recruitment rates of offline retail stores. We may provide online and/or offline trainings and follow-up quizzes to approved touchpoint users, so that they could have a better picture on how to satisfactorily fulfil their task duties and our customers’ expectations;

Our provision of matching service is primarily supported by the combination of *Touchkit* and *MiJob Square*. *Touchkit* applies big data and AI technologies in analysing historical performance of touchpoint users of *MiJob Square* and generating matching recommendations of these touchpoint users with tasks. While, *MiJob Square* utilises the extensive touchpoint network and drives them from our digitalised tool (i.e. online) to offline retail stores. Data input by these touchpoint users via *MiJob Square*, including attendance records, task completion, appraisal and performance review of touchpoint users, are transmitted onto our FMES platform and retained as data assets regarding the relevant touchpoint users. Based on the historical performance data, which is tagged to each and every touchpoint users, *Touchkit* provides recommendations on matching of touchpoint users of *MiJob Square* with tasks with a view to enabling the offline retail stores to achieve better sales performance. Using such matching recommendations, we can enhance our ability in achieving better results (such as sales amount). To further explain, even if a particular salesperson is good at achieving sales at a high-end shopping mall, he/she might not be good at arranging display of merchandise at a local convenient store. This is because different tasks at offline retail stores in different areas which

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may have different target consumer groups, consumers’ behaviour and preference, merchandise variety, etc. require salespersons with different background, experience and skill sets, etc.. In order to increase the accuracy in matching touchpoint users with a particular task (which stipulates the scope of tasks, merchandise and designated offline retail stores), we use digitalised tools to collect, process and analyse data from touchpoint users and verify such data, and then retain as data assets, as well as process and analysed such data so that we can make good use of our data assets.

### 3. *Monitoring performance of salespersons*

During the implementation of matching service projects, we normally position ourselves as the project manager of our customers to supervise and monitor implementation of the plan. Approved touchpoint users execute the required task duties and thus, facilitate us to implement matching service projects. In addition to overseeing the attendance of salespersons, we are also responsible for ensuring sales performance of offline retail stores can meet the minimum requirements as set by our customers. Based on data on sales performance of the offline retail stores collected using our digitalised tool, we continuously monitor whether our customers’ sales target(s) (or other performance indicator(s)) could be achieved. As we aim at achieving the sales targets and other performance indicators within the project periods, we 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. For example, if the sales performance (or other performance indicator) falls short of our customers’ requirements, we could proactively publish add-on tasks to touchpoint users who have already accepted tasks in relation to those particular offline retail stores, or adjust the allocation of salespersons after considering the matching recommendations of touchpoint users with tasks generated using big data and AI technologies. We aim at selecting another suitable touchpoint user who might be able to achieve the sales target(s) (or other performance indicator(s)) before the end of the contract/project terms. *MiJob Square* is used by touchpoint users to report their execution status. For example, they are required to upload a self-portrait when they arrive at work using built-in camera function of *MiJob Square* as supporting evidence and input performance-related data. The built-in camera function ensures photos submitted as supporting evidence would not be edited by the salespersons; and

### 4. *Continuous reporting, evaluation and customer’s payment*

Data collected via our digitalised tools are transmitted and accumulated on FMES platform as data assets. In order to ensure that projects would be implemented appropriately and according to the approved implementation plan, our business team generally create instant message groups to timely monitor and follow up on the progress. In order to enhance customer experience and satisfaction and ensure customer retention, based on the data collected from touchpoint users using our digitalised tool, we evaluate and provide feedbacks to our customers on the effectiveness of our matching service and would continuously refine the implementation plan for a better effect. In general, we produce analysis reports based on data input by salespersons and include details such as recruitment rate, attendance rate of approved salespersons, sales performance of offline retail stores, etc. Based on customers’ requirements, analysis reports are provided to our customers on weekly to monthly basis. We issue our invoice based on the service agreement for our customer’s settlement.

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### *Technologies used in matching service*

### *Number of customers and average revenue from customers*

The following table sets out number of our customers who engaged us for matching service and our average revenue from these customers for the periods indicated:

	FY2019	FY2020	FY2021	9M2021	9M2022
Number of customers	10	15	19	17	26
Number of brand customers	7	12	14	10	15
Average revenue per customer (RMB'000) <i>(Note 1)</i>	1,936	2,142	3,118	2,680	2,174
Average revenue per brand customer (RMB'000) <i>(Note 2)</i>	2,729	2,662	4,077	4,187	3,562
Number of new customers	N/A	10	9	N/A	11
Number of repeating customers	N/A	5	10	N/A	15
Customer retention rate <i>(Note 3)</i>	N/A	50.0%	66.7%	N/A	78.9

*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. The customer retention rate for a given year/period is calculated by dividing (i) the number of customers in the previous year who remain as our customers in the current year/period by (ii) the total number of customers in the previous year.

Number of customers who engaged us for matching service increased from 10 for FY2019 to 15 for FY2020 and further increased to 19 for FY2021, mainly because some of our on-site solution customers decided to switch to our matching service which was in line with our business strategy to promote such service 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. Meanwhile, average revenue per customer increased from RMB1.9 million for FY2019 to RMB2.1 million for FY2020, and further increased to RMB3.1 million for FY2021, which was generally in line with our business strategy to divert more resources and effort in promoting and developing matching service as one of our key service types. Number of customers who engaged us for matching service increased from 17 for 9M2021 to 26 for 9M2022, while average revenue per customer decreased slightly from RMB2.7 million for 9M2021 to RMB2.2 million for 9M2022, mainly because we primarily procured new matching service customers who are relatively small-scale brand owners and distributors and had relatively less budgets for sales and marketing.

During the Track Record Period, we had customers which engaged us for more than one service types and/or change the service type or combination of service types from time to time. In particular our cross-selling of on-site solution and matching service is mainly because our customers may have different sales and marketing initiatives for different offline retail stores. For example, our customers may engage us for on-site solution for implementing customised sales and marketing activities to promote brand awareness of new products. Our on-site solution is characterised by our capability to implement customised sales and marketing activities, which may involve various event consumable suppliers and require lots of frontline staff to attend to on-site implementation. On the other hand, customers may engage us for

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matching service to drive sales with standardised sales and marketing activities. Our matching service is characterised by our capability to select suitable salespersons using AI technologies and big data to help improve sales performance of designated offline retail stores.

### *Backlog of our projects during the Track Record Period*

Backlog represents our estimate, based on the best knowledge, information and belief of our Directors, of the number and remaining amounts of contracts of matching service, the terms of which were not expired as at the end of the indicated period.

The following table sets out a rolling backlog of our matching service:

	FY2019	FY2020	FY2021	9M2022
<b><i>Number of contracts</i></b>				
Total number of outstanding contracts as at the beginning of the year/period	5	9	8	24
Add: number of new contracts commenced during the year/period	12	8	22	20
Less: number of contracts completed during the year/period	<u>8</u>	<u>9</u>	<u>6</u>	<u>23</u>
Total number of outstanding contracts as at the end of the year/period	<u><u>9</u></u>	<u><u>8</u></u>	<u><u>24</u></u>	<u><u>21</u></u>
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>9M2022</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<b><i>Outstanding contract amounts</i></b>				
Total outstanding contract amounts as at the beginning of the year/period	14,342	31,403	10,688	10,353
Add: amounts of new contracts commenced during the year/period	36,418	11,411	58,903	48,224
Less: revenue recognised for the year/period	<u>19,356</u>	<u>32,127</u>	<u>59,238</u>	<u>56,520</u>
Total outstanding contract amounts as at the end of the year/period	<u><u>31,404</u></u>	<u><u>10,688</u></u>	<u><u>10,353</u></u>	<u><u>2,057</u></u> <i>(Note)</i>

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The number of outstanding contracts/confirmed purchase orders for matching service decreased from 24 at 31 December 2021 to 21 as at 30 September 2022. Due to impact of the outbreak of COVID-19 in Shanghai in early 2022, among the outstanding contracts/confirmed purchase orders as at 31 December 2021, five customers had two or more matching service contracts for FY2021, whereas among the outstanding contracts/confirmed purchase orders as at 30 September 2022, save for one customer who had four matching service contracts, all customers had only one matching service contract with us for 9M2022. The average amount of outstanding contracts/confirmed purchase orders for matching service increased significantly from RMB0.4 million at 31 December 2021 to RMB1.0 million as at 30 September 2022, mainly because for the above calculation basis for prudence sake, outstanding contract amounts as of 30 September 2022 only included our fixed service fees that we expect to receive, while outstanding contract amounts as of 31 December 2021 included amounts of fixed service fees and performance-based fees. As of the Latest Practicable Date, we had outstanding contract amounts under matching service of RMB1.4 million <sup>(Note)</sup>, all of which is expected to be recognised as revenue for the year ending 31 December 2023.

*Note:*

The outstanding contract amounts as of 30 September 2022 and as of the Latest Practicable Date represent the amounts of fixed service fees that we expect, based on the best knowledge, information and belief of our Directors, to receive assuming the contracts are to be performed in accordance with its terms as of 30 September 2022 and the Latest Practicable Date, respectively, for the remaining durations.

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The following table sets out the top 10 contracts of matching service in terms of aggregate revenue recognised throughout the Track Record Period:

Rank	Customer	Contract duration	Scope of services	Charging bases	FY2019 RMB'000	FY2020 RMB'000	Revenue FY2021 RMB'000	9M2022 RMB'000	Aggregate revenue recognised throughout the Track Record Period RMB'000	Amount expected to be recognised for the three months ended 31 December 2022 RMB'000	Outstanding contract amounts as of the Latest Practicable Date RMB'000	Contract status as of the Latest Practicable Date (Note 10) %
1	Customer G (Note 1)	2021/1/1– 2021/12/31	Sales and promotion services	Fixed and floating service fees	—	—	24,709	—	24,709	—	—	28.2% Completed
2	Customer G (Note 1)	2022/1/1– 2022/12/31	Sales and marketing services	Fixed and floating service fees	—	—	—	15,421	15,421	5,270 (Note 7)	—	22.2% Completed
3	Customer F (Note 2)	2022/4/1– 2023/3/31	Arrangement and hosting of promotional sales and marketing events	Fixed and floating service fees	—	—	—	13,367	13,367	317 (Note 8)	— (Note 11)	32.0% Ongoing
4	Customer G (Note 1)	2019/9/1– 2020/12/31	Sales and promotion services	Fixed and floating service fees	521	10,189	—	—	10,711	—	—	29.6% Completed
5	Note 3	2019/8/1– 2021/7/31	Long term promotion services	Fixed and floating service fees	2,588	2,979	3,911	—	9,478	—	—	33.9% Completed
6	Note 3	2019/8/1– 2021/7/31	Long term promotion services	Fixed and floating service fees	—	5,371	3,178	—	8,549	—	—	33.6% Completed
7	Customer D (Note 4)	2018/10/1– 2021/9/30	Sales and marketing services	Fixed and floating service fees	7,318	—	—	—	7,318	—	—	50.7% Completed
8	Note 5	2021/1/1– 2021/12/31	Sales and promotion services	Fixed and floating service fees	—	—	6,352	—	6,352	—	—	37.0% Completed
9	Note 5	2020/6/1– 2020/12/31	Sales and promotion services	Fixed and floating service fees	—	6,130	—	—	6,130	—	—	30.2% Completed
10	Note 6	2022/3/1– 2023/2/28	Sales and promotion services	Fixed and floating service fees	—	—	—	5,952	5,952	—	— (Note 11)	13.9% Ongoing

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*Notes:*

- 1 PRC entity primarily engages in daily commodities and is a subsidiary of a FMCG multinational corporation, the shares of which are listed on New York Stock Exchange. Based on its annual report, such listed corporation recorded a net sales of around USD18.5 billion, USD19.1 billion and USD19.4 billion for FY2019, FY2020 and FY2021, respectively. The market cap of which was USD38.0 billion as at 30 September 2022.
- 2 Group of PRC entities primarily engage in daily commodities and food products and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on London Stock Exchange. Based on its annual report, such listed corporation recorded a turnover of around EUR52.0 billion, EUR50.7 billion and EUR52.4 billion for FY2019, FY2020 and FY2021, respectively. The market cap of which was USD111.6 billion as at 30 September 2022.
- 3 PRC entity primarily engages in pharmaceuticals products and is a subsidiary of a multinational corporation, the shares of which are listed on New York Stock Exchange.
- 4 Group of PRC entities primarily engage in dairy product and were subsidiaries of a FMCG multinational corporation, the shares of which are listed on London Stock Exchange. Based on its annual report, such listed corporation recorded a net revenue of around GBP12.8 billion for FY2019. The group entities of Customer D were subsequently acquired by an Asia-Pacific-based global investment firm based in PRC in June 2021 and thus, became private PRC entities.
- 5 PRC entity primarily engages in medical devices and health care products and is a subsidiary of a multinational corporation, the shares of which are listed on New York Stock Exchange.
- 6 Group of PRC entities primarily engage in dairy products and are subsidiaries of a multinational corporation, the shares of which are listed on New Zealand Stock Exchange.
- 7 Amount expected to be recognised as revenue for the three months ended 31 December 2022 represents the aggregate of (i) revenue recognised for the month ended 31 October 2022 based on the Group’s unaudited management accounts; and (ii) revenue expected to be recognised as revenue for the month ended 30 November 2022 and 31 December 2022 based on the best knowledge, information and belief of our Directors.
- 8 Amount expected to be recognised as revenue for the three months ended 31 December 2022 represents the aggregate of (i) revenue recognised for the month ended 31 October 2022 and 30 November 2022 based on the Group’s unaudited management accounts; and (ii) revenue expected to be recognised as revenue for the month ended 31 December 2022 based on the best knowledge, information and belief of our Directors.
- 9 The outstanding contract amounts as of the Latest Practicable Date represent the amounts of fixed service fees that we expect, based on the best knowledge, information and belief of our Directors, to receive assuming the contracts are to be performed in accordance with its terms as of the Latest Practicable Date for the remaining durations of the year ending 31 December 2023.
- 10 Gross profit margin represents overall gross profit margin for the particular contract for the Track Record Period.
- 11 For the analysis of outstanding contract amounts as of the Latest Practicable Date, for prudence sake, we only consider fixed service fees that we expect to receive under this contract. Since this contract did not specify the number of offline retail stores/manshift which require our services, the outstanding contract amounts as of the Latest Practicable Date expected to be recognised as revenue for the year ending 31 December 2023 under this contract was presumed to be zero.

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### *Fee model*

We generally charge our customers (i) floating fees which adopts “performance-based” fee model; and/or (ii) fixed fees including service and/or system fees. During the Track Record Period, average revenue from matching service (in terms of contracts completed during the year/period) amounted to RMB2.4 million, RMB3.6 million, RMB9.9 million and RMB3.8 million, respectively.

Our floating fees adopt a “performance-based” fee model which focuses on the results (rather than process) of the services. Such floating fees are directly linked to and calculated based on the results of the performance indicators stipulated by our customers. In general, level of achievement of targeted sales amount is used as performance indicator and our floating fees are calculated using a tiered commission structure. Under one example of our matching service, we charged a fixed fee based on number of salespersons involved and a floating fee based on the actual sales amounts of the offline retail stores using a tiered commission structure. Such floating fee is calculated in the following manner: (i) RMB0 if the actual sales amount is less than 80% of the targeted sales amount; (ii) 1% of the actual sales amount, if the actual sales amount is less than 100% but more than 80% of the targeted sales amount; (iii) 2.5% of the actual sales amount, if the actual sales amount is less than 130% but more than 100% of the targeted sales amount; and (iv) 4% of the actual sales amount, if the actual sales amount is more than 130% of the targeted sales amount, which is capped at a designated maximum floating fee. Despite the economic downturn and on-and-off temporary disruptions caused by COVID-19, our matching service, which has adopted “performance-based” fee model, was still able to sustain strong growth momentum and achieved increase in gross profit during the Track Record Period. We believe that it was mainly because our customers are more cost-conscious and more willing to pay for services that charge based on the results of the services.

Under the “performance-based” fee model of matching service, if the sales performance of the salespersons could not meet the performance indicators (such as sales amounts of the offline retail stores or number of completed tasks) as set out in the service agreements entered into between us and our customers, we can only generate a minimal amount of revenue based on the fixed service fees. For details of the risks associated with the “performance-based” fee model of matching service, see “Risk Factors — 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.”. In order to minimise our exposure to the risks associated with the “performance-based” fee model of matching service, we have adopted the following measures:

- (i) salespersons are chosen with reference to matching recommendations of touchpoint users with tasks generated by our digitalised tool using AI algorithm which analysed data assets (including sales performance of a touchpoint user at a particular offline retail store) accumulated from our provision of services over the years; and
- (ii) we collect data on sales performance of the offline retail stores and based on the data collected, we continuously monitor whether our customers’ sales target(s) (or other performance indicator(s)) could be achieved. In case the sales performance (or other performance indicators) falls short of our customers’ expectations, we could proactively adjust the allocation of salespersons with the aim to achieve the sales target(s) (or other performance indicator(s)) before the end of the contract/project terms.

During the Track Record Period, we undertook one loss-making matching service project under which we were responsible for (i) enhancing the offline retail sales of our customer through sales, stock management and data feedbacks; and (ii) managing the sales and marketing events using our digitalised tools for a term from October 2020 to December 2020. In respect to this loss-making project, we



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recognised revenue and gross loss of RMB8,600 and RMB280 for FY2020, respectively. The reason for such loss-making project was mainly because we offered comparatively lower prices after considering the market-leading profile of such customer. Our Directors consider that such loss-making project was one-off isolated incident as it only contributed 0.002% of our total revenue for FY2020, and the gross loss recognised as a result of this project did not have any material impact on our operations and financial performance. During the Track Record Period, save for the aforementioned matching service project, we had no other loss-making matching service project.

In order to minimise our exposure to loss-making projects, we have adopted internal control measures and business strategies, including regularly monitoring accounts, observing comparatively lower prices offered to our customers and closely monitor cost incurred by us. For details, see “Business — Our sales and marketing — Pricing measures and strategies”.

*Payment and billing arrangements*

We charge and bill our matching service customers on monthly basis. During the Track Record Period, we granted credit terms of 0–170 days to our matching service customers.

*Case study*

Below are some of the representative matching service projects undertaken by us during the Track Record Period:

- (i) Support project management with a professional digitalised platform to achieve greater market coverage

<b>Customer category</b>	FMCG brand owner primarily engages in daily commodities
<b>Implementation period</b>	January 2021 to December 2021
<b>Project fee</b>	Around RMB2.0 million per month
<b>Customer’s requirements/our responsibilities</b>	<ul style="list-style-type: none"><li>● We were responsible for supervising salespersons, who undertook tasks and were responsible for tidying up in-store merchandise display and assisting sales of merchandise. Customer also wanted to unify work standards of salespersons to improve the work efficiency of salespersons, which in turn enhance sales performance of offline retail stores</li><li>● Using our system, we were responsible for realising high service rate of salespersons</li><li>● We were also responsible for providing trainings to salespersons and require them to attend online quizzes via our digitalised tool to ensure the effectiveness and quality of services provided by them</li></ul>

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**Our major work steps**

- (1) First, Customer provided a list of offline retail stores which require our services and sales targets. Based on such list, we publish tasks and find suitable touchpoint users based on our intelligent matching recommendations. Such matching recommendations were generated using AI algorithm that analyses historical performance data, which is tagged to each and every touchpoint user, collected using our digitalised tool over the years.
- (2) We publish tasks and find suitable touchpoint users based on our intelligent matching recommendations. Main duties of salespersons as stated in the tasks included tidying up in-store merchandise display and assisting sales and promotion of merchandise. Touchpoints can apply for the tasks and we would review and approve their application. Approved touchpoint users would receive confirmation notification on *MiJob Square*. We provided trainings to salespersons and required them to attend online quizzes using *MiJob Square* to ensure the effectiveness and quality of services provided by them.
- (3) During implementation of the project, salespersons were required to report their attendance and task completion using *MiJob Square*. In addition to overseeing the attendance of salespersons, we continuously monitor sales performance of offline retail stores using *Touchkit* to ensure sales targets could be achieved.
- (4) Data transmitted to our FMES platform were processed and summarised into analysis reports for Customer’s perusal. Such report included details such as recruitment rate and attendance rate of salespersons and sales performance of offline retail stores.

**Players involved**

*Customer* — Brand owner

*Touchpoints* — Over 2,000 salesperson (for December 2021)

*Points of sale* — Over 2,000 offline retail stores in more than 260 cities in 28 provinces/municipalities in the mainland China

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- Digitalised tools involved and their application**

  - *Touchkit* — Tasks were published using *Touchkit* and the published tasks would reach touchpoints on *MiJob Square*.
  - *MiJob Square* — Touchpoints received and applied for tasks through *MiJob Square* and were required to report attendance and revert task completion and other feedback using *MiJob Square*.
  
- Achievements and assessment**

  - Our performance was assessed by key performance indicators stated in the service agreement, which included sales performance of offline retail stores and completion rate.
  - We enabled Customer to achieve sales of RMB127 million in March 2021, representing (i) an increase in sales by 31% from RMB97 million for the same period in 2020; and (ii) 43% higher than the performance target of RMB90 million
  - We achieved a high completion rate of 104% with high cost-effectiveness ratio (i.e. the ratio of sales that can be achieved though the project versus marketing expenses that Customer spent on the project) of 3.8% and obtaining highest scores for our 2022 implementation plan, thereby allowing us to obtain the continuously management of this project

(ii) Managing touchpoints using tiered performance-based compensation

**Customer category** FMCG brand owner primarily engages in food products

**Implementation period** April 2021 to July 2021

**Project fee** Around RMB3.0 million

- Customer’s requirements/our responsibilities**
- Customer wanted to manage salespersons using tiered performance-based compensation and enhance cost effectiveness of its spending on sales and marketing initiatives
  - Customer also wanted to verify the identities of salespersons and ensure that the salespersons are the same persons from onboarding to working to payment of service fees
  - We were responsible for supervising salespersons and providing salespersons with basic task training and product knowledge training to improve sales skills, as well as enhance the activeness of salespersons in a timely manner by giving bonus

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**Our major work steps**

- (1) First, Customer provided a list of offline retail stores which require our services and sales targets. Based on such list, we publish tasks and find suitable touchpoint users based on our intelligent matching recommendations. Such matching recommendations were generated using AI algorithm that analyses historical performance data, which is tagged to each and every touchpoint user, collected using our digitalised tool over the years.
- (2) We publish tasks and find suitable touchpoint users based on our intelligent matching recommendations. Main duties of salespersons as stated in the tasks included tidying up in-store merchandise display and assisting sales and promotion of merchandise. We used *Touchkit* to publish tasks for touchpoint users’ application, while touchpoint users used *MiJob Square* to apply for tasks. Afterwards, we reviewed and approved their application. Approved touchpoint users would receive confirmation notification on *MiJob Square*. We then provided basic task and product knowledge trainings to salespersons to ensure the services provided by them were up to standard as required by Customer.
- (3) During implementation of the project, salespersons were required to report their attendance and task completion using *MiJob Square*. In addition to overseeing the attendance of salespersons, we continuously monitor sales performance of offline retail stores using *Touchkit* to ensure sales targets could be achieved. We need to enhance the activeness of salespersons in a timely manner by giving bonus.
- (4) Data transmitted to our FMES platform were processed and summarised into analysis reports for Customer’s perusal. Such report included details such as recruitment rate and attendance rate of salespersons and sales performance of offline retail stores.

**Players involved**

*Customer* — Brand owner

*Touchpoints* — Over 560 salespersons (for July 2021)

*Points of sale* — Over 560 offline retail stores in more than 79 cities in 24 provinces/municipalities in the mainland China

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### **Digitalised tools involved and their application**

- *Touchkit* — Tasks were published using *Touchkit* and the published tasks would reach touchpoints on *MiJob Square*.
- *MiJob Square* — Touchpoints received and applied for tasks through *MiJob Square* and are required to report attendance and revert task completion and other feedback using *MiJob Square*.

### **Achievements and assessment**

- Our performance was assessed by key performance indicators stated in the service agreement, which included sales performance of offline retail stores, completion rate and attendance rate of salespersons.
- We enabled Customer to achieve an average sales of around RMB19 million during April to July 2021, representing an increase in sales by around 8% as compared with the same period in 2020 with low cost effectiveness ratio of 3.9%
- In July 2021, achieved a high completion rate of 96% and effective attendance rate of 98%

### ***SaaS+ subscription***

#### *Overview*

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.

Revenue from SaaS+ subscription service which including data subscription and system set up is under separate contracts and they are considered as distinct performance obligations. The revenue is recognised over time. When providing the system set-up service, our performance does not create an asset with an alternative use to us and has an enforceable right to payment for performance completed to date. Besides, the customer simultaneously receives and consumes the benefits of subscription service provided by us as we perform. We generally charge our customers with service fee for system set up and a fixed subscription fee over the contract period. Revenue for SaaS+ subscription is recognised on a gross basis over time while the contract costs to fulfil a contract, such as operating cost and labour costs for the set up services are recognised as cost of services. See Notes 2.22 and 4(a) to the Accountant’s Report in Appendix I to this document for further details on significant accounting policies regarding revenue recognition and critical accounting estimates and judgements in relation to revenue recognition.

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*Business model and process*

The following diagram illustrates the business model of our SaaS+ subscription:



*Notes:*

1. 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.
2. Major suppliers of SaaS+ subscription include IT service suppliers.

We procure SaaS+ subscription customers generally through quotation invitations from existing and potential customers or as a result of our proactive communication with our existing and potential customers. We act as system operator of our digitalised tools. The below flowchart summarises the major business process of our SaaS+ subscription:



**1. Communication with customers**

We communicate with our customers to understand their digitalisation and systemisation requests and needs and provide a list of suggested digitalised tools, which can address their specific and unique operation and needs, for their selection. We also discuss with our customers to see if customisation of our digitalised tools would be necessary. In general, our customers would determine technical requirements (such as expected functionalities requiring for the digitalised tool, data tags that need to be customised, designs of the interface of the digitalised tool, etc.) of the digitalised tool(s) that they require;

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### 2. *Subscription and customisation*

We enter into subscription agreement with our customers and activate the digitalised tools for our customers. Meanwhile, we may activate the digitalised tools for users designated by our customers, such as their employees or touchpoint users. Generally and on an as-needed basis, we customise the settings and/or operations of a range of readily-available digitalised tools to that fulfils our customers’ technical requirements. Throughout the term of the subscription, we provide all the necessary IT assistance and maintenance relating to our digitalised tools; and

### 3. *Payment of subscription fees*

We issue our invoice based on the service agreement for our customer’s settlement.

#### *Number of customers and average revenue from customers*

The following table sets out number of our customers who engaged us for SaaS+ subscription and our average revenue from these customers for the periods indicated:

	<b>FY2019</b> <i>(Note 1)</i>	<b>FY2020</b>	<b>FY2021</b>	<b>9M2021</b>	<b>9M2022</b>
Number of customers	—	3	8	6	86
Number of brand customers	—	3	4	4	5
Average revenue per customer <i>(RMB’000) (Note 2)</i>	—	658	1,864	1,013	207
Average revenue per brand customer <i>(RMB’000) (Note 3)</i>	—	658	3,328	1,361	2,959
Number of new customers	—	3	5	N/A	81
Number of repeating customers	—	— <i>(Note 1)</i>	3	N/A	5
Customer retention rate <i>(Note 4)</i>	—	N/A	100.0%	N/A	62.5%

#### *Notes:*

- We started providing SaaS+ subscription services in FY2020.
- Average revenue per customer is calculated by dividing revenue by number of customers for the respective period.
- Average revenue per brand customer is calculated by dividing revenue from brand customers by number of brand customers for the respective period.
- The customer retention rate for a given year/period is calculated by dividing (i) the number of customers in the previous year who remain as our customers in the current year/period by (ii) the total number of customers in the previous year.

Number of customers who engaged us for SaaS+ subscription increased from 3 for FY2020 to 8 for FY2021 and substantially increased from 6 for 9M2021 to 86 for 9M2022, which was in line with our business strategy to promote our SaaS+ subscription. In particular, most of the new customers we procured for 9M2022 were distributor customers, which initially used our digitalised product(s) as a result of our provision of SaaS+ subscription services to certain brand customers and after the end of the said services to brand customers, proceeded to directly engage us for our SaaS+ subscription services. Meanwhile, the increase in average revenue per customer from RMB0.7 million for FY2020 to RMB1.9 million for FY2021 was mainly because of the increase in number of contracts commenced during FY2021. However, the decrease in the average revenue per customer from RMB1.0 million for 9M2021 to RMB0.2 million for

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9M2022 was mainly because we procured a large number of new distributor customers for 9M2022 and in line with our strategic promotion of standardised SaaS+ subscription services to distributor customers and other relatively small-scale customers.

### *Backlog of our projects during the Track Record Period*

Backlog represents our estimate, based on the best knowledge, information and belief of our Directors, of the number and remaining amounts of contracts of SaaS+ subscription, the terms of which were not expired as at the end of the indicated period.

The following table sets out a rolling backlog of our SaaS+ subscription contract amounts and number of SaaS+ subscription contracts:

	FY2019	FY2020	FY2021	9M2022
<b><i>Number of contracts</i></b>				
Total number of outstanding contracts as at the beginning of the year/period	—	12	16	7
Add: number of new contracts commenced during the year/period	12	10	42	85
Less: number of contracts completed during the year/period	<u>—</u>	<u>6</u>	<u>51</u>	<u>85</u>
Total number of outstanding contracts as at the end of the year/period	<u><u>12</u></u>	<u><u>16</u></u>	<u><u>7</u></u>	<u><u>7</u></u>
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>9M2022</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<b><i>Outstanding contract amounts</i></b>				
Total outstanding contract amounts as at the beginning of the year/period	—	55	2,611	3,635
Add: amounts of new contracts commenced during the year/period	55	4,529	15,939	16,358
Less: revenue recognised for the year/period	<u>—</u>	<u>1,973</u>	<u>14,915</u>	<u>17,814</u>
Total outstanding contract amounts as at the end of the year/period	<u><u>55</u></u>	<u><u>2,611</u></u>	<u><u>3,635</u></u>	<u><u>2,179</u></u> <i>(Note)</i>

As of the Latest Practicable Date, we had outstanding contract amounts under SaaS+ subscription of RMB0.1 million <sup>(Note)</sup>, among which RMB0.1 million is expected to be recognised as revenue for the year ending 31 December 2023.

#### *Note:*

The outstanding contract amounts as of 30 September 2022 and as of the Latest Practicable Date represent the amounts that we expect, based on the best knowledge, information and belief of our Directors, to receive assuming the contracts are to be performed in accordance with its terms as of 30 September 2022 and the Latest Practicable Date, respectively, for the remaining durations.



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The following table sets out the top 10 contracts of SaaS+ subscription in terms of aggregate revenue recognised throughout the Track Record Period:

Rank	Customer	Contract duration	Scope of services	Charging bases	FY2019 (Note 1) RMB'000	FY2020 RMB'000	Revenue FY2021 RMB'000	9M2022 RMB'000	Aggregate revenue recognised throughout the Track Record Period RMB'000	Amount expected to be recognised as revenue for the three months ended 31 December 2022 (Note 6) RMB'000	Outstanding contract amounts as of Latest Practicable Date expected to be recognised as revenue for the year ending 31 December 2023 (Note 7) RMB'000	Gross profit margin as of the Latest Practicable Date (Note 8) %	Contract status
1	Customer H (Note 2)	2022/4/12–2022/12/31	Development of certain digitalised platform and tools	Fixed service fees	—	—	—	12,088	12,088	932	—	72.8%	Completed
2	Customer H (Note 2)	2021/12/21–2021/12/31	Data processing digitalised tool	Fixed service fees	—	—	4,622	—	4,622	—	—	98.6%	Completed
3	Customer H (Note 2)	2021/4/20–2021/12/31	Development of digitalised tool for marketing purposes	Fixed service fees	—	—	3,147	—	3,147	—	—	36.0%	Completed
4	Note 3	2021/10/12–2023/10/11	Distributors management digitalised tool	Fixed service fees	—	—	471	2,596	3,068	— (Note 9)	— (Note 9)	66.8%	Ongoing
5	Customer H (Note 2)	2020/12/11–2021/1/20	Data processing digitalised tool	Fixed service fees	—	355	1,419	—	1,774	—	—	44.8%	Completed
6	Note 4	2020/12/1–2022/6/30	Development of digitalised tool for marketing purposes	Fixed service fees	—	764	764	—	1,528	—	—	27.4%	Completed
7	Note 4	2021/7/2–2022/6/30	Provision of digitalised tool for sales and marketing purposes	Fixed service fees	—	—	—	749	749	—	—	36.0%	Completed
8	Note 4	2021/3/22–2021/6/30	Development of connection of digitalised tool and CAS	Fixed service fees	—	—	704	—	704	—	—	63.2%	Completed
9	Note 5	2021/12/23–2022/12/31	Development of digitalised tool for marketing purposes	Fixed service fees	—	—	—	660	660	7	—	19.0%	Completed
10	Note 4	2021/1/1–2021/12/31	Development of digitalised tool for marketing purposes	Fixed service fees	—	—	607	—	607	—	—	89.4%	Completed

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*Notes:*

- 1 The Group did not engage in SaaS+ subscription in FY2019.
- 2 Group of PRC entities primarily engage in food products and beverage and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on NASDAQ. Based on its annual report, such listed corporation recorded a revenue of around USD 67.2 billion, USD70.4 billion and USD79.5 billion for FY2019, FY2020 and FY2021, respectively. The market cap of which was USD225.1 billion as at 30 September 2022.
- 3 PRC-based corporation which is primarily engage in foods products.
- 4 Group of PRC entities primarily engage in foods products and are subsidiaries of a multinational corporation, the shares of which are listed on Stock Exchange. The market cap of which was HK\$73.0 billion as at 30 September 2022.
- 5 PRC-based corporation which primarily engage in dairy products.
- 6 Amount expected to be recognised as revenue for the three months ended 31 December 2022 represents the aggregate of (i) revenue recognised for the month ended 31 October 2022 and 30 November 2022 based on the Group’s unaudited management accounts; and (ii) revenue expected to be recognised as revenue for the month ended 31 December 2022 based on the best knowledge, information and belief of our Directors.
- 7 The outstanding contract amounts as of the Latest Practicable Date represent the amounts that we expect, based on the best knowledge, information and belief of our Directors, to receive assuming the contracts are to be performed in accordance with its terms as of the Latest Practicable Date for the remaining durations for the year ending 31 December 2023.
- 8 Gross profit margin represents overall gross profit margin for the particular contract for the Track Record Period.
- 9 We had completed the services and all service fees under the contract had been billed.

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*Fee model*

We generally charge our customers with fixed service fees for customisation of our digitalised tools, if required, and a fixed subscription fee over the contract period which is determined with reference to similar digitalised tools in the market. During the Track Record Period, average revenue from SaaS+ subscription (in terms of contracts completed during the year/period) amounted to nil, RMB329,000 RMB292,000 and RMB0.9 million, respectively. For the same period, we had no loss-making SaaS+ subscription contract.

*Payment and billing arrangement*

Our SaaS+ subscription is charged on project basis. Depending on the nature of projects, we generally bill our customers after project completion or based on project milestone. During the Track Record Period, we granted a credit term of 30–120 days to our SaaS+ subscription customers.

*Case study*

Below are some of the representative SaaS+ subscription projects undertaken by us during the Track Record Period:

- (i) *BrandKEY* (customised version)

<b>Customer category</b>	FMCG brand owner primarily engage in food products and beverage
<b>Implementation period</b>	December 2020 to June 2022
<b>Project fee</b>	Around RMB2.4 million
<b>Customer’s requirements/ our responsibilities</b>	<ul style="list-style-type: none"><li>● Customer wanted to develop a full-process marketing management system, which has high accuracy, so that Customer can manage sales and marketing plans of a large number of offline retail stores</li><li>● In addition, such system is required to get through and extract data with consistent data tags from other software and systems, such as marketing management systems, finance systems or employee management systems, which had been used by Customer’s 27 nationwide branch companies</li><li>● We shall continue to provide services in relation to system management and maintenance and data maintenance and backup after our digitalised tool commenced operations and system software operation trainings to Customer’s 27 branch companies</li></ul>

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- Our major work steps**
- (1) Customer provided us un-sorted data of its sales and marketing agencies, marketing supervisors and offline retail stores. We sorted and consolidated these data using data tags.
  - (2) Meanwhile, based on Customer’s requirements, we customised *BrandKEY*, in particular filtering functions using appropriate data tags, so that data can be extracted with consistent data tags through different system.
  - (3) Then, we tested the stability and reliability of the newly customised *BrandKEY*. After testing, we linked *BrandKEY* to software and systems, such as marketing management systems, finance systems or employee management systems, which had been used by Customer’s 27 nationwide branch companies.
  - (4) Finally, using our customised *BrandKEY*, Customer can manage sales and marketing plans involving a large number of sales and marketing agencies, marketing supervisors and offline retail stores.

**Players involved**

*Customer* — Brand owner (including its 27 nationwide branch companies)

*Distributors* — over 60 sales and marketing agencies and over 500 marketing supervisors

*Points of sale* — over 17,000 offline retail stores

**Digitalised tools involved and their application**

*BrandKEY* (customised version) offers offline commerce management platform specifically designed to meet the comprehensive operation needs of Customer, contains a wide array of tools that help manage offline commerce operations, including, organisational and agency management, budget and resources management, project implementation and performance evaluation, document control and is an open platform that can be connected to other systems or software which may be used by Customer or their service providers or agencies. As such, it enables systemisation of data collected from different parties or extracted from various software and maximises the accessibility and sharing of data and information.

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- Achievements and assessment**
- We charged fixed service fees for customisation and subscription of our digitalised tool. There was no performance indicator stated in the service agreement.
  - By July 2022, Customer was successfully connected with 62 sales and marketing agencies, over 500 marketing supervisors and over 17,000 offline retail stores using our digitalised tool.

(ii) *Channel Station*

- Customer category** FMCG brand owner primarily engages in food products
- Implementation period** January 2022 to December 2022
- Project fee** RMB5,000 per user account per year
- Customer’s requirements/ our responsibilities**
- Customer had 70,000 offline retail stores and expected a comprehensive digitalisation and systemisation of its business activities with offline retail stores.
  - Customer also wanted to (i) optimise the organisation structure with reference to the sales performance of the offline retail stores; (ii) identify suitable offline retail stores for formulating expansion plan and reallocating resources; and (iii) connect with distributors’ offline retail stores and enable Customer to track their daily sales orders.
  - Project should involve 100 pilot distributors.
- Our major work steps**
- (1) We activate *Channel Station* for Customer and Customer could send invitation link to its distributors. Using the invitation link, distributors of Customer can set up and manage their digitalised storefronts and maintain merchandise catalogue on the digitalised storefront of *Channel Station*. On the digitalised storefront, distributors can pre-set details such as prices, specifications, any promotional information, minimum sales volume and pricing policies and standards for certain merchandise that suit their retail strategies.

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- (2) Distributor users can create QR code using *Channel Station* and invite offline retail stores to visit their digitalised storefront using such QR code. Using *Channel Station*, offline retail stores can place purchase orders directly with such distributor and distributor may then choose to accept their orders and confirm details regarding delivery and payment status. Upon completion of sales transactions, *Channel Station* automatically generates invoices to reduce administrative time and costs. Also, *Channel Station* tracked the offline retail stores which had obtained and used promotional coupons.
- (3) At the same time, Customer obtain data in relation to the purchase orders placed by offline retail stores with the relevant distributor users, so that Customer can analyse the market demands and understand the effectiveness of marketing activity.

**Players involved**

*Customer* — Brand owner

*Distributors* — Over 80 distributors

*Points of sale* — Over 6,500 offline retail stores

**Digitalised tools involved and their application**

*Channel Station* is an integrated digitalised storefront focusing on connecting distributors and offline retail stores. Customer can arrange its distributors to set up their digitalised storefront to display merchandise and release marketing events and promotions with a view to drive sales, while point of sale users (as well as touchpoint users who may be owners of offline retail stores) can place orders directly with distributor users, with an aim at streamlining, digitalising and systemising order placing processes. Main functions of *Channel Station* include (i) setting up and management of digitalised storefronts; (ii) management of distribution network; and (iii) organising marketing events and promotions.

**Achievements and assessment**

- We charged fixed service fees with reference to number of distributors connected to Customer using our digitalised tool. There was no performance indicator stated in the service agreement.
- During the project period, Customer obtained over 13,000 sales orders from offline retail stores, totaling RMB8.7 million, through our digitalised tool.

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- In June 2022, Customer had connected with 83 distributors and accumulated over 6,500 offline retail stores, which was 12% higher than the performance target as stated in the agreement, and achieved sales orders exceeding 4,300 with an overall repeat purchase rate of 65%.
- For 9M2022, around 5,600 sales orders from over 26,000 offline retail stores was achieved using our digitalised tool; as compared with the fact that promotional events cannot directly reach offline retail stores if traditional management model was used.

(iii) *Site DNA* (customised version)

<b>Customer category</b>	FMCG brand owner primarily engage in food products and beverage
<b>Implementation period</b>	December 2021
<b>Subscription fee</b>	Around RMB4.9 million
<b>Customer’s requirements/ our responsibilities</b>	<ul style="list-style-type: none"><li>● Customer had a number of independent data sources of its offline retail stores, which need to be classified and sorted, and we were responsible for establishing database of offline retail stores and verifying the authenticity of the data, which could enable the distributors of Customer to accurately allocate resources based on different channel categories, such as stores, bars, karaoke boxes, cinemas, Internet cafe, tourist attractions, and demonstrate the latest activity of these offline retail stores.</li><li>● Using the functions of <i>Site DNA</i>, we were responsible for creating a unified data tags system encompassing the surrounding facilities of offline retail stores.</li><li>● We were also responsible for constructing database of surrounding consumer group portraits, including consumers’ consumption power, and details of relevant offline retail stores, including tier of the cities where they are located in, the popularity of the business circle and the in-store information, and continuously improve the data accuracy in such database.</li></ul>

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- Our major work steps**
- (1) We first classified and sorted a number of independent data sources of offline retail stores provided by Customer. Meanwhile, we customised *Site DNA* to include data tag system which meets Customer’s requirements. Such unified data tag system encompassed surrounding facilities of offline retail stores as well. Then, we tagged raw data of offline retail stores with different channel category data tags, such as stores, bars, karaoke boxes, cinemas, Internet cafe, tourist attractions.
  - (2) After classification, sorting and tagging, such data comprised a database with consistent data tags. Meanwhile, using filtering functions of *Site DNA*, Customer can obtain analysis of the offline retail stores, including market demographics, sales performance and purchasing power of surrounding population.

**Players involved**

*Customer* — Brand owner

*Points of sale* — Data of over 6 million of offline retail stores had been verified, unified and consolidated into over 3.7 million of offline retail stores

**Digitalised tools involved and their application**

*Site DNA* (customised version) is a data analytics tool which analyses market demographics and sales performance of offline retail stores and purchasing power of surrounding population using AI algorithm and BI based on data asset provided by our customers and users.

- Achievements and assessment**
- We charged fixed service fees with reference to number of points of sale, the data of which had been included in the database. There was no performance indicator stated in the service agreement.
  - Data of over 6 million of offline retail stores that was originally scattered in Customer’s different systems had been verified, unified and incorporated into our digitalised tool, the channel categories of the offline retail stores had been adjusted and the authentic activities of the underlying offline retail stores had been verified.
  - Completing the construction of a database containing data of over 3.7 million of offline retail stores



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### 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 during the Track Record Period 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 FMES platform** 

Our provision of digitalised sales and marketing services is supported by our FMES platform, which contains digitalised tools with different functionalities covering the entire offline sales and marketing network and processes. Our digitalised tools are primarily designed for collecting data inputs and provided by customers and users when users utilise their functions and such data is transmitted and retained as data assets on our FMES platform. These data assets accumulated on our FMES platform, which may be collected from all of our digitalised tools, are then assigned with appropriate data tags, integrated and analysed using AI algorithms and BI and then labelled, customised and presented in a meaningful way to facilitate our customers to make data-driven strategic planning, implementation and evaluation. As at the



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Latest Practicable Date, we had eight major digitalised tools on our FMES platform, including *BrandKEY*, *Channel Station*, *Touchkit*, *Remotes*, *SMV*, *Site DNA*, *MiJob Square* and *eHR*. Main functions and details of our major digitalised tools are set out in the following table:

Our digitalised tools	Main functions	Launch year
<i>BrandKEY</i> 	<p><b>Integrated offline commerce management platform</b></p> <p><i>BrandKEY</i> contains a wide array of tools that help manage offline commerce operations, including organisational and agency management, budget and resources management, project implementation and performance evaluation, document control and is an open platform that can be connected to other systems or software. As such, it enables systemisation of data collected from different parties or extracted from various software and maximises the accessibility and sharing of data and information.</p>	2017
<i>Channel Station</i> 	<p><b>Integrated digitalised storefront</b></p> <p>Focusing on connecting distributors and offline retail stores, our customers can arrange their distributors to set up their digitalised storefronts using <i>Channel Station</i> to display merchandise and release marketing events and promotions, while point of sale users (as well as touchpoint users who happen to be owners of offline retail stores) can place orders directly with distributor users, with an aim to streamlining, digitalising and systemising order placing processes.</p>	2021
<i>Touchkit</i> 	<p><b>Integrated tasks management platform</b></p> <p>Focusing on connecting our customers with users of <i>MiJob Square</i>, who are dispersedly located in China. Via <i>Touchkit</i>, our customers can (i) publish and manage touchpoints tasks, such as assisting with sales and marketing campaigns, in-store merchandise display, stock inventory management and other daily operations; (ii) timely manage and supervise touchpoint users and their sales performance and provides recommendations on matching of touchpoint users with tasks based on data assets accumulated on the FMES platform; and (iii) manage and oversee relevant offline retail stores and their sales performance.</p>	2019
<i>Remotes</i> 	<p><b>Sales and marketing project management tool</b></p> <p><i>Remotes</i> primarily caters for the collaboration between us and our customers and their service providers in the management of implementation of our on-site solution and is used for publishing tasks. It contains a set of integrated tools for real-time project management, tasks publication and management and internal communications.</p>	2013
<i>SMV</i> 	<p><b>On-site visit task tool</b></p> <p>Principally designed to help cross-check the effectiveness of sales and marketing projects, <i>SMV</i> is used for identifying red flags of offline retail stores. Our customers can use <i>SMV</i> to require its frontline staff or third-party service providers to perform scheduled on-site visits at designated offline retail stores and report any red flags. Main functions of <i>SMV</i> also include submission of feedback of on-site visit tasks and management of such tasks.</p>	2020
<i>MiJob Square</i> 	<p><b>Public connector of touchpoints</b></p> <p>As the public connector facing touchpoints, <i>MiJob Square</i> is a WeChat Official Account on which users can apply for tasks published by our customers via <i>Touchkit</i> or <i>Remotes</i> and conveniently revert task completion and other feedback to our customers.</p>	2013

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Our digitalised tools	Main functions	Launch year
Site DNA 	<p><b>Offline retail stores analytics tool</b></p> <p>Data analytics tool which enables data-driven decision-making through analysing sales performance of offline retail stores and spending power of surrounding population using AI algorithm and BI using our database, which encompasses data assets provided by our customers and data transmitted through FMES platform, as well as “Offline Retail Stores Digital Evaluation and Sales Performance Index” Feature Library (「終端數字化評估與賣力指數」特徵庫) jointly developed by us and Baidu Smart Cloud (百度智能雲), a leading AI company based in the PRC.</p>	2021
eHR 	<p><b>Digital employment contract and human resources management tool</b></p> <p>Digital employment contract and human resources management tool primarily helps minimise human resources-related manual work to reduce chances of clerical errors and administrative effort and enables us to continuously manage the employment records of staff. Main features of eHR include user identity verification, automatically generated digital employment contracts and a wide range of human resources management functions, such as calculating and maintaining records of payment of salaries and benefits.</p>	2019

Apart from the major digitalised tools listed above, we have three additional digitalised tools that are ancillary in nature, namely *Lucky Radar*, *One Shop One Code* and *Star Authenticity Verification*.

### Our research and development

Our FMES platform represents the lifeblood of our business. Recognising that technology and the internet are transforming offline commerce and in response to the challenges that our customers were experiencing as a result of ineffective connection, postponed feedback and incohesive sales and marketing initiatives when working with traditional offline sales and marketing agencies, we started to digitalise our business process in 2012. Benefitting from the digitalisation budgets of our market-leading customers, we launched *Remotes* and *MiJob Square* in 2013, which comprises part of our FMES platform. Since then, in order to cater for our customers’ evolving sales and marketing needs and help our customers optimise their offline retail processes, we have continuously expanded the functionalities of our FMES by upgrading and developing new digitalised tools to support our service offerings. During the Track Record Period and up to the Latest Practicable Date, we have launched over 1,000 updates or new features that cater to the evolving needs of our customers, for example (i) *Touchkit* has upgraded its business weekly report (sales side) to enable our customers to review sales performance of their offline retail stores in a timely manner; (ii) *Channel Station* has included new functions to (a) hide discontinued products; and (b) automatically review application for displaying new products; (iii) *MiJob Square* has included a new function to enable signing of digital contracts with touchpoint users and to classify tasks. During the Track Record Period, we incurred R&D expenses of RMB14.0 million, RMB11.7 million, RMB12.2 million and RMB17.3 million, representing 2.9%, 2.8%, 2.9% and 4.0% of our revenue, respectively.

We attach great importance to product R&D and technological advancement. Currently, we have R&D teams in Shanghai, Beijing, Guangzhou and Dalian. We have also established strategic cooperation relationship with Baidu Smart Cloud (百度智能雲), a leading AI company based in the PRC, under which Baidu Smart Cloud uses its AI, big data and cloud computing and other technologies to assist us in the construction of digitalised sales and marketing platforms and to jointly build “SaaS+ offline digitalised marketing” business model with us, with a view to continuously creating value for brand owners. Furthermore, Baidu Smart Cloud provides its AI technology to assist us in the development of “Offline Retail Stores Digital Evaluation and Sales Performance Index” Feature Library (「終端數字化評估與賣力指數」特徵庫). Such Feature Library represents a digital database containing information on evaluation, historical sales performance and potential market size of offline retail stores. Based on such Feature

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Library and facing the consumer goods brands in the PRC domestic market, it is expected to realise digital transformance of retail outlets, number of visits and display/sales and marketing/writing-off of mutual customers of Baidu Smart Cloud and us, and to ultimately promote growth in both sales and profit of consumer goods brand customers. Currently, such Feature Library forms part of our database, a data analytics tool to help our customers grasp the demographics and spending power of target consumer groups that our network covers in China. Pursuant to the cooperation agreement with our strategic partner, any data or information collected as the result of the cooperation shall be kept confidential. Furthermore, we signed an industry-university-research strategic cooperation agreement with the School of Economics and Management of Dalian University of Technology for a period of three years from 2021, which can be automatically renewed for another three years. This cooperation enables us to form a research and consulting team with the said university and build on the said university’s research academic strengths. In addition, the said university may provide training courses for our staff to comprehensively enhance our staff’s technical knowledge and competency in our research ability. On the other hand, we provide internship and graduate opportunities to students of the said university. Meanwhile, the said university may, according to their needs, engage our professional technicians and management who has high level of business and practical experience as internship instructors.

As at the Latest Practicable Date, our FMES platform and digitalised tools were premised and deployed on cloud service providers. In addition, our user data was stored in several virtual private clouds operated by cloud service providers, which were isolated clouds that are segregated from public cloud and hosted within a public cloud environment and accessed exclusively by us for security purpose.

Premised on our reliable IT infrastructures, we have accumulated extensive experience in, and are dedicated to, researching and developing digitalised tools which support our provision of a wide range of services using AI algorithm and big data technology, as well as observing data security and privacy. We invest heavily in our technology infrastructures, which is critical to allowing us to efficiently and effectively address the technical challenges associated with our business. Our R&D initiatives include:

- continuous development of end-to-end and comprehensive services for offline commerce to cater for demands for SaaS+ subscription of brand owners, distributors, points of sale, touchpoints;
- in-depth research on digitalised sales and marketing services in industry verticals, such as maternal and infant, traditional retail and catering industries;
- continuous optimisation of algorithms and big data applications, such as recommendation algorithm regarding points of sale, touchpoints and others, matching algorithm, standardisation algorithm and evaluation algorithm, etc.;
- strengthened application of AI and BI technology, mainly including physical retail AI certification, new customer and user authentication, AI recognition and automatic assignment of data tags to points of sale and touchpoints and BI data-driven decision-making system, etc.;
- application of blockchain technology to online and offline commerce scenarios to ensure authenticity and trustworthiness of data and to realise the benefits of data and information sharing, while observing data privacy and security;
- based on the highly modular system component design ideas, develop a low-code R&D platform that can efficiently and effectively respond to our customers’ needs in a cost-effectively manner; and

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- improve our capacity to develop SaaS and platform-as-a-service (PaaS) and cooperate with external parties and developers to build a cloud-based sales and marketing ecosystem.

As at 30 September 2022, our innovation centre team, which was responsible for innovation and R&D, had 50 R&D staff and was headed by Mr. Cui Yanan, our technical controller, who had over 15 years of experience in technology development. For details on biography of our technical controller, see “Directors and Senior Management — Senior management” in this document. We also vigorously cultivate computer engineering experts and data analysts through recruitment, promotion and training to further improve our technical advantages. Leveraging our strong R&D and technical enhancement capabilities, we have achieved recognised R&D results. As at the Latest Practicable Date, we had 73 software copyrights registered in the PRC which we consider to be material or may be material to our business.

Our R&D process has been continuously driven by the evolving market, demands from customers and users, and innovation from our management and the R&D team. We encourage our employees to maintain close communications with our customers to understand their needs and provide our R&D team with autonomy and freedom to explore and develop new functionalities. After completing the project initiation and development stage, we conduct internal tests to resolve any major technological issues and bugs that may exist in the test version. After launch, we continuously monitor and analyse system performance and continue to optimise system functions and performance. We had not experienced any material service disruptions during the Track Record Period and up to the Latest Practicable Date.

### OUR SERVICE NETWORK AND TOUCHPOINTS

#### Our Service Network

Our service network has an extensive coverage in terms of scale of customers, geographical locations and types of tasks. Most of our services, in particular on-site solution, field force assignment and matching service, require on-site implementation by touchpoints. As at the Latest Practicable Date, we achieved coverage of more than 320 cities of 31 provinces/municipalities in China.

#### Our Touchpoint Pool

Our touchpoint pool comprises (i) project personnel who are our employees retained for the implementation of on-site solution; (ii) field force who are our employees recruited for field force assignment; and (iii) third-party labour. These different types of touchpoints are primarily salespersons or frontline staff who assist in and attend to on-site implementation of our services. The number of registered touchpoints increased from over 264,600 as of 31 December 2019 to over 442,000 as of 30 September 2022, with the number of average monthly active touchpoints increased from over 15,500 as of 31 December 2019 to over 22,900 as of 30 September 2022. As of 30 September 2022, we had (i) 3,840 project personnel who worked for our on-site solution projects; and (ii) over 6,000 field force who worked for our field force assignment projects.

Our strong and expanding touchpoint pool helps us expand our customer base, while the expansion of our customer base brings higher task volume. Such higher task volume allows us to attract more touchpoints with diverse background and skill sets, which in turn strengthens our capability to match a more suitable touchpoint for a particular task to be performed in offline retail scenarios. Improved task matching capability enables us to attract more customers with broadened service network and improved offline sales and marketing performance. Such network effects bring about sustainable and growing customer base, task volume and matching capability and touchpoint pool.

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### *Relationship with project personnel and field force*

Project personnel refers to our employees who were recruited for the implementation of on-site solution, while field force refers to our employees who were assigned to work for our customers under field force assignment (project personnel and field force collectively refer as “**employee touchpoints**”). Each of the employee touchpoint is assigned to a designated project according to his/her working experiences and skill sets and thus, stations at a designated offline retail store, which allows continuity and consistency of such position. Generally, there is no overlapping service provided by our employee touchpoints as each of them is recruited for and assigned to a designated project. Their remuneration includes fixed monthly salaries, which are subject to actual attendance, and performance-based commissions, which are typically calculated based on stipulated performance indicators, such as sales performances of the offline retail store or sales amount of a particular merchandise.

We are responsible for calculating salaries and benefits (including social insurance and housing provident fund) of employee touchpoint according to their employment contract signed with us. Then, we submit the calculations to our customers for their approval. Upon customers’ approval of the calculation, we are responsible for making payments of salaries and benefits to employee touchpoint. In some cases where we do not have a subsidiary established in a particular province or city, we may make contributions of social insurance and housing provident funds through third-party human resources agencies for those relevant employee touchpoints. For details, see “Risk Factors — Risks Relating to Our Business — We used third-party agents to make contributions under various government-sponsored employee benefits plans, which may subject us to penalties.” and “Business — Employees”.

Although terms regarding specific job arrangements may vary case-by-case depending on the requirements of our customers, we generally adopt a standard employment contract with employee touchpoints to streamline the onboarding procedures and to allow efficient deployment. Also, we are entitled to terminate the employment of our employee touchpoints with written prior notice under circumstances specified in the contracts. Compensation and notice period as required by laws and regulations are observed and fully reimbursed by our customers in such situation. Depending on the nature of the positions and responsibilities, we may enter into confidentiality agreement, which safeguard our customers’ interest and confidential information, and/or non-competition agreement, which prohibits the employee touchpoints to join our customers’ competitors or engage in business similar to our customers during their employment period with us. With respect to field force recruited for field force assignment, our customers have the right to request for replacement of any field force who fails to fulfil his/her responsibilities with due care or is incompetent at work.

### *Relationship with third-party labour*

Third-party labour refer to touchpoints that do not have any employment or contractual relationship with us. We enter into service agreements with labour service suppliers, who engage touchpoints as employees or contractors. Touchpoints who register through *MiJob Square* will be referred to these suppliers for engagement. We do not directly pay third-party labour. Instead, we enter into service contract with labour service suppliers and pay them service fees, which in turn make payments of salaries/service fees to third-party labour. Since third-party labour does not have any employment relationship with us, they can choose whether or not to apply for tasks published on our platform. However, third-party labour is required to abide by service standards as stated in the tasks once they have accepted the same. Our third-party labour allows us to flexibly cope with our customers’ ad-hoc service demands. During the Track Record Period, third-party labour was primarily engaged in our on-site solution and matching service projects. Under few occasions, we may engage third-party labour in our field force assignment projects. Accordingly, third-party labour providing overlapping services under different service types is possible.

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Pursuant to our service agreements entered into with labour service suppliers which have employment relationship with the third-party labour, these labour service suppliers are required to enter into employment contracts with third-party labour and make social insurance and housing provident funds contribution and liable for (i) any property or other damage caused to the offline retail stores; (ii) any personal injury or property loss to our customers or any third parties; and (iii) any disputes between labour service providers and third-party labour, including but not limited to labour disputes, work-related injury disputes, social insurance disputes and wage disputes.

On the other hand, pursuant to our service agreements entered into with labour service suppliers which have non-employment contractual relationship with the third-party labour, these labour service suppliers are required to settle service fees and declare relevant tax for the third-party labour. Since our contracts with labour service suppliers which have non-employment contractual relationship with the third-party labour are silent on matters relating to any loss of life, injury or property damage caused by the third-party labour while they are working for our customers under our assignment, we could be subject to the risks in respect of the same.

### *Touchpoint management*

#### *Assigning a suitable touchpoint to tasks*

We select and assign suitable touchpoints to different projects after having considered a number of factors, including, among others, nature of our services, customers’ demands, coverage and risk control. In light of our better control of employee touchpoint, we assign employee touchpoints to designated on-site solution or field force assignment projects and they would station at designated offline retail stores, thereby providing stable workforce for our customers. We believe our employee touchpoints could better and more comprehensively serve our long-term projects. On the other hand, due to the flexibility of third-party labour, we assign them to on-site solution projects which do not require stable workforce and matching service projects. As we do not have any employment relationship with third-party labour, third-party labour’s service fees are calculated based on number of completed tasks and we are not required to pay for their ongoing base salary or other employment-related benefits. Accordingly, cost of third-party labour is generally lower than that of employee touchpoint.

#### *Daily management of touchpoints*

We manage large amount of touchpoints who are dispersedly located in more than 320 cities of 31 provinces/municipalities in China, as well as process in our daily operations fragmented and unorganised first-hand sales-related and consumer-related information input by touchpoints. In order to efficiently manage and monitor the performances of touchpoints and effectively process data in daily operations, we rely on our digitalised tool, namely *MiJob Square*, and task-based management system. *MiJob Square* is a platform on which touchpoints can apply for tasks and revert task completion and other feedbacks. Each touchpoint is required to undergo a personal identity verification, including uploading self-portrait and other identification details, and screening process before becoming a touchpoint user on our platform and abide by our service standards. Touchpoints can access a list of available tasks and apply for any suitable tasks. 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. The application for tasks is subject to our customers’ approval and successful touchpoints will be led to a digital contract signing site. Having taken up the task, touchpoints are required to report their work progress using *MiJob Square*. For example, they are required to upload a self-portrait when they arrive at work and input performance-related data, such as units of merchandise sold, units of

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promotional gifts distributed, amount of stock inventory and number of display shelves organised, with photos taken using built-in camera function of *MiJob Square* as supporting evidence. The built-in camera function ensures photos submitted as supporting evidence would not be edited by third-party labour.

### *Managing performance of touchpoints*

In order to monitor and incentivise our touchpoints, their remuneration (in the form of salaries for employee touchpoints, and service fees stated in tasks for third-party labour) includes, among others, performance-based commissions which are typically calculated based on stipulated performance indicators, such as sales performances of the offline retail store or sales amount of a particular merchandise. Also, with respect to project personnel, we are entitled to terminate our employment with them if (i) he/she does not meet the employment conditions during the probationary period, including but not limited to failing training assessment; (ii) absence from work for 3 consecutive days or 5 days in total; (iii) falsely reporting sales data or falsely reporting work records such as attendance; and (iv) other serious violation of our internal rules and regulations. Meanwhile, for field force, if our customers consider that any field force assigned by us being unsatisfactory, our customers have the right to request for replacement and we are responsible for providing suitable candidates for our customer as replacement.

Performance of touchpoints can be adversely affected by a number of factors, such as aptitude, skill level, motivation level of tasks and remuneration, role perceptions, etc., some of which may be beyond our control. In order to minimise our exposure to the risks, we have adopted the following measures:

- (i) salespersons are selected with reference to historical sales performance of touchpoint users at particular offline retail stores, such data of which is tagged against to particular touchpoint users and has been accumulated from our provision of services over the years; and
- (ii) we collect data on sales performance of the offline retail stores and based on the data collected, we continuously monitor whether our customers’ sales target(s) (or other performance indicator(s)) could be achieved. In case the sales performance (or other performance indicators) falls short of our customers’ expectations, we could proactively adjust the allocation of salespersons with the aim to achieve the sales target(s) (or other performance indicator(s)) before the end of the contract/project terms.

### *Touchpoint care*

We value the personal development of touchpoints and assist them to improve and broaden their skill sets. We provide touchpoints with training videos and follow-up quizzes, so that he/she could have a better picture on how to satisfactorily fulfil their task duties and our customers’ expectations. Also, *MiJob Square* facilitates touchpoints in managing their own schedules, such as requesting for change of duty, overtime work and leave. Last but not least, touchpoints may personalise his/her accounts with respect to industry (such as personal care, food and beverage and internet and technology industry), task nature and geographical location for performance of the tasks.

We place emphasis on promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations. Corporate social responsibility is viewed as part of our core growth philosophy that will be pivotal to our ability to create sustainable value for our Shareholders by embracing diversity and public interests. We have put in place the occupational health and safety of our employees and held ourselves responsible for preventing occupational injuries. We value touchpoints as much as customers and endeavour to build a friendly and sustainable environment for touchpoints. We enhance touchpoint satisfaction with their working conditions through improved touchpoint care focusing on safety and welfare.



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To ensure occupational health and safety of our touchpoints while they work outdoor or on-site and participate in other special activities, we have implemented safety management system and safety precautions and would enter into safety agreement with our customers and/or suppliers to set out clearly the safety responsibilities and bearing of liabilities during the performance of the contract. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material accidents, claims for personal or property damage or compensation to employees and we did not experience any material non-compliance of health and work safety.

### OUR CUSTOMERS

#### Overview

Leveraging our proven track record and service quality, we have acquired positive market reputation for providing our services and accumulated a solid customer base. For FY2019, FY2020, FY2021 and 9M2022, we had a total of 84, 57, 59 and 143 customers, including 54, 47, 41 and 39 brand owners, respectively, and a majority of them engage in the FMCG industry, such as daily commodities, food products and beverage and consumer electronics. For further details, see “— Key operating data” in this section.

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. For 9M2022, we had 31 market-leading customers, including most of our top five customers for the Track Record Period and some other customers.

#### Terms of our customer service agreements

During the Track Record Period, we generally enter into framework agreements or fixed-term agreements with our customers. Our on-site solution and field-force assignment projects awarded to us were typically on an as-needed basis. During the Track Record Period, there was no material breach of any of the service agreements entered into with our customers. The following table provides a general summary of the terms of the service agreements entered into with our customers in respect of different services provided by us:

	On-site solution	Field force assignment	Matching service	SaaS+ subscription
<b>Range of term</b>	In general, we enter into framework agreements with our customers. When our customers have the actual need for on-site solution, our customers would place purchase order and/or enter into separate project agreements with us. Framework agreements generally have a term of one year, while the events/projects under the purchase orders/single project agreements have varied duration, ranging from one day to over one year.	In general, we enter into fixed-term agreements with our customers, the term of which typically ranged from one to three years during the Track Record Period. We may also enter into framework agreements with our customers.	In general, we enter into fixed-term agreements with our customers, the term of which typically ranged from one year to three years during the Track Record Period.	In general, we enter into fixed-term agreements with our customers with terms varied depending on whether customisation is needed. During the Track Record Period, our SaaS+ subscription agreements had terms typically ranged from one month to over one year.
<b>IP rights ownership</b>	Our customers	Our customers	Our customers	Our customers
<b>Confidentiality</b>	Yes	Yes	Yes	Yes

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### *Exclusivity*

Generally, we are not subject to any exclusivity in our provision of services. Nonetheless, during the Track Record Period, there were a few projects under which we may be subject to exclusivity during the contract period and are prohibited to provide similar services to competitors of our customers.

### *Termination clause*

Generally, our agreements with customers may be terminated by us or our customers by prior written notice pursuant to the terms stipulated in the relevant agreement.

### *IP rights ownership*

During the Track Record Period, we did not enter into any licence agreement in relation to the IP rights owned by our customers. In general, our customers agree that we may use their IP rights within the scope of the performance of our service agreements with them reasonably and appropriately. In case SaaS+ subscription involves digitalised tools specially designed and customised by us for our customers, the copyright and all legal rights of the digitalised tools, including but not limited to any data, reports, results and any content therein, exclusively belong to our customers.

### *Confidentiality*

For data and IP rights provided to us by our customers during our provision of services, such as business operational data, financial data and consumer contact details, we are contractually bound to use the customer data exclusively for the provision of our services while keeping such customer data confidential and not to disclose to any third parties. Upon completion of projects with our customers, we shall return all of documents, data and software containing such confidential information or delete such data pursuant to our customers’ instructions. Such confidentiality obligation is exclusive of (a) public information at the time of disclosure; (b) we have access of such data before disclosure to us by our customers; and (c) we disclose such confidential information pursuant to the applicable laws, if before disclosure, we have informed our customers in writing the confidential information to be disclosed and the relevant circumstances.

### **Our top five customers**

During the Track Record Period, our top five customers include brand owners engaging in the FMCG industry, such as daily commodities, food products and beverage and consumer electronics. 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 details, see “Business — Our customers — Customer concentration” and “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.”. To the best knowledge of our Directors, none of our Directors, their close associates or our Shareholders who hold more than 5% of our issued share capital had any interest in our five largest customers (including their respective ultimate shareholders).

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## BUSINESS

### For the year ended 31 December 2019

Rank	Customer	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Revenue RMB'000	% of total revenue %
1	Customer A	On-site solution and field force assignment	Private PRC entity primarily engages in food products and is a subsidiary of a FMCG multinational corporation. It had a registered capital of USD91.5 million.	2009	120 days	Bank transfer	60,952	12.8
2	Customer B	On-site solution and field force assignment	Group of PRC entities primarily engage in daily commodities and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on New York Stock Exchange. Based on its annual report, such listed corporation recorded a net sales of around USD67.7 billion for FY2019. The market cap of which was USD299.2 billion as at 30 September 2022.	2008	75–120 days	Bank transfer	59,654	12.5
3	Customer C	On-site solution	Private PRC-based multinational technology corporation that designs, develops and sells consumer electronics. The company within the customer's group which had the most frequent business relationship with us had a registered capital of RMB44.7 billion.	2016	30 days	Bank transfer	52,704	11.1
4	Customer D	On-site solution, field force assignment and matching service	Group of PRC entities primarily engage in dairy products and were subsidiaries of a FMCG multinational corporation, the shares of which are listed on London Stock Exchange. Based on its annual report, such listed corporation recorded a net revenue of around GBP12.8 billion for FY2019. The market cap of which was USD46.8 billion as at 30 September 2022.	2014	120 days	Bank transfer	47,323	9.9
5	Customer E	On-site solution	Private PRC entity primarily engage in design, development and sales of consumer electronics. It had a registered capital of RMB25.0 million.	2015	126 days	Bank transfer	41,245	8.7
<b>Total:</b>							<b>261,878</b>	<b>55.0</b>

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## BUSINESS

### For the year ended 31 December 2020

Rank	Customer	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Revenue RMB'000	% of total revenue %
1	Customer B	On-site solution and field force assignment	Group of PRC entities primarily engage in daily commodities and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on New York Stock Exchange. Based on its annual report, such listed corporation recorded a net sales of around USD71.0 billion for FY2020. The market cap of which was USD299.2 billion as at 30 September 2022.	2008	75–120 days	Bank transfer	71,187	17.2
2	Customer E	On-site solution	Private PRC entity primarily engage in design, development and sales of consumer electronics. It had a registered capital of RMB25.0 million.	2015	126–186 days	Bank transfer	68,507	16.6
3	Customer C	On-site solution	Private PRC-based multinational technology corporation that designs, develops and sells consumer electronics. The company within the customer's group which had the most frequent business relationship with us had a registered capital of RMB44.7 billion.	2016	30 days	Bank transfer	61,838	15.0
4	Customer A	On-site solution and field force assignment	Private PRC entity primarily engages in food products and is a subsidiary of a FMCG multinational corporation. It had a registered capital of USD91.5 million.	2009	120 days	Bank transfer	38,303	9.3
5	Customer F	On-site solution, field force assignment and matching service	Group of PRC entities primarily engage in daily commodities and food products and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on London Stock Exchange. Based on its annual report, such listed corporation recorded a turnover of around EUR50.7 billion for FY2020. The market cap of which was USD111.6 billion as at 30 September 2022.	2017	120 days	Bank transfer	29,335	7.1
<b>Total:</b>							<u>269,170</u>	<u>65.2</u>

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### For the year ended 31 December 2021

Rank	Customer	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Revenue RMB'000	% of total revenue %
1	Customer B	On-site solution and field force assignment	Group of PRC entities primarily engage in daily commodities and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on New York Stock Exchange. Based on its annual report, such listed corporation recorded a net sales of around USD76.1 billion for FY2021. The market cap of which was USD299.2 billion as at 30 September 2022.	2008	120–180 days	Bank transfer	81,235	19.5
2	Customer E	On-site solution	Private PRC entity primarily engage in design, development and sales of consumer electronics. It had a registered capital of RMB25.0 million.	2015	186 days	Bank transfer	66,509	16.0
3	Customer G	On-site solution, field force assignment, matching service and SaaS+ subscription	PRC entity primarily engage in daily commodities and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on New York Stock Exchange. Based on its annual report, such listed corporation recorded a net sales of around USD19.4 billion for FY2021. The market cap of which was USD38.0 billion as at 30 September 2022.	2016	90 days	Bank transfer	36,083	8.7
4	Customer F	On-site solution, field force assignment and matching service	Group of PRC entities primarily engage in daily commodities and food products and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on London Stock Exchange. Based on its annual report, such listed corporation recorded a turnover of around EUR52.4 billion for FY2021. The market cap of which was USD111.6 billion as at 30 September 2022.	2017	120 days	Bank transfer	33,317	8.0
5	Customer H	On-site solution, field force assignment, matching service and SaaS+ subscription	Group of PRC entities primarily engage in food products and beverage and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on NASDAQ. Based on its annual report, such listed corporation recorded a revenue of around USD79.5 billion for FY2021. The market cap of which was USD225.1 billion as at 30 September 2022.	2013	60 days	Bank transfer	33,301	8.0
<b>Total:</b>							<u>250,445</u>	<u>60.2</u>

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### For the nine months ended 30 September 2022

Rank	Customer	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Revenue RMB'000	% of total revenue %
1	Customer D	On-site solution, field force assignment and matching service	Private PRC entity primarily engages in dairy products and is a subsidiary of an Asia-Pacific-based global investment firm based in PRC. <i>(Note)</i> It had a registered capital of USD36.0 million.	2014	90 days	Bank transfer	107,206	24.7
2	Customer A	On-site solution, field force assignment and matching service	Private PRC entity primarily engages in food products and is a subsidiary of a FMCG multinational corporation. It had a registered capital of USD91.5 million.	2009	120 days	Bank transfer	70,884	16.3
3	Customer B	On-site solution and field force assignment	Group of PRC entities primarily engage in daily commodities and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on New York Stock Exchange. Based on its annual report, such listed corporation recorded net sales of around USD76.1 billion for FY2021. The market cap of which was USD299.2 billion as at 30 September 2022.	2008	120–180 days	Bank transfer	65,707	15.1
4	Customer E	On-site solution	Private PRC entity primarily engages in design, development and sales of consumer electronics. It had a registered capital of RMB25.0 million.	2015	186 days	Bank transfer	37,660	8.7
5	Customer F	On-site solution, field force assignment and matching service	Group of PRC entities primarily engage in daily commodities and food products and are subsidiaries of a FMCG multinational corporation, the shares of which are listed on London Stock Exchange. Based on its annual report, such listed corporation recorded a turnover of around EUR52.4 billion for FY2021. The market cap of which was USD111.6 billion as at 30 September 2022.	2017	120 days	Bank transfer	26,233	6.0
<b>Total:</b>							<b>307,690</b>	<b>70.8</b>

*Note:*

The group entities of Customer D were previous subsidiaries of a FMCG multinational corporation, the shares of which are listed on London Stock Exchange, and in June 2021, the group entities of Customer D were acquired by an Asia-Pacific-based global investment firm based in PRC.

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### **Customer concentration**

A significant portion of our revenue was derived from a limited number of major customers during the Track Record Period. During the Track Record Period, the revenue derived from our top five customers contributed to RMB261.9 million, RMB269.2 million, RMB250.4 million and RMB307.7 million, representing 55.0%, 65.2%, 60.2% and 70.8% of our total revenue, respectively.

#### *Established relationship with major customers*

During the Track Record Period and up to the Latest Practicable Date, all of our major customers have entered into framework or long-term agreements with terms not less than one year with us. During the term of framework agreements, our major customers may place purchase orders and/or enter into separate project agreements with us on an as-needed basis. As such, our major customers are not obliged to continue to engage us in subsequent projects on terms favourable to us and/or at a level comparable to the past or at all. There is no guarantee that we will be able to maintain our current business relationship with our major customers in the future. Our Directors consider that the entering of such framework or long-term agreements demonstrated the mutual and well established relationship with our major customers, most of which are multinational FMCG brand owners. Especially multinational brand owners, these large enterprises normally adopt strict and multiple criteria supplier selection procedures because they attempt to concentrate and specialise on their core competencies, and they are willing to establish a long-term business relationship with their qualified suppliers.

As of the Latest Practicable Date, we have maintained five to 14 years of business relationship with our top five customers, details of which are set out in “Business — Our customers — Our top five customers”. To the best knowledge of our Directors, all of our top five customers during the Track Record Period are Independent Third Parties. Over the past years, we have endeavoured to accommodate our major customers’ demands, gaining their satisfaction in our services and thus, resulting in them being our major customers. To the best knowledge, information and belief of our Directors, we understand that our major customers were in general satisfied with our services and we do not foresee any material change in the business relationships between us and our major customers in the foreseeable future. We also strive to communicate regularly with our customers to obtain feedbacks on our services so that we can continuously improve our services and the results that can be achieved through our services.

Our Directors confirmed that we had not breached any terms of the framework agreement, confirmed purchase orders or project agreements which would have any material adverse impact on our relationship with any of our top five customers for the Track Record Period or breached any terms which would result in the termination of any framework agreement, confirmed purchase orders or project agreements between us and our five largest customers during the Track Record Period. Moreover, there had been no material adverse change in business relationship with major customers during the Track Record Period and up to the Latest Practicable Date. As of 31 October 2022, we had maintained business relationship with seven out of eight top five customers for the Track Record Period. We ceased business relationship with Customer C after the expiration of our last contract with them in March 2022 mainly due to commercial reasons and was in line with our credit risks control and strategies. For further details, see sub-paragraph “Measures to maintain stable and sustainable business relationship with our customers” below.

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### *Industry landscape*

According to the Frost & Sullivan, it is not uncommon for retail sales and marketing service providers to have a relatively large portion of their revenue contributed by a few customers, especially for these service providers who mainly serve large-sized enterprises, and thus, the Group’s customer concentration is in line with industry norm. As advised by Frost & Sullivan, it is mainly because large-sized enterprises are often resource-rich and they incline to relatively larger investment on digitalisation in order to achieve operational efficiency and consumer insights. In addition, these large-sized enterprises, which normally possess many subsidiaries, would internally share, and refer qualified suppliers’ information among themselves. As a result, as compared with retail support service providers which focus on small-medium-sized enterprises, those which focus on large-sized enterprises would have a relatively higher customer concentration rate because they generate revenue from group companies from such kind of large-sized enterprises. Based on the aforementioned and the industry experience of our executive Directors, our Directors consider that customer concentration is not uncommon in our industry and the risk of customer reliance is not specific to us.

### *Measures taken to mitigate our concentration risks*

Given our established business relationship with our major customers as aforementioned, our Directors do not expect our major customers will materially reduce the amounts of purchase from us. Moreover, leveraging our sales and marketing efforts to seize new business opportunities and our strong customer base, our Directors consider that if we lost any major customer in the future, any adverse impact on our financial performance will not be permanent. We have taken several measures to mitigate our concentration risks, which include:

1. To retain our customers, over the years, we have endeavoured to accommodate our customers’ demands to gain their satisfaction. We also strive to communicate regularly with our customers to obtain feedbacks on our services so that we can continuously improve our services and the results. Our continuous effort to retain existing customers has been proven to be effective as demonstrated by our established relationships with our major customers.
2. We have made consistent effort in diversifying and strengthening our customer base. For instance, we procured 18, 22 and 104 new customers for FY2020, FY2021 and 9M2022 which contributed revenue of RMB14.4 million, RMB12.8 million and RMB7.3 million, representing 3.5%, 3.1% and 1.7% of our total revenue, for the same periods, respectively. In addition, as all of our major customers during the Track Record Period were brand customers, we have strived to increase our distributor customer base. Number of distributor customers increased from 36 for FY2019 to 107 for 9M2022. Therefore, our Directors expect that we would be able to reduce our reliance on brand customers and diversify our customer base by procuring more distributor customers. It is also one of our growth strategies to strengthen and expand our customer base, further details of which are set out in “Business — Our growth strategies — Strengthen and expand customer base and increase market share”.
3. During the Track Record Period, we primarily marketed our services through our direct sales force and other sources, including customer referrals and word-of-mouth, while in the future, we may also market our services using channel partners. We believe that our efforts to market our brand will help us expand our customer base and increase our revenue. In particular, as a result of our consistent effort in diversifying our customer base, we have entered into a service agreement in relation to the provision of matching service to promote and implement sales and



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marketing initiates for instalment loan products offered by a financial services corporation. For further details, see “Summary — Recent developments and no material adverse change — Business developments”.

### *Measures to maintain stable and sustainable business relationship with our customers*

We had maintained a good business relationship with all of our top five customers and did not have any disputes with any of them during the Track Record Period. Nonetheless, we ceased business relationship with Customer C.

After the expiration of our last contract with them in March 2022, we did not renew any existing contract or enter into any new contract with Customer C, mainly due to commercial reasons and was in line with our credit risks control and strategies. As at 31 October 2022, we did not have any material outstanding trade receivables due from Customer C. Save for Customer C, as of 31 October 2022, we had maintained business relationship with our other top five customers for the Track Record Period. We have adopted various measures to strengthen business relationships with our customers, which includes conducting regular communications with our customers to learn about their evolving needs and improving our services and diversifying our service offerings based on their constructive feedbacks, such as launching new features of digitalised tools. Meanwhile, in order to enable us to continuously enhance our service offerings, we have kept building up our data analytics capability, thereby enabling our customers to accurately identify target offline retail stores and consumers, as well as enabling us to improve matching recommendations of touchpoint users with tasks, and thus, improving the marketing effectiveness of our services.

## OUR SUPPLIERS

### Overview

Our suppliers mainly include labour service providers, event consumables suppliers and data service and related IT service providers. To ensure quality of and reasonableness of the prices of the services and materials and reasonableness of payment term, we only procure from our approved suppliers and we conduct annual review of our approved suppliers. We have established procedures of management of selection of the suppliers, which requires that, for the selection of third party suppliers, sufficient due diligence on the credibility of the suppliers and the shareholders’ structure (including the ultimate beneficial owner) shall be performed to ascertain, amongst other matters, whether the supplier has obtained necessary approval or permits.

During the Track Record Period, we did not experience any material disruption to our business as a result of any significant shortage or delay in supply of the services or material we sourced from our suppliers.

In general, we do not enter into long-term agreements with our suppliers. Our agreements with our suppliers are generally with terms of no more than one year, subject to renewal. Our agreements with our suppliers generally include Anti-commercial Bribery clauses and do not allow either party to terminate without cause. To the best of our knowledge, we have not breached any of our agreements with our suppliers.

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### Our top five suppliers

During the Track Record Period, our top five suppliers include labour service provider, event consumables suppliers and data service and relevant IT service providers. Our cost of purchases were recognised in cost of services, administrative expenses and selling and marketing expenses respectively. 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. The gradual decrease in purchase from our largest supplier for FY2019, FY2020 and FY2021 was in line with our strategies to reduce reliance on one single supplier by procuring other suppliers which can offer similar services.

To the best knowledge of our Directors, none of our Directors, their close associates or our Shareholders who hold more than 5% of our issued share capital had any interest in our five largest suppliers (including their respective ultimate shareholders).

### For the year ended 31 December 2019

Rank	Supplier	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Purchase RMB'000	% of total purchase %
1	Supplier A	Provision of labour services	A private human resources management service provider with a registered capital of RMB5.0 million based in Anhui Province, founded in 2016	2018	30 days	Bank transfer	148,710	49.8
2	Supplier B	Provision of event consumables related services	A private marketing planning service provider with a registered capital of RMB10.0 million based in Shanghai, founded in 2005	2018	40 days	Bank transfer	8,853	3.0
3	Supplier C	Provision of event consumables related services	A private exhibition display service provider with a registered capital of RMB500,000 based in Shanghai, founded in 2014	2018	60 days	Bank transfer	6,963	2.3
4	Supplier D	Provision of event consumables related services	A private design, agency, production and advertisement publication service provider with a registered capital of RMB5.0 million based in Jiangsu Province, founded in 2017	2017	60 days	Bank transfer	6,701	2.2
5	Supplier E	Provision of labour services	A private human resources management service provider with a registered capital of RMB5.0 million based in Shandong Province, founded in 2019	2019	Prepayment	Bank transfer	3,694	1.2
<b>Total:</b>							<b>174,921</b>	<b>58.5</b>

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### For the year ended 31 December 2020

Rank	Supplier	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Purchase RMB'000	% of total purchase %
1	Supplier A	Provision of labour services	A private human resources management service provider with a registered capital of RMB5.0 million based in Anhui Province, founded in 2016	2018	30 days	Bank transfer	90,816	36.8
2	Supplier B	Provision of event consumables related services	A private marketing planning service provider with a registered capital of RMB10.0 million based in Shanghai, founded in 2005	2018	Seven working days	Bank transfer	31,253	12.6
3	Supplier F	Provision of labour services	A private marketing planning service provider with a registered capital of RMB10.0 million based in Fujian Province, founded in 2019	2019	30 days	Bank transfer	15,955	6.5
4	Supplier C	Provision of event consumables related services	A private exhibition display service provider with a registered capital of RMB500,000 based in Shanghai, founded in 2014	2018	60 days	Bank transfer	7,921	3.2
5	Supplier G	Provision of labour services	A private human resources service provider with a registered capital of RMB10.0 million based in Anhui Province, founded in 2020	2020	30 days	Bank transfer	3,589	1.5
<b>Total:</b>							<b>149,534</b>	<b>60.6</b>

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### For the year ended 31 December 2021

Rank	Supplier	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Purchase RMB'000	% of total purchase %
1	Supplier A	Provision of labour services	A private human resources management service provider with a registered capital of RMB5.0 million based in Anhui Province, founded in 2016	2018	30 days	Bank transfer	50,002	18.6
2	Supplier H	Provision of labour services	A private human resources service provider with a registered capital of RMB1.0 million based in Jiangxi Province, founded in 2020	2020	30 days	Bank transfer	40,726	15.1
3	Supplier I	Provision of labour services	A private supply chain management service provider with a registered capital of RMB50.0 million based in Fujian Province, founded in 2019	2020	30 days	Bank transfer	38,408	14.3
4	Supplier J	Provision of labour services	A private human resources service provider with a registered capital of RMB5.0 million based in Hunan Province, founded in 2020	2021	30 days	Bank transfer	18,279	6.8
5	Supplier K	Provision of event consumables related services	A private architectural decoration service provider with a registered capital of RMB500,000 based in Shanghai, founded in 2011	2020	60 days	Bank transfer	8,956	3.3
<b>Total:</b>							<u>156,371</u>	<u>58.1</u>

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### For the nine months ended 30 September 2022

Rank	Supplier	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Purchase RMB'000	% of total purchase %
1	Supplier J	Provision of labour services	A private human resources service provider with a registered capital of RMB5.0 million based in Hunan Province, founded in 2020	2021	30 days	Bank transfer	34,290	17.6
2	Supplier H	Provision of labour services	A private human resources service provider with a registered capital of RMB1.0 million based in Jiangxi Province, founded in 2020	2020	30 days	Bank transfer	30,004	15.4
3	Supplier O	Provision of labour services	A private marketing planning service provider with a registered capital of RMB5.0 million based in Hunan Province, founded in 2020	2021	3 days	Bank transfer	13,283	6.8
4	Supplier P	Provision of labour services	A private information technology consulting service provider with a registered capital of RMB2.0 million based in Jiangxi Province, founded in 2021	2021	5 days	Bank transfer	9,179	4.7
5	Supplier C	Provision of event consumables related services	A private exhibition display service provider with a registered capital of RMB500,000 based in Shanghai, founded in 2014	2018	60 days	Bank transfer	4,918	2.5
<b>Total:</b>							<b>91,674</b>	<b>47.0</b>

### OUR SALES AND MARKETING

We have adopted a customer-centric sales approach. We focus on listening to and addressing the needs of customers, identifying challenges facing different players in the ecosystem of offline retail scenarios and maintaining long-lasting business relationships.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. During the Track Record Period, we have utilised a multitude of marketing channels to market our services through our direct sales force and a number of free traffic sources, including customer referrals and word-of-mouth, while in the future, we may also market our services using channel partners. In particular, we were invited to give a presentation in an industry event organised by a leading AI company based in the PRC in October 2021 and 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. During the Track Record Period, we incurred selling and marketing expenses of RMB21.5 million, RMB18.7 million, RMB20.8 million and RMB14.3 million, respectively.

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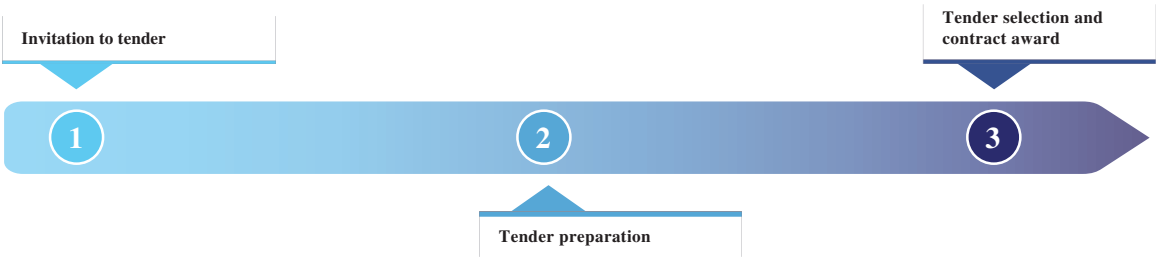
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We identify potential projects generally through quotation invitations or competitive tender from existing and potential customers who are interested in our services. Further details on the tendering process and quotation invitation process are set out below.

### Tendering process

Below flowchart sets out a summary of our tendering process:



#### *Invitation to tender*

In general, potential customers who need digitalised sales and marketing services would send us notifications containing brief project particulars such as nature, schedule and pre-qualification requirements which are a set of criteria for the potential customers to assess service providers’ eligibility to tender. If we are interested in the project, we provide our business highlights and information on background, qualifications and financial information.

#### *Tender preparation*

When we receive tender invitation, we gather information as required and prepare for tender document. During this stage, we obtain non-binding quotations from our service providers and suppliers of materials to facilitate our cost estimation and pricing decisions. We may analyse the scope of services using our digitalised tools and data assets accumulated on our FMES platform so as to deliver a data-driven and cost-effective implementation plan and tender document.

#### *Tender selection and contract award*

Our potential customer shortlists potential service providers for tender interviews and in general, there are two rounds of interviews. We present and explain our tender documents or implementation plan to the potential customers, respond to their queries and discuss with them on the project details, pricing and other contract terms during the interviews. For some projects, particularly the larger sized ones, the potential customers may also request us to demonstrate that we have sufficient working capital to undertake the projects. Upon award of contract, we will sign framework agreements or single project agreements with the potential customers.

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### Tender success rate

The following table sets forth our revenue by service types from successful tender and quotation during the Track Record Period:

	FY2019		FY2020		FY2021		9M2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
<b>On-site solution obtained by</b>								
tender	117,805	24.8	115,231	27.9	135,496	32.5	187,222	43.0
quotation	267,798	56.2	190,657	46.1	137,228	33.0	133,567	30.7
<b>Sub-total:</b>	<b>385,603</b>	<b>81.0</b>	<b>305,888</b>	<b>74.0</b>	<b>272,724</b>	<b>65.5</b>	<b>320,789</b>	<b>73.8</b>
<b>Field force assignment</b>								
<b>obtained by</b>								
tender	24,667	5.2	65,990	16.0	31,172	7.5	20,485	4.7
quotation	46,229	9.7	7,593	1.8	38,240	9.2	19,304	4.4
<b>Sub-total:</b>	<b>70,896</b>	<b>14.9</b>	<b>73,583</b>	<b>17.8</b>	<b>69,412</b>	<b>16.7</b>	<b>39,789</b>	<b>9.1</b>
<b>Matching service</b>								
<b>obtained by</b>								
tender	7,318	1.5	1,088	0.3	5,882	1.4	37,950	8.7
quotation	12,038	2.6	31,039	7.4	53,356	12.8	18,570	4.3
<b>Sub-total:</b>	<b>19,356</b>	<b>4.1</b>	<b>32,127</b>	<b>7.7</b>	<b>59,238</b>	<b>14.2</b>	<b>56,520</b>	<b>13.0</b>
<b>SaaS+ subscription</b>								
<b>obtained by</b>								
tender	—	—	—	—	—	—	485	0.1
quotation	—	—	1,973	0.5	14,915	3.6	17,329	4.0
<b>Sub-total:</b>	<b>—</b>	<b>—</b>	<b>1,973</b>	<b>0.5</b>	<b>14,915</b>	<b>3.6</b>	<b>17,814</b>	<b>4.1</b>
<b>Total from tender</b>	<b>149,789</b>	<b>31.5</b>	<b>182,309</b>	<b>44.1</b>	<b>172,550</b>	<b>41.4</b>	<b>246,142</b>	<b>56.6</b>
<b>Total from quotation</b>	<b>326,066</b>	<b>68.5</b>	<b>231,262</b>	<b>55.9</b>	<b>243,739</b>	<b>58.6</b>	<b>188,770</b>	<b>43.4</b>
<b>Total revenue</b>	<b>475,855</b>	<b>100.0%</b>	<b>413,571</b>	<b>100.0%</b>	<b>416,289</b>	<b>100.0%</b>	<b>434,912</b>	<b>100.0%</b>

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The following table sets forth the number of tender applications and the number of contracts awarded through tendering by service types during the Track Record Period:

	FY2019	FY2020	FY2021	9M2022
<b>On-site solution</b>				
Number of tender applications	22	25	54	36
Number of contracts awarded	22	20	25	22
<b>Success rate (%) (Note 1)</b>	<b>100.0%</b>	<b>80.0%</b>	<b>46.3%</b>	<b>61.1%</b>
<b>Field force assignment</b>				
Number of tender applications	2	2	8	3
Number of contracts awarded	2	2	8	3
<b>Success rate (%) (Note 1)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Matching service</b>				
Number of tender applications	—	1	5	4
Number of contracts awarded	—	100.0%	100.0%	100.0%
<b>Success rate (%) (Note 1)</b>	<b>—</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SaaS+ subscription</b>				
Number of tender applications	—	—	—	2
Number of contracts awarded	—	—	—	2
<b>Success rate (%) (Note 1)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>100.0%</b>

Notes:

- In the above table, success rate is calculated by dividing (i) number of contracts awarded by (ii) number of tender applications submitted. For the above analysis, we treated the dates of our successful tender applications as the respective contract commencement dates.
- For FY2019, FY2020, FY2021 and 9M2022, there were four, three, two and two contracts, respectively, which were obtained through tendering included more than one type of service scopes. For the above analysis, we treated such contracts as one contract and one tender application under each of the respective service types.
- For each of FY2020, FY2021 and 9M2022, we obtained one on-site solution contract and one field force assignment contract from one tender application, respectively. For the above analysis, we treated such contracts as one contract and one tender application under each of the respective service types.

During the Track Record Period, number of contracts awarded to us through tendering remained relatively stable, whereas there was decrease in our tender success rate for on-site solution. This was mainly because we received increased tender invitations, but we tend to focus on projects with relatively higher profit margin. Therefore, there was fluctuations in the tender success rate for on-site solution.

### Tendering strategies

On receipt of a tender, we conduct an analysis of the tender documents to evaluate the scope of work, cost, schedule and requirements of our potential customers. In evaluating a tender, we consider, among other factors, (i) the number of projects we have on hand; (ii) our available capacity and resources to provide the relevant services; and (iii) the potential value of such project to our business and business profile which in turn depends on a number of factors pertaining to the project and the competitive environment.



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### **Pricing measures and strategies**

Our pricing is determined based on the respective fee models of each type of our services, further details of which are set out in “Business — Our service offerings”. In addition, we may adjust our pricing for a specific project with reference to the following factors: (i) the nature and scope of the works involved; (ii) the then availability of our manpower and resources; (iii) the labour service fees and event consumable costs involved in the project; and (iv) the expected timetable for the projects as requested by the customer.

We will continuously keep ourselves abreast of changes in the market prices and pay close attention to our customers’ responses during the quotation stage. We strive to be responsive to changes in market prices and customers’ responses in a timely manner to avoid any material adverse impact on our market position, competitiveness, performance and financial conditions.

During the Track Record Period, save for one on-site solution project and one matching service project, we had no loss-making contracts. In order to minimise our exposure to loss-making projects, we have adopted the following internal control measures and business strategies:

- (i) our finance team, after each month-end closing of accounts, would identify any actual, expected and potential loss-making projects and pass the relevant information of such projects to our senior management for the purposes of (a) ascertaining the reasons for the loss/expected loss; (b) reviewing the costs assessment for the relevant projects; (c) improving the accuracy of our budget and project planning; and (d) recommending measures to minimise the expected and potential losses arising from such projects. All findings and recommendations would be directly reported to our financial controller and executive Directors;
- (ii) we will remain cautious in providing comparatively lower prices to our customers after considering all the factors as disclosed in the paragraph “— Our sales and marketing — Pricing measures and strategies” in this section; and
- (iii) we will closely monitor the costs incurred by us to ensure the overall profitability of our projects in the long-run.

### **Synergies among our service offerings**

We consider our different types of services cover different offline retail scenarios and are complementary with each other and each type of our services offers a different range of digitalised sales and marketing services and targets a different range of offline retail scenarios. As such, we believe there are synergies among our different types of services, having considered that our customers may have different sales and marketing initiatives for different offline retail scenarios. Depending on their sales and marketing strategies in response to the prevailing offline retail market situation, our customers may engage us for more than one service types and change the service type or combination of service types from time to time. In particular, our customers may choose (i) on-site solution for implementing customised sales and marketing activities, which may involve setting up of venues and event materials and require lots of frontline staff to attend to on-site implementation, in their more popular stores to promote brand awareness of new products; (ii) field force assignment for dedicated and stable workforce at offline retail stores designated by our customers; (iii) matching service for standardised sales and marketing services which mainly involve matching of suitable salespersons against particular offline retail stores using AI technologies and big data to help improve sales performance but without setting up of venues or event materials; or (iv) SaaS+ subscription for our readily-available digitalised tools without our other services, such as on-site implementation or provision of touchpoints.

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During the Track Record Period, customers which engaged us for more than one service types in the same year/period in aggregate contributed revenue of RMB280.1 million, RMB238.8 million, RMB272.1 million and RMB351.5 million, representing 58.9%, 57.7%, 65.4% and 80.8% of our total revenue for FY2019, FY2020, FY2021 and 9M2022, respectively. As such, our Directors believe that our four service types are complementary with, and are not mutually exclusive of, each other to satisfy the different sales and marketing initiatives of our customers.

### Seasonality

During the Track Record Period, we experienced relatively higher revenue in the fourth quarter of a calendar year than the other quarters of a calendar year, mainly because there is a higher concentration of festive seasons and other marketing campaigns and other activities in the fourth quarter of a calendar year, which tend to attract more customers to organise sales and marketing activities for stimulating sales and raising brand awareness.

### DATA PRIVACY AND SECURITY

We treat data security and privacy seriously across our FMES platform. When a user registers an account or logs into his/her account of our digitalised tools, there will be a notice requiring this user to read and consent to the user privacy policy. The user privacy policy of our digitalised tool describes our data use practices and how privacy works, in particular, it specifies the type of user data that will be collected from our users under different scenarios in the relevant service. We have implemented internal rules and policies to govern how we may use our digitalised tools and FMES platform to collect, use and share personal information, as well as protocols, technologies and systems to prevent information leakage, damage, tampering, loss and misuse and have a dedicated information security team to observe the implementation of the said rules and policies and ensure the compliance of the same. Also, we have maintained safety technical measures for computer rooms, information centres, data centres and other facilities and equipment to ensure the safety and smooth flow of information.

We have established and gradually improved our data security management systems and procedures to ensure that our data collection, transmission, storage, usage, external provision, deletion and other aspects of the security management, which represented the entire life cycle of data and personal information, via our FMES platform are and will be in line with the requirements of the applicable laws and regulations. We have designated staff to be responsible for cyber security, data compliance, and personal information protection and provide necessary data security training for our staff. In addition, employees (in particular our staff who would process data and personal information) are generally required to sign a confidentiality agreement with us, which prohibits them from disclosing any confidential information relating to their work and users without lawful basis and legal process. In terms of compliance audits, we shall conduct annual information security risk assessments and prepare the Information Security Risk Assessment Report.

In particular, we have established the following management systems and procedures, which are applicable to all of our data and personal information (including those collected and handled with the FMES platform and AI algorithms):

- (i) Information Security Management Manual (《信息安全管理手冊》), which directs our overall information security management. It sets out designated staff who are responsible for information security and their responsibilities;

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- (ii) Data Security Management Procedures (《數據安全管理程序》) and User Personal Information Protection Management Procedures (《用戶個人信息保護管理程序》), which sets out the protocol for security control of data and personal information covering the entire data lifecycle from collection to destruction. Data Security Management Procedures (《數據安全管理程序》) stipulates that outbound data transfer should be assessed to ensure that the outbound data transfer meets the requirements of applicable laws and regulations; the User Personal Information Protection Management Procedures (《用戶個人信息保護管理程序》) stipulates that user personal information collected in the PRC shall not be provided to overseas unless otherwise exempted by laws and regulations; and the Personal Information Security Impact Assessment Procedures (《個人信息安全影響評估程序》) stipulates the specific assessment methods for outbound data transfer;
- (iii) Data Classification and Grading Management Procedures (《數據分類分級管理程序》), which stipulates data classification and grading in accordance with the sensitivity of data and the potential impacts caused by data leakage, based on which data security protection strategies are formulated and corresponding security measures are taken to ensure the safety of data and personal information;
- (iv) Information Security Management System (《信息安全管理制度》), which stipulates strict access control measures for database access and establishes an approval process for adding permitted access to the whitelist. It provides for database security access management, personnel who need to access the database directly for business purposes or require certain clearance for database operation must apply for and receive approval prior to setting up an account and being added to the whitelist for authorised access. The database should be configured with login logs and monitoring auditing functions to record the logs of various operation events of all users, and the database administrator should regularly conduct security audits on the database, including aspects of user rights, access restrictions, etc.;
- (v) Supplier and Cooperating Parties Data Management Procedures (《供應商和合作方數據管理程序》), which regulates our cooperations with suppliers and other parties concerning data; and
- (vi) Information Security Event Management Procedures (《信息安全事件管理程序》), Interim Measures for Information System Backup and Recovery (《信息系統備份與恢復暫行辦法》), Network Information Security Emergency Plan Management Procedures (《網絡信息安全應急預案管理程序》) and Information Security Complaint and Reporting Management Procedures (《信息安全舉報投訴管理程序》), all of which are applicable to information security event management and emergency response, data disaster recovery and backup, and responding to information security related complaints and reports.

In addition to aforementioned measures, we continue to pay close attention to the legislative and regulatory developments in data security and we have engaged external legal counsel to conduct relevant consultation and assessment to improve the data compliance and risk prevention system.

Plus Shanghai has received the Information Security Management System (ISO/IEC 27001:2013) certification, which covers the development and application of information security management system to support the sales terminal management system. The certificate is valid from 20 July 2021 until 19 July 2024. All Group companies are required to adhere to the ISO 27001 system of Plus Shanghai.

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Based on the above, Tian Yuan Law Firm, our special PRC legal adviser for PRC cyber security and data compliance matters, is of the view that, as of Latest Practicable Date, our data governance policies, procedures, and practices related to cyber security, data security and personal information protection comply in material respects with the requirements of applicable laws and regulations related to cyber security, data security and personal information protection.

### **Data collection and usage**

During our operations, we use our digitalised tools to collect user data directly or indirectly via third party sources. With respect to our direct collection of user data, according to the relevant laws and regulations, we are required to obtain the consent from our users before collecting and using their personal information. When a person or an entity registers an account or logs into his/her account of our digitalised tools, there will be a notice requiring this user to read and consent to the user privacy policy. The user privacy policy of our digitalised tool describes the rules for processing user data, including the type, purpose, scope, collection method and usage of the user data that will be collected. The privacy policy also explains the system permission function and rights of user data. Before our digitalised tools collect user data that contains sensitive personal information, separate user consent would be obtained to ensure the user’s acknowledgment. Depending on the nature and functions of the digitalised tools, user data collected by such digitalised tool may include the user’s name, identity card number, mobile phone number, address, bank account number, etc., as well as user historical performance. In particular, the touchpoint users’ data we accumulated from our FMES platform is personal information of touchpoint users in compliance with our privacy policies and it generally includes the following information of touchpoint users: (i) basic information: name, mobile phone number, ID number, ID photo, address, bank account number, etc.; (ii) task related records such as recommended tasks received and performed, task completion records and results achieved; (iii) task location information; (iv) task preference information such as preferred task type and industry category; and (v) device information: operating system of mobile device. The aforementioned data (such as records of touchpoints users’ task related records, and task preference information) of touchpoint users are tagged by the AI technologies which then integrates and analyses such data accordingly. Based on the analysis, it generates matching recommendations of touchpoint users suitable for the tasks published by offline retail stores. Our customers, as the final decision maker, will choose suitable touchpoints users with reference to our matching recommendations to achieve better performance results. Meanwhile, our digitalised tools may collect user data indirectly via third-party sources, such as embedded third-party software development kits or access application programming interface. We only collect and use real-name data and mobile phone numbers from our users when necessary, such as when they register an account of our digitalised tool and sign digital contracts. We collect such necessary user information strictly following government regulations and user privacy policies. We do not collect unnecessary user data other than those described in the user privacy policy, and unless otherwise provided by laws and regulations, we do not provide any stored data to third parties without users’ consent. We may also collect users’ data which is necessary for our provision of services and performance of the service agreements and use such data within the scope of users’ consent and authorisation and make reasonable efforts to prevent the unauthorised use, loss or leak of user data. In addition, we accumulated the data of points of sale on our FMES platform, which is the basic operational information of points of sale and generally includes the following information of points of sale: (i) basic information: name, address, administrative area, etc.; (ii) economics of its surrounding area such as distribution, types and sales performance of neighbouring offline retail stores and consumers’ consumption power in relevant area etc.; and (iii) brand owner’s operation information: brand marketing input, types/forms of marketing and promotional activities, neighbouring touchpoints availability and capability. Our AI technologies automatically integrates and analyses the aforementioned data, and provides the scores of the sales potential of the offline retail stores accordingly based on features such as their surrounding consumption level and their sales performance and make recommendations to our customers in assisting their decision-making in selecting the location of points of

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sale. All user data is used within the PRC. We do not sell or illegally provide the user data collected from our users to any third-party organisations. Our FMES platform has adopted a series of relevant data security measures. In general, we would also sign “Data Sharing and Protection Specifications” and “Data and Protection Specification Commitment Letters” with our relevant customers and IT service providers, pursuant to which (i) the data provider shall commit to legality of data sources, compliance of transmission and consent and authorisation requirements in relation to personal information; and (ii) we are entitled to verify data compliance and state information security measures of both parties.

### **De-identification and de-sensitisation of sensitive information**

After collecting user data with the use of our digitalised tools, we de-identify and de-sensitise sensitive personal information and implement data masking of user data. User data accumulated on our FMES platform is stored on several virtual private cloud (VPC) operated by our VPC cloud service provider, which is an isolated cloud hosted within a public cloud environment and accessed exclusively by us. At the same time, to minimise the risk of damage, leakage and loss of data assets, which is essential to our business operations and provision of service offerings, such user data is also saved on our own local servers located in the PRC and are backed-up regularly. Using task-based matching algorithm and under a data-encrypted environment, our FMES tags the personal information of users based on the set tagging rules. Then, the contacts of users were ranked and displayed. Our customers cannot see the personal information of the users on our digitalised tools except for their rankings and can only contact users using virtual numbers to have point-to-point communication with the target user. In addition, the algorithm principles and rules have been published for the relevant digitalised tools. We strictly restrict the range of data each employee is authorised to access based on his/her seniority and function and unauthorised private download and preview of confidential data are not permitted. There are interface desensitisation requirements for sensitive data transmission. We provide trainings on data protection to our employees from time to time and have generally entered into confidential agreements with our employees to prevent improper use or disclosure of data.

We had not experienced material data breach during the Track Record Period and up to the Latest Practicable Date.

The laws and regulations of cybersecurity and data protection are relatively new and evolving and their interpretation and enforcement involve significant uncertainty. We cannot preclude the possibilities that new regulations or rules in the future may impose additional compliance requirements on us. 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 the document, we had not received any inquiry, notice, warning, or sanctions regarding the proposed [REDACTED] plan or requesting any cyber security review regarding the Measures for Cybersecurity Review and the Draft Regulations on Network Data Security Management. Tian Yuan Law Firm, our special PRC legal adviser for PRC cyber security and data compliance matters, is of the view that there is no material impediment for us to comply with relevant laws and regulations in all material respect.

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### Internal protocols

We adopt a vigilant approach towards information security as storage and protection of user data collected using our digitalised tools and accumulated on our FMES platform is vital to our business. In this regard, we have established a set of internal protocols on data security in relation to use, disclosure and protection of confidential information. A summary of our internal protocols is set out as follows:

- (a) **Data classification and access restriction.** We classify our user data into (i) “core data”; (ii) “important data”; and (iii) “internal data” based on the nature of data and degree of confidentiality and impose security policies to govern any restriction of use of different categories of user data. After collecting user data with the use of our digitalised tools, we de-identify and de-sensitise sensitive personal information and implement data masking of sensitive personal information. We isolate the storage of user data in a secured area with restricted access granted to our authorised employees. We also ensure the secured storage and transmission of data and prevent any unauthorised member of the public or third parties from accessing or using user data in any unauthorised manner. We keep records of and monitor all import, export, duplication and deletion of data in our system as an integral part of our information security measures.
- (b) **Device security and data backup.** Our IT infrastructures on which user data could access and operate are installed with anti-virus protection software. User data is stored on virtual private cloud (VPC) operated by our VPC cloud service provider and our own local servers located in the PRC. With a view to minimising the risk of data damage, leakage and loss, we back up data (including those stored on the virtual private cloud and our local servers) on daily basis.
- (c) **Data privacy trainings.** We provide data privacy and information security trainings to our staff to increase their compliance awareness. In addition, employees are generally required to sign a confidentiality agreement with us, which prohibits them from disclosing any confidential information relating to their work and users without lawful basis and legal process.
- (d) **Dedicated officers for managing information security.** With a view to safeguarding information security and implementing check and balances internally, we have dedicated officers who are responsible for managing our information security, which mainly includes (i) collecting, analysing and confirming the data security requirements of the information system and ensuring the inclusion of data security in system planning; (ii) constructing the data security system platform, include desensitisation framework, managing authorisation to access of data, risk monitoring; (iii) regularly review system permission to ensure data security; (iv) analysing, designing and implementing the data security requirements of the developed system; and (v) assisting in the investigation and handling of data security incidents, and mitigating risks and impact as a result of such incident in a timely manner.

To keep abreast with recent regulatory developments, we pay great attention to the recently enacted cybersecurity and data protection laws to ensure the effectiveness of our data security and privacy policies and that we are in compliance with all applicable laws and regulations. We would, from time to time, update our user privacy policies on our digitalised tools and FMES platform and notify users of the purpose, scope and method of our handling of personal information, and the rights that users are entitled with their personal information, as well as our internal protocols regarding data security and privacy. Additionally, we train new employees on data security and privacy awareness at the beginning of their employment, conduct information security training from time to time for employees who process data, and take back the physical and logical access of resigned employees in a timely manner. During the Track Record Period, we did not experience any material information leakage or loss of user data.

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### 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 competition from the 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. In addition, brand owners often consider online retail channel as a channel for distributing products supplementary to the offline retail channels.

Our Directors consider that the sales and marketing services in China is relatively competitive, with a large number of participants with different skills and backgrounds. With the increasing demand for more diverse, integrated and data tracking marketing services and higher standards of data collection and more complicated sales and marketing scenario, market participants are under pressure to strengthen their competitive advantages through cross-industry or intra-industry mergers and acquisitions. Also, cyclical volatility in retail industry caused by external macroeconomic conditions can negatively impact brand owners’ operations, leading to a reduction in their marketing spending, which in turn result in increasingly fierce competition for limited customer resources. 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, it is also expected 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. On the other hand, we are subject to various threats and challenges.

In addition, our Directors consider that going forward, sales and marketing is expected to be conducted through a combination of online and offline channels, technology capability has gradually become the next core competency of sales and marketing services providers. Nowadays, established services providers strive to offer holistic marketing solutions to advertisers in one stop. Big data and cloud computing technology enable sales and marketing services providers to gather a vast amount of information to build a comprehensive customer profile for advertisers based on multiple tools and platforms. In addition, new domestic FMCG brands normally were born from internet and are not familiar with offline interactions, which urges sales and marketing services providers to digitalise their offline operations in order to improve marketing efficiency for brand owners and distributors. As more advanced technologies emerge and are applied, sales and marketing services providers are becoming more integrated and technology-driven. We cannot assure you that we could advance our technology capability successfully or we could provide digitalised services that are satisfactory to our customers. As a result, we cannot

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predict with certainty the future growth rate and size of the market of our business. Further, given the regulations in relation to cybersecurity and data privacy in the PRC, we may also face unpredictable restrictions on the adoption and development of different digitalised tools.

The slower growth momentum of offline retail market may be subject to uncertainties. The majority of brand owners in the retail industry have been suffered from different challenges, such as fiercer competition, fragmented distribution network and information asymmetry, and they tend to increase investment in physical sales and marketing with a view to obtaining consumer profiles, improving efficiency in the long retail value chain, and adopting technology empowered tools and systems while implementing sales and marketing activities. From consumer perspective, consumers not only are prone to using online channels to buy or interact with brand owners or distributors but also enjoy physical shopping experience. To some extent, these phenomena encourage brand owners and distributors to cooperate with offline retail sales and marketing service providers, like the Group, to advance their physical sales and marketing activities, which enables automation, data transparency, user interaction, and resources monitoring. Furthermore, the further development of SaaS technology also lowers the threshold for brand owners and distributors to embrace digitalisation by cancelling upfront hardware costs and flexible access to computed results. In this case, efficiency and resources saving are expected to bring cost down and strengthen existing value proposition for brand owners and distributors. In return, retail sales and marketing service providers are able to achieve business success in such a digitalisation era.

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. For further details, see “Risk Factors — Risks relating to our industry — The retail market and retail sales and marketing services market in China is subject to various uncertainties.”.

## INTELLECTUAL PROPERTY

We protect our intellectual property rights through a combination of copyright, trademark and patents and other forms of intellectual property rights available, as well as confidentiality and licence agreements with our employees, suppliers, customers and others. In general, our employees must enter into a standard confidentiality agreement acknowledging that all inventions, trade secrets, developments and other processes generated by them on our behalf are our property, and assigning to us any ownership rights that they may claim in those works. Despite our precautions, however, third parties may obtain and use intellectual property that we own or licence without our consent. During the Track Record Period, we did not find any of such breaches of our intellectual property rights. However, infringement, misappropriate or challenges of our intellectual property rights, unauthorised use or unauthorised disclosure of our trade secrets and other intellectual property, significant impairments to our intellectual property rights and limitations on our ability to assert our intellectual property rights against others, may result in a material and adverse effect on our business. In addition, we may face allegations that we have infringed the intellectual property rights of third parties, which may harm our brand and reputation, even if they are vexatious or do not result in liability. For details, see “Risk Factors — Risks Relating to Our Business — We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information.” and “Risk Factors — Risks Relating to Our Business — We may be subject to claims by third parties for intellectual property infringement.”.



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As at the Latest Practicable Date, we had 22 registered trademarks in the PRC, two registered trademarks in Hong Kong, 73 registered software copyrights in the PRC and 34 registered domain names. For further details of intellectual property rights which are material to our business operation, see “Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of our Group” in Appendix V to this document.

We did not have any other material pending legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

### EMPLOYEES

As at 30 September 2022, we had 10,316 employees, all located in China, details of which are set out in the following table:

	<b>Number of Employees</b>
<b>Group staff</b>	
— Headquarters and management	7
— Business and development	122
— On-site management	15
— Creative design	7
— R&D	50
— Finance	23
— Human resources	19
— Administration and others (including compliance, internal audit, investments, etc.)	<u>16</u>
<b>Subtotal</b>	<b><u>259</u></b>
<b>Employee touchpoints</b>	
— Project personnel retained for implementation of on-site solution projects	3,841
— Field force assigned to work for our customers under field force assignment services	<u>6,216</u>
<b>Subtotal</b>	<b><u>10,057</u></b>
<b>Total</b>	<b><u><u>10,316</u></u></b>

For details and geographical breakdown of personnel and field force recruited by us under on-site solution and field force assignment, see “— Our service offerings — On-site solution” and “— Our service offerings — Field force assignment” in this section, respectively.

Our success depends on our ability to attract, retain and motivate qualified staff. We believe we offer our staff competitive compensation packages and an environment that encourages initiative. We pay labour remuneration in full and on time and gradually increase their salary levels according to social development. Our recruiting efforts include online recruiting, internal referral and, to a lesser extent, on-campus recruiting and use of professional recruiters. We provide on-the-job trainings for our staff to continuously improve the performance and ability of our staff.

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As required by regulations in China, we participate in various government statutory employee benefit plans, including social insurance and housing provident funds. We are required under PRC law to contribute to the employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees up to a maximum amount specified by the local government from time to time.

### **Engagement of third-party agencies to make contributions under various government-sponsored employee benefits plans**

#### ***Background***

During the Track Record Period, certain of our PRC subsidiaries engaged third-party human resources agencies to pay social insurance and housing provident funds for certain of its respective employees since some of our employees scattered in different areas of the PRC and it would be less likely for us to incorporate companies in every city which we have employees. For FY2019, FY2020, FY2021 and 9M2022, the number of employees whose social security and housing provident funds were made through third-party agencies was around 12,000, 8,300, 8,200 and 6,000, accounting for 59.5%, 46.6%, 46.1% and 44.0% of our total number of employees, respectively. Such decreasing trend was mainly attributable to our efforts in establishing branch offices in locations where our employees work to the extent plausible. As of the Latest Practicable Date, the number of employees whose social security and housing provident funds were made through third-party agencies was 2,702, accounting for 32.4% of our total number of employees.

#### ***Legal consequences and potential maximum penalties***

Pursuant to the agreements entered into between such third-party human resources agencies and our Company or our relevant PRC subsidiaries, the third-party human resources agencies have the obligation to pay social insurance and housing provident funds for our relevant employees, while in return we pay service fees to such agencies. Also, we are required to provide details necessary for the contribution and declaration of social insurance and housing provident funds, such as the amount of contribution. In particular, it is a term in the agreement that such agencies do not have the obligation to advance any contribution of social insurance and housing provident funds and in case we delay our payment to such agencies, such agencies are entitled to suspend their services. However, if any of such human resources agencies fail to pay the social insurance or housing provident funds for and on behalf of us as required by applicable PRC laws and regulations or if the relevant competent government authorities determine that our use of such agency arrangements does not satisfy the requirements under the relevant PRC laws and regulations, we may be subject to additional contribution, late payment fee and/or penalties imposed by the relevant PRC authorities for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify. This in turn may adversely affect our financial condition and results of operations.

In respect of housing provident funds, if we fail to process housing provident fund registrations or open housing provident fund accounts for employees, we shall be ordered by the housing provident fund administration centre to complete such procedures within a prescribed time limit; where failing to do so, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. If we fail to pay the full amount of housing provident fund as required, the housing provident fund management centre may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. As to the social insurance, if we fail to file the registration for social insurance, we shall be ordered rectification within a certain period of time; where failing to do so, we shall be fined more than one time and less than three times the amount of social insurance payable, and its directly responsible supervisors and other directly

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responsible persons shall be fined more than RMB500 and less than RMB3,000. We might be ordered to pay the outstanding balance within a certain period of time and might be subject to a daily overdue charge of 0.05% of the delayed payment amount, and the failure to contribute the social insurance within such a prescribed period may subject us to a fine of one to three times of the overdue amount further imposed by the competent authorities. As advised by our PRC Legal Adviser, the payment of social insurance and housing provident fund contributions through third-party human resources agencies will not in itself directly lead to fines or other penalties under the relevant PRC laws and regulations. Moreover, according to consultation with the relevant governmental authorities, the Company had not been imposed any penalty by such competent authorities due to the payment of social insurance and housing provident fund contributions through third-party human resources agencies during the Track Record Period. However, if the third-party human resources agencies fails to pay the social insurance or housing provident fund contributions for and on behalf of our employees, we may be subject to a fine of one to three times the amount of the outstanding social insurance contributions only if the relevant regulatory authorities order us to make ratification but we fail to rectify within the time period specified. We confirm with the third-party human resources agencies about the number of the employees, the payment amount and payment status on a monthly basis. Based on the amount of the social insurance for employees we instructed the third-party human resources agencies to pay in the latest month (i.e. December 2022), if the third-party human resources agencies failed to pay the social insurance premium for employees in that month and we failed to make the payment within the prescribed time limit, the maximum fine imposed on us would be approximately RMB15.3 million.

Further, as advised by our PRC Legal Adviser, if we can pay the outstanding balance to the relevant authorities within a certain period of time when we are required to do so, the likelihood of us being subject to fines by the relevant government authorities is low.

### ***Rectification actions taken***

Since FY2020, we have established branch offices in locations where our employees work to the extent plausible. As such, percentage of employees whose social security and housing provident funds were made through third-party agencies to our total number of employees decreased from 59.5% for FY2019 to 44.0% for 9M2022 and further to 32.4% as of the Latest Practicable Date.

Major third-party human resources agencies which in aggregate cover no less than 90% of the total amount paid by the Group during the Track Record Period have confirmed in writing that it had paid such contributions according to our agreements with them. As at the Latest Practicable Date, we are not aware of our Group companies having received any administrative penalty imposed by the relevant PRC authorities or labour arbitration application from employees for its agency arrangement with third-party human resources agencies and we are also not aware of the third-party human resources agencies that we cooperate with having failed to pay, or delayed in paying, any social insurance premium or housing provident fund contributions for our employees. We were also not aware of any employee’s complaints or demands for payment of social insurance or housing provident fund contributions during the Track Record Period and as at the Latest Practicable Date.

In addition, we have received a confirmation from Mr. Sun, our Controlling Shareholder, dated 17 July 2022, undertaking that in case that our Company incurs administrative penalties or economic losses if it is required by the relevant government authorities to pay relevant penalties due to the above-mentioned agency arrangements, he will indemnify our Company for such payments so that our Company will not suffer from any administrative penalties or economic losses in this regard.

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Based on the above, our Directors, as advised by our PRC Legal Adviser, are of the view that this non-compliance incident will not have a material adverse impact on our Group’s operations and financial conditions taken as a whole.

### *Internal control measures adopted*

In light of the foregoing, we have also adopted internal policies in relation to social insurance and housing provident funds, which include the following on-going measures:

- we have issued an internal notice to our senior management and human resources department in respect of the prohibition of the arrangement of third-party human resources agencies for the newly employed employees to ensure that they are informed of the new policy of such prohibition;
- our human resources department is responsible for conducting monthly review on social insurance and provident payment records to ensure that there are no incidents of such arrangement. If any incident of such arrangement is identified, the manager of our human resources department will report to our Directors for further actions;
- we will continue to provide trainings to our employees in relation to the relevant laws and regulations on social insurance and housing provident funds and the compliance requirements from time to time;
- the calculation of the social insurance and housing provident funds would be prepared by our human resources department and be reviewed by our finance department on a monthly basis in order to mitigate the risk of non-compliance with relevant laws and regulations; and
- we will continue to consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to enhance our awareness and to keep us abreast of relevant regulatory developments.

The Company has engaged the Internal Control Consultant to review the remedial measures taken by the Company to address these non-compliance incidents as set out in the above. The Internal Control Consultant did not raise any further recommendations. The internal control review was conducted based on information provided by the Company and no assurance or opinion on internal controls was expressed by the Internal Control Consultant. In addition, having considered the background of the non-compliance incidents above and the internal control measures adopted by us, our Directors are of the view, and the Joint Sponsors concur, that the enhanced internal control measures are adequate and effective to reasonably prevent re-occurrence of similar incidents.

During the Track Record Period, we have been progressively setting up branch offices in locations where our existing employees work to the extent plausible in order for us to directly pay for their social insurance and housing provident funds without the use of third-party human resources agencies. With a view to rectify such agency arrangement, we plan to set up branch offices in not less than 25 cities in the PRC (i.e. one branch office for one location) where our existing employees work and transfer their social insurance and housing provident fund accounts from third-party agencies to our newly established branch offices. Based on our rectification schedule, we expect that the transfer of accounts for around 85% of these employees as of the Latest Practicable Date will be completed within six months after [REDACTED]. Since the transfer of accounts of the remaining 15%, which represented less than 5% of our total number of employees, is subject to practical difficulties, such as employees who would still be on maternity leave or would be retired soon, we will closely monitor the situation of these employees and arrange to complete the

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rectification actions as early as possible on a case by case basis. Meanwhile, during the rectification transition period, we will continue to request existing third-party agents to provide payment details and confirmations to ensure that social insurance and housing provident funds are fully paid on a timely manner, and that they have paid such contributions for our employees.

As advised by our PRC Legal Adviser, during the Track Record Period, saved as disclosed in the above paragraphs headed “Engagement of third-party agencies to make contributions under various government-sponsored employee benefits plans”, we complied with all statutory employment, social security insurance fund and housing fund obligations under the applicable PRC laws and regulations in all material aspects. See “Risk Factors — Risks Relating to Our Business — We used third-party agencies to make contributions under various government-sponsored employee benefits plans, which may subject us to penalties.”.

### **Our relationship with employees**

We enter into standard employment contracts with our staff. We also enter into standard confidentiality and non-compete agreements with our senior staff and key R&D technical staff. As of 30 September 2022, we also have a labour union in Shanghai and a labour union in Conghua, consisting of 280 members, and 1,220 members respectively. We believe that we maintain a good working relationship with our employees and we have not experienced any material disputes with our employees in our history.

## **PROPERTIES**

As at the Latest Practicable Date, we did not own any real property.

As at the Latest Practicable Date, we leased and occupied 24 properties in 11 cities, primarily including Shanghai, Guangzhou, Shenzhen, Nanjing, Beijing, Dalian and Chengdu, with an aggregate gross floor area of 2,994 square metres, which were used as offices and staff quarters (i.e. non-property activities as defined under Rule 5.01(2) of the Listing Rules), and 57 office cubicles, which were used as offices. Our leased properties are leased from Independent Third Parties. The relevant rental agreements provide lease expiration date ranging from 2023 to 2025.

As at 30 September 2022, none of our leased properties accounted for 15% or more of our consolidated total assets. Pursuant to Chapter 5 of the Listing Rules and Article 6(2) of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice, this document is exempt from compliance with Section 342(1) of the Companies (Winding-up and Miscellaneous Provisions) Ordinance (b) section, which requires that all land or building interests be included in the valuation report described in paragraph 34(2) of Schedule III of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

### **Leased properties with title defects and inconsistency with permitted use**

As at the Latest Practicable Date, five of our leased properties (including four in Shanghai and one in Chengdu) had title defects, which were due to lessors’ failure to prove the fulfilment or completion of legal procedures relating to collectively owned land or allocated land in the PRC. We had been actively communicating with the lessors, requiring valid ownership certificates or authorisation for leasing. In addition, the current usage of three (all in Shanghai) out of these five leased properties, one leased property in Guangzhou and one leased property in Beijing were inconsistent with the respective permitted usage stated in the building ownership certification. Currently, these leased properties were used as offices, while the permitted usage under the building ownership certification was warehouse or hostel.

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With respect to our leased properties with title defects, as advised by our PRC Legal Adviser, according to the relevant laws and regulations, in situations where a lessor fails to complete legal procedures relating to collectively owned land or allocated land in the PRC, the relevant lease agreement may not be valid or enforceable and we may face challenges from third parties regarding our leasehold right. Nonetheless, as advised by our PRC Legal Adviser, it is the lessors’ responsibility to comply with the relevant requirements and to obtain the relevant ownership certificate or authorisation for leasing. Any failure to fulfil such procedures may subject the relevant lessors to penalties imposed by the competent PRC government authorities and if the lessors do not have the requisite rights to lease the defective leased properties, the relevant lease may be deemed invalid and unenforceable. As a tenant, even though we are not subject to any administrative punishment or penalties under relevant laws and regulations, our use of the defective leased properties may be affected by third parties’ claims or challenges against the lease and we may be required to vacate from such properties and relocate our office. Our PRC Legal Adviser are of the view that the title defects of our leased properties will not have a material adverse impact on our business operations because (i) the leases of such leased properties had not been deemed invalid by any competent PRC government authority during the Track Record Period and up to the Latest Practicable Date; (ii) we had not received any rectification order, nor had we been requested to terminate the lease or relocate due to the aforementioned title defects, nor had we been otherwise adversely affected or suffered any loss during the Track Record Period and up to the Latest Practicable Date; and (iii) our Directors considered that in case we are required to vacate from such properties and relocate our office, we will be able to find comparable properties to relocate and the costs and expenses we may incur for relocation will be immaterial and as such, it will not individually or collectively have a material adverse effect on our business, financial condition or results of operations.

With respect to leased properties which usage were inconsistent with the respective permitted usage, as advised by our PRC Legal Adviser, we might be ordered to rectify the inconsistency in the use of leased properties within a prescribed period, failing which we may be required to vacate from such properties and relocate our office. Our PRC Legal Adviser are of the view that our continuing operations will not be materially affected because (i) it is primarily the lessor’s responsibility to ensure the actual usage is consistent with the approved usage, and to the extent necessary, to complete the relevant “change of registration” procedures with the competent authorities to register the changed usage, and the risk of the lessee being subject to any material administrative punishment or penalties because of the lessor’s failure to complete such procedures is relatively low; (ii) there was no administrative actions or punishments have been initiated or imposed on us, nor had we receive any challenge to our right to occupy and use the properties upon it; and (iii) our Directors are of the view that, if the inconsistency with permitted land use prevents us from continuing the lease so that we are required to vacate from such properties and relocate our office, we will be able to find comparable properties to relocate and the costs and expenses we may incur for relocation will be immaterial and as such, it will not individually or collectively have a material adverse effect on our business, financial condition or results of operations.

### **Lease registration**

Pursuant to the applicable PRC laws and regulations, lease agreements must be registered with local branch of Ministry of Housing and Urban-Rural Development of the PRC within 30 days after the execution of such lease. As at the Latest Practicable Date, leases of 22 of the 24 properties had not been registered with the relevant competent authorities, primarily due to the difficulty of gaining cooperation from the landlords. Registration of lease agreements requires the landlords’ cooperation, including submitting their identity documentations and building title certificates to the relevant authorities. As advised by our PRC Legal Adviser, the failure to register the lease agreements for our leased properties for actual use will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the

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prescribed timeframe, and the estimated total maximum penalty for those leased properties would be RMB220,000 if we fail to complete the registration within the prescribed timeframe. As at the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to register the leases described above.

### INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain insurance policies covering damages to our technology infrastructure or properties. During the Track Record Period, we did not make any material insurance claims in relation to our business. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. For further information, see “Risk Factors — Risks relating to our business — We may not have sufficient insurance coverage to cover our potential liability or losses and, as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.”.

### LICENCES AND PERMITS

During the Track Record Period and as at the Latest Practicable Date, we had obtained all requisite licences, approvals and permits from relevant authorities that are material to our operations in the PRC in accordance with applicable PRC laws and regulations, and such licences, approvals and permits had remained in full effect. Our Directors confirm that there is no material legal impediment to renewing business licences for our PRC subsidiaries.

The following table sets forth the material licence and permit currently held by us:

<b>Name of Licence, Permit and Approval</b>	<b>Holder</b>	<b>Expiry Date</b>
Labour Dispatch Operation Permit	Shanghai Harvest	10 October 2025
Labour Dispatch Operation Permit	Mecool Marketing	7 April 2023
Labour Dispatch Operation Permit	Retail Winner	18 March 2023
Labour Dispatch Operation Permit	Winning Marketing Services	19 March 2023
Human Resources Service Permit	Plus Shanghai	10 April 2024
Human Resources Service Permit	Winning Marketing Solution	10 April 2024
ISO 9001:2015	Winning Marketing Solution	16 November 2023
ISO 9001:2015	Mecool Marketing	16 November 2023
ISO/IEC 27001:2013 (the Information Security Management System that supports development and applicate of promotion management system)	Plus Shanghai	19 July 2024

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### AWARDS AND RECOGNITION

During the Track Record Period and up to the Latest Practicable Date, we received a number of awards and recognitions in connection with our business and services. Representative awards and recognitions are set forth below:

Award/Recognition	Award Year	Awarding Institution/Authority
2019 Excellent Enterprise Best Development Quality Award in Waigang Town	2019	CPC Shanghai Jiading District Waigang Town Committee and People’s Government of Waigang Town, Jiading District, Shanghai
2019 Best Comprehensive Capability Award in Jiading New City (Malu Town)	2020	CPC Jiading New City Working Committee, Jiading New Town Management Committee, CPC Malu Town Committee and People’s Government of Malu Town
2019 Best Development Award in Jiading New City (Malu Town)	2020	CPC Jiading New City Working Committee, Jiading New Town Management Committee, CPC Malu Town Committee and People’s Government of Malu Town
Agency Scope China 2019/20 — 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	2020	Scopen and R3 Worldwide
2019 Jiading District Integrated Modern Service Industry Comprehensive Capability Silver Award	2020	People’s Government of Jiading, District Shanghai
2020 Excellent Enterprise Best Development Quality Award in Waigang Town	2021	CPC Shanghai Jiading District Waigang Town Committee and People’s Government of Waigang Town, Jiading District, Shanghai



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Award/Recognition	Award Year	Awarding Institution/Authority
2020 Jiading District Modern Service Industry Comprehensive Capability Silver Award	2021	People’s Government of Jiading District, Shanghai
Dun & Bradstreet Registered Certified Enterprise	2021	Dun & Bradstreet
2021 Excellent Enterprise Best Development Quality Award in Waigang Town	2021	CPC Shanghai Jiading District Waigang Town Committee and People’s Government of Waigang Town, Jiading District, Shanghai
2021 Top 50 Modern Service Industry in Jiading District	2022	People’s Government of Jiading District, Shanghai
Peer Struggle 1000	2022	Huawei’s Consumer Business in the Greater China Area

## LEGAL PROCEEDINGS AND COMPLIANCE

### Legal proceedings

We may be subject to legal proceedings, investigations and claims arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, 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 operations.

#### *Legal proceedings involving installation of an advertisement billboard*

During the Track Record Period, we were involved in one legal proceeding involving fatality of a passenger. Mecool Marketing was engaged by one of our customers to install an advertisement billboard of a commercial shop owned by the plaintiff. Mecool Marketing then subcontracted the installation to one of our event consumables related services providers, the person in charge of which handed the work to a third person, who did not have the qualifications for construction and installation. In July 2020, such advertisement billboard fell off and struck a passenger and led to the passenger’s death. The plaintiff, being the owner of the said commercial shop, sued Mecool Marketing (amongst the lessee of the commercial shop, the event consumables related services provider, the third person who installed the billboard and other parties) on joint and several basis for the civil liability of the passenger’s death for civil liability and compensation of RMB1.06 million together with legal costs. Pursuant to the judgement by the People’s Court of Yingdong District, Fuyang City, Anhui Province handed down in September 2021, (i) the claim against Mecool Marketing was dismissed and (ii) the event consumables related services provider and the third person who installed the billboard was jointly and severally liable to compensate RMB170,000. In October 2021, each of the plaintiff and the third person who installed the billboard appealed against the judgement. In July 2022, Mecool Marketing received a notice from the court that the appeal case would be heard in August 2022. On 31 August 2022, the Intermediate People’s Court of Fuyang Municipality, Anhui

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Province handed down the final judgement regarding the appeal case, pursuant to which the first-instance judgement was upheld and the appeal case was dismissed. As advised by our PRC Legal Advisers, the judgement is a final and conclusive judgement in respect of the incident according to the judgement.

In order to prevent recurrences of the incident, we have adopted various internal policies and procedures, particularly concerning the selection, evaluation and supervision of the suppliers and subcontractors in accordance with the applicable laws and regulations.

We have implemented Supplier Management System (《供應商管理制度》) to regulate our suppliers’ conduct and set out the principles of supplier shortlisting, selection and evaluation as well as responsibilities of the relevant departments. In particular,

- a complete and rigorous credit, qualification and background check shall be conducted before new suppliers can be added to the approved supplier shortlist. Such credit check shall be performed on government websites or on well-recognised third-party search platform and include compliance check (such as whether the candidates are in abnormal operating condition due to credit default or failure to fulfil legal obligations, and whether they are subject to high risk of legal, arbitration or punishment) and shareholding check (such as whether any of the suppliers’ shareholder is a connected person or government organisation). We should visit the office of the supplier for on-site due diligence;
- any framework agreement or contract entered into shall be reviewed by our compliance team to determine whether any provisions are unfavourable or would pose a risk to our Group. Personnel and qualification clause shall be included in the contract to ensure that the supplier will provide qualified, skilled and prudent labour and personnel in sufficient number in accordance with the relevant industry standards and practices for the proper performance of the contract. Suppliers shall be prohibited to use or permit any subcontractor to use any labour and personnel deemed to be incompetent, careless or unqualified for the performance of the contract. Suppliers are required to submit personnel authorisation form to undertake that each labour and personnel, including those provided by the subcontractor are qualified, licensed and insured to the extent required by the application law and regulations for the performance of the contract. The credit and background check result, together with executed agreement or contract shall be submitted to our head of procurement for approval before shortlisted suppliers can be added to our list of approved suppliers. Any approved suppliers who have discontinued their business relationship with us for 12 consecutive months should be removed from the list of approved suppliers and in the future, subject to the same shortlisting assessment procedures; and
- approved suppliers shall be evaluated both on a single transaction basis and on an annual basis based on different criteria such as quality of the products or services provided, level of cooperation, emergency supply capacity, and their settlement history. The evaluation report of each of the suppliers shall be provided to the head of procurement. Approved suppliers who fail to pass the evaluation shall be removed from the list of approved suppliers. Suppliers who had been involved in illegal or illicit activities and provision of counterfeit and substandard goods or services shall be blacklisted.

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We have introduced Business Outsourcing Internal Control Management Handbook (《業務外包管理-內控管理手冊》) to provide an overview of the procedures in relation to business outsourcing, which covers the outsourcing system, staff roles and responsibilities, and initiation, implementation and auditing of business outsourcing. In particular,

- the subcontractor selection process shall be open, fair and impartial and merit-based, and should comply with relevant tendering laws if tendering is opted. Our employees shall in no circumstances accept any bribes, rebates or other forms of benefits in the selection process. Subcontractors and their employees shall not solicit business through improper means, such as offering bribes, rebates or other forms of benefits;
- the procurement department shall submit executed business outsourcing contracts to finance department and other relevant department for record. Measures shall be taken to ensure that our subcontractors strictly fulfil and comply with the business outsourcing contracts;
- subcontractor’s performance of the contract shall be assessed on an on-going basis. Regular and unscheduled on-site inspection shall be carried out to monitor the performance of the subcontractor and assessment results will be recorded. The outsourcing business contract shall be terminated promptly if there is any material breach; and
- acceptance test shall be conducted by our relevant department or staff. Certificate of acceptance shall be issued in case of acceptance, and any abnormalities found during acceptance process shall be reported immediately and dealt with in a timely manner. The assessment results shall be submitted as part of the attachments for payment application, and the payment amount shall be determined based on the payment terms set out in the contract and payment shall be released after obtaining approvals from the head of outsourcing management, finance department and the financial controller.

In addition to the above, with a view to avoid doubts and confusions in relation to liabilities arising from the performance of our supplier contracts, we have standardised our supplier contracts with provisions stipulating that the suppliers and/or subcontractors shall be solely and fully liable for any loss of life, injury or property damage caused by them during the production, installation and insertion processes, and the same shall also apply to any loss of life, injury or property damage caused by the defects of the products supplied by the suppliers and/or subcontractors during the warranty period.

Based on the above, we have implemented adequate and effective enhanced internal measures internally to prevent the recurrence of the incident.

***Incident of Winning Marketing Solution being mentioned in a criminal judgement in relation to a bribery case of an Independent Third Party***

One of our principal operating subsidiaries, Winning Marketing Solution, was mentioned (the “**Mention**”) in a criminal judgement (the “**Judgement**”) handed down by Shanghai Putuo District People’s Court (上海市普陀區人民法院) on 27 August 2020 related to a bribery case of Zhang Chu (張楚) (“**Mr. Zhang**”), a government officer who is an Independent Third Party, in 2014 and 2015 (the “**Incident**”). At the relevant time, our executive Director Mr. Sun was the sole director and the legal representative of Winning Marketing Solution and he is currently holding the same positions in Winning Marketing Solution. Also, at the relevant time, our executive Director Mr. Yang was the financial controller of Plus Shanghai, the holding company of Winning Marketing Solution, and the deputy general manager of the Group.

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Our Directors consider that such Incident does not negatively impact on our Directors’ suitability to act as a director under Rules 3.08 and 3.09 of the Listing Rules, taking into account, among others to be discussed below, a confirmation dated 20 October 2022 issued by Shanghai Putuo District People’s Procuratorate (上海市普陀區人民檢察院) and Shanghai Putuo District People’s Court (上海市普陀區人民法院) (collectively, the “**Competent Authorities**”), being the authorities directly responsible for the prosecution, adjudication and handing the Judgement in connection with the Incident, confirming that they had not found any of Winning Marketing Solution and its shareholders, their respective legal representatives, directors and other relevant personnel having been involved in the crime of offering bribes by an unit (單位行賄罪) or the crime of offering bribes by individual (行賄罪) in Mr. Zhang’s case, or having been filed, prosecuted, tried and/or sentenced, or having been taken mandatory measures for such reason (the “**Confirmation Letter**”).

A detailed discussion of the Incident which formed the basis of the Directors’ view is as follows:

(i) *Background, nature, causes and consequences of the Incident*

In late 2014, Winning Marketing Solution was verbally informed by Labour Supervision Corps\* of Putuo District, Shanghai (上海普陀區勞動監察大隊) (the “**Putuo Supervision Corps**”) that a former unnamed employee of Winning Marketing Solution had made a complaint (the “**Complaint**”) to the Putuo Supervision Corps against Winning Marketing Solution, disputing the amount of social insurance payable by Winning Marketing Solution to the employee. Consequently, with the aim to enhance its understanding of employment, labour and social insurance laws, Winning Marketing Solution consulted the Putuo Supervision Corps and was recommended by Mr. Zhang, the then vice head (副大隊長) of the Putuo Supervision Corps, to engage Shanghai Huishun Enterprise Management Co., Ltd.\* (上海惠順企業管理有限公司) (“**Shanghai Huishun**”) for obtaining labour-related consultancy and training services. A human resources policy consultancy service agreement\* (《人力資源政策諮詢服務會員協議》) (“**HR Services Agreement**”) was entered into between Winning Marketing Solution and Shanghai Huishun in October 2014.

According to the terms of to the HR Services Agreement, Shanghai Huishun shall provide labour-related consultancy and training services, including training its employees on PRC labour laws and management of human resources and attendance to related enquiries (the “**Trainings and Advisory Services**”), for which Winning Marketing Solution paid RMB30,000 (the “**Contractual Price**”). Since the expiry of the HR Services Agreement on 30 September 2015 and up to the Latest Practicable Date, our Group had not had any further cooperation or any other relationship with Shanghai Huishun. The Group had not received any formal enquiries, claims or potential claims in relation to the cooperation with Shanghai Huishun.

On 27 August 2020, Shanghai Putuo District People’s Court (上海市普陀區人民法院) handed down the Judgement stating that pursuant to the applicable PRC laws, Mr. Zhang was convicted for, among others, taking advantage of his various government positions and receiving bribes from various individuals and entities between 2014 and 2019. It was mentioned in the Judgement that between 2014 and 2015, Mr. Zhang, as the then vice head of Putuo Supervision Corps, received bribes in the name of “consulting fees” via Shanghai Huishun from multiple entities including Winning Marketing Solution.

As at the Latest Practicable Date, Winning Marketing Solution, Mr. Sun, Mr. Yang or any of our other Directors and employees had not been subject to any formal investigation, and had not received any claims and potential claims in connection with the Incident.

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As confirmed by our PRC Legal Adviser, the Mention has no legal implication or consequence which has material adverse effect on the Company mainly because according to the Criminal Procedure Law of the PRC (《中華人民共和國刑事訴訟法》), no one can be determined guilty without the verdict of the people’s court according to law, neither Winning Marketing Solution, its shareholder nor any of their respective directors and employees had been named as a defendant to the Judgement, and despite the conviction of Mr. Zhang in the Judgement and the Mention, the Judgement has no adverse legal consequences on Winning Marketing Solution.

(ii) *Views of our Directors and the Joint Sponsors on the Directors’ suitability to act as a director under Rules 3.08 and 3.09 of the Listing Rules*

Our Directors considered that the Incident does not affect Mr. Sun and Mr. Yang’s suitability as our Directors under Rules 3.08 and 3.09 of the Listing Rules. Our Directors consider that the followings justified that Winning Marketing Solution, its directors and employees were not involved in the bribery case as alleged in the Judgement:

1. Winning Marketing Solution was not aware of Mr. Zhang’s relationship with Shanghai Huishun before entering into and during the term of the HR Services Agreement

As part of Winning Marketing Solution’s internal control policy, as confirmed by the then human resource manager, (who is currently holding the position of an other manager) of Winning Market Solution, (the “**Then HR Manager**”), a background search was conducted online against Shanghai Huishun in 2014 prior to entering into the HR Services Agreement to understand the directorship and shareholding structure of Shanghai Huishun, and nothing has come to the Then HR Manager’s attention that may cast doubt on Shanghai Huishun.

2. The transactions under the HR Services Agreement were reasonable and genuine

There was a reasonable and genuine commercial logic in the transaction under the HR Services Agreement. Winning Marketing Solution’s principal business involves acting as customers’ agents and assisting them in recruitment, management of human resources-related administration matters, appraisal and trainings of sales and marketing field force. In light of the importance of human resources to its business model, it was reasonable for Winning Marketing Solution to engage Shanghai Huishun for the provision of Trainings and Advisory Services. Trainings and Advisory Services was in fact then provided by Shanghai Huishun in accordance with the terms and service scope of the HR Services Agreement for the Contractual Price. Hence, our Directors believe the transactions between Winning Marketing Solution and Shanghai Huishun were reasonable and genuine.

3. Winning Marketing Solution had no ulterior illegal motives for entering into the HR Services Agreement. There was no connection between (i) the issuance of Winning Marketing Solutions’ Human Resources Service Permit (the “**Permit**”), being the only permit related to human resources that Winning Marketing Solution holds, and (ii) the HR Services Agreement

As advised by our PRC Legal Adviser, the Human Resources and Social Security Bureau of Shanghai Jiading District (上海嘉定區人力資源和社會保障局) (the “**Jiading HR Bureau**”) is the competent authority in charge of vetting and approval of the issuance, renewal and revocation of the Permit. As further confirmed by the Jiading HR Bureau during an onsite due diligence interview, the Jiading HR Bureau is the responsible and competent authority to issue such Permit to Winning Marketing Solution, and the Permit historically and currently held by

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Winning Marketing Solution was issued by the Jiading HR Bureau, whereas the Human Resources and Social Security Bureau of Shanghai Putuo District (上海普陀區人力資源和社會保障局) (“**Putuo HR Bureau**”) does not have the authority to consider the granting of Permit to companies registered in the Shanghai Jiading District. As advised by our PRC Legal Adviser and as further confirmed by the Putuo HR Bureau during an onsite due diligence interview, from 2004 (i.e. the year in which Winning Marketing Solution was established) to date, the Putuo Supervision Corps has never had the authority to participate in the vetting process concerning the Permit. Accordingly, as confirmed by our PRC Legal Adviser and based on the due diligence interview with the Jiading HR Bureau, according to the applicable PRC laws, Mr. Zhang did not have the relevant authority to participate in the process concerning the vetting and approval for the issuance of the Permit to Winning Marketing Solution.

Moreover, as advised by the Company’s PRC Legal Adviser and confirmed by the Jiading HR Bureau during onsite due diligence interview, Winning Marketing Solution has uninterruptedly been holding the valid and effective Permit issued by the Jiading HR Bureau since April 2011 to date and none of such Permit has ever been revoked nor suspended.

Furthermore, as confirmed by the Jiading HR Bureau, no major penalty had been imposed on Winning Marketing Solution since its establishment in 2004 by the Jiading HR Bureau and the Jiading HR Bureau was not aware of any complaint made against Winning Marketing Solution. Our Directors therefore consider that the issuance and maintenance of the Permit over the years was due to our Group’s compliance of human resource related-matters in material aspects, but not the signing of the HR Services Agreement.

4. Our Directors had no participation in the entering of the HR Services Agreement in 2014 and only had knowledge of the HR Services Agreement in 2021

As confirmed by the Then HR Manager and other relevant employees who were responsible for the negotiation and the approval of the HR Services Agreement, pursuant to the internal guidance on the approval procedures for expenditures at the material times, transactions with an amount of less than RMB50,000 did not require the approval of the then director of Winning Marketing Solution (i.e. Mr. Sun). Accordingly, none of our Directors (a) was involved in the negotiation, approval and entering into of the HR Services Agreement with Shanghai Huishun and the payment to Shanghai Huishun; (b) had any personal contact with either Mr. Zhang or Shanghai Huishun. Our Directors only discovered the Judgement in early 2021 during our routine monitoring of media public opinion, and we took prompt action to engage our external PRC legal counsel to evaluate and mitigate any potential impact of the Judgement on Winning Marketing Solution’s reputation and business interests by, among other measures, exploring the practicality of an appeal.

5. Winning Marketing Solution, Mr. Sun and Mr. Yang were not convicted for seeking illegal benefits via bribery nor named as a defendant to the Judgement

As confirmed by our PRC Legal Adviser, the Judgement did not mention that Winning Marketing Solution, Mr. Sun, Mr. Yang and other senior management of the Group had sought any illegitimate gain or interest through Shanghai Huishun or Mr. Zhang had offered any illegal help to Winning Marketing Solution. Furthermore, according to the public searches conducted via [wenshu.court.gov.cn](http://wenshu.court.gov.cn) (中國裁判文書網), the website of Supreme People’s Procuratorate (最高人民檢察院網站), the website of Supreme People’s Court (人民法院公告網), China’s Enforcement Information Disclosure Website (中國執行信息公開網), our PRC Legal Adviser did not find Winning Marketing Solution, Mr. Sun, Mr. Yang and other senior management of

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our Group having been convicted by any people’s court for seeking illegal benefits via bribery in relation to the Incident; under the principle of presumption of innocence (i.e. innocence is presumed until guilt is established by trial) and the principle that no one can be determined guilty without the verdict of the people’s court under the Criminal Law of the PRC (中華人民共和國刑法) and the Criminal Procedure Law of the PRC (中華人民共和國刑事訴訟法), and given none of Winning Marketing Solution, Mr. Sun, Mr. Yang and other senior management of our Group was named as a defendant to the Judgement, our PRC Legal Adviser is of the view that there are no reasonable circumstances that would lead the Company’s PRC Legal Adviser to believe that Winning Marketing Solution, Mr. Sun, Mr. Yang and other senior management of the Group are guilty in relation to the Incident.

6. We have obtained the Confirmation Letter from the Competent Authorities

In October 2022, the Competent Authorities issued the Confirmation Letter confirming they had not found any of Winning Marketing Solution and its shareholders, their respective legal representatives, directors and other relevant personnel having been involved in the crime of offering bribes by an unit (單位行賄罪) or the crime of offering bribes by individual (行賄罪) in Mr. Zhang’s case, or having been filed, prosecuted, tried and/or sentenced, or having been taken mandatory measures for such reason. Our PRC Legal Adviser is of the view that in terms of criminal proceedings and the outcome of the Judgement, the Confirmation Letter justifies that Winning Marketing Solution, its shareholders, their respective legal representatives, directors and other relevant personnel were not involved in the bribery case of Mr. Zhang. Please also refer to the sub-section immediately following which set out the interpretation and basis of our PRC Legal Adviser on the Confirmation Letter.

Based on the foregoing, the Joint Sponsors concurred with our Directors’ view that the Incident did not impact on our Directors’ suitability to act as a director under Rules 3.08 and 3.09.

*(iii) Views of our PRC Legal Adviser on the Confirmation Letter from Competent Authorities*

Our PRC Legal Adviser’s interpretation of the Confirmation Letter as aforementioned is as follows:

- (i) according to the Criminal Law of the PRC, the crime of offering bribes by an unit (單位行賄罪) refers to “Where an unit offers bribes for the purpose of securing illegitimate benefits or, in violation of State regulations, gives rebates or service charges to a State functionary”, and the crime of offering bribes (行賄罪) refers to “giving money or property to a State functionary for the purpose of securing illegitimate benefits”. The Judgement did not mention that Winning Marketing Solution, its shareholders and their respective legal representatives, directors and other relevant personnel have sought any improper income or benefits through Shanghai Huishun, nor has Mr. Zhang provided any illegal help to Winning Marketing Solution. Based on the Confirmation Letter and the relevant laws and regulations of PRC, our PRC Legal Adviser is of the view that the Competent Authorities have confirmed that Winning Marketing Solution, its shareholder, and their respective legal representatives, directors and other relevant personnel have not been convicted of a crime in the Mr. Zhang’s case.

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- (ii) according to the Criminal Procedure Law of the PRC, the criminal proceedings for a criminal case includes the stages of case filing, investigation, initiation of public prosecution, trial and execution of the case, etc. The “mandatory measures” means such measures taken by the competent authority against the criminal suspect or defendant as compelled to appear before a judge to await trial on bail, put his residence under surveillance, arrest and detention, etc., in light of the circumstances of the case. Based on the Confirmation Letter and the relevant laws and regulations of PRC, our PRC Legal Adviser is of the view that the Competent Authorities have confirmed that Winning Marketing Solution, its shareholder, and their respective legal representatives, directors and other relevant personnel have not been involved in the criminal proceedings or being taken mandatory measures in the Mr. Zhang’s case.

Based on the above, our PRC Legal Adviser is of the view that in terms of the criminal proceedings and the outcome of the Judgement, the Confirmation Letter justifies that Winning Marketing Solution, its shareholder, and their respective legal representatives, directors and other relevant personnel were not involved in the bribery case of Mr. Zhang.

(iv) *Enhanced internal control measures*

We have taken or will take remedial actions promptly to prevent recurrence, including:

1. With the assistance of our external annual retainer counsel, the compliance department in charge of our overall compliance has set up internal legal compliance policies, and will continue to review, monitor and oversee compliance with laws and regulations relevant to our operations as well as the adequacy and effectiveness of regulatory compliance procedures and system on an ongoing basis;
2. The human resource department has established policies with respect to the payment and calculation of social insurance and housing provident fund contributions in accordance with the relevant PRC laws, and the personnel with relevant knowledge and expertise closely follow up with changes or updates to the relevant PRC laws to ensure that we keep abreast of any development in the relevant PRC laws. The payroll of all staff (including the calculation of social insurance) shall be checked by the senior personnel of the human resource department to ensure the correctness and compliance with regulatory requirements;
3. We have established Anti-corruption and Anti-commercial Bribery Guidance\* (反腐敗、反商業賄賂規定), which governs our business activities in the course of ordinary course of business with our customers, suppliers, service providers and contractors, pursuant to which (a) all of our customers, suppliers, service providers and contractors shall comply with such guidance by entering into a separate Anti-commercial Bribery Agreement\* (反商業賄賂協定) with us, and (b) our key employees are requested to sign Integrity and Self-discipline Undertakings\* (廉潔自律承諾書) before signing contracts on behalf of us;
4. Our established procedures of management of selection of the suppliers (供應商管理制度) requires that, for the selection of third-party suppliers, sufficient due diligence on the credibility of the suppliers and the shareholdings’ structure (including the ultimate beneficial owner) shall be performed to ascertain, amongst other matters, whether the supplier has any government background. After being selected by us, the suppliers shall enter into Anti-commercial Bribery Agreement (反商業賄賂協定) with us;



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5. We have introduced a reporting mechanism and regular declarations of conflicts of interests for all staff and whistleblower policy (such as the setting up of the hotline and designated email account for reporting), as well as provide regular training on corruption and bribery prevention. Any employee found in breach of our anti-bribery and corruption policies and procedures will be disciplined or subject to other punishment;
6. We have established crisis management procedures, which require the employees to report incidents of any significance (such as the investigation/inspection/queries by the authorities) to the designated senior persons for internal handling and assessment; and
7. We will also consult the PRC Legal Adviser, or other legal advisors, if necessary, to provide assistance in legal and compliance matter.

In preparation for the [REDACTED], we have engaged an Independent Third Party consultant (the “**Internal Control Consultant**”) to perform a review over selected areas of our internal controls over financial reporting in July 2022 (the “**Internal Control Review**”). The selected areas of our internal controls over financial reporting that were reviewed by the Internal Control Consultant included anti-corruption and anti-bribery, and compliance of applicable PRC regulations in relation to the social insurance and housing provident fund.

The Internal Control Consultant performed the follow-up reviews in October 2022 to review the status of the management actions taken by the Group to address the findings of the Internal Control Review (the “**Follow-up Review**”). The Internal Control Consultant did not have any further recommendation in the Follow up Review except for the establishment of the required terms and reference of the Board and its committee (including the appointment of the required Directors), which is expected to be completed by the Group before the [REDACTED]. The Internal Control Review and the Follow-up Review were conducted based on information provided by the Group and no assurance or opinion on internal controls was expressed by the Internal Control Consultant.

Having considered the background of the Mention and the Incident above and the internal control measures adopted by us, our Directors are of the view, and the Joint Sponsors concur, that our enhanced internal control measures are adequate and effective to reasonably prevent re-occurrence of similar incidents.

### 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.

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### RISK MANAGEMENT AND INTERNAL CONTROLS

We have designated responsible staff in our Group to monitor the ongoing compliance by our Group with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of any necessary measures. In addition, we plan to provide our Directors, senior management and relevant employees with continuing training programmes and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance. In addition, we have adopted a set of internal rules and policies governing the conduct of our employees. We have established a monitoring system to ensure that our employees comply with our internal rules and policies as well as the applicable laws and regulations.

We have appointed Guotai Junan Capital Limited as our compliance adviser with effect from the date of the [REDACTED] to advise on ongoing compliance with the Listing Rules and the applicable securities laws and regulations in Hong Kong. During the Track Record Period, our Directors did not identify any material internal control weaknesses or failures. Our Directors are of the view that we have adequate and effective internal control procedures, that the suitability and competency of our Directors is compliant with Rules 3.08 and 3.09 of the Listing Rules, and that our Company is suitable for [REDACTED] under Rule 8.04 of the Listing Rules.

#### Financial reporting risk management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, budget management policies, financial statements preparation policies and finance department and staff management policies. We have various procedures in place to implement these accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular trainings to our finance department staff to ensure that they understand our accounting policies.

As at 30 September 2022, our finance team consisted of 23 staff and was headed by Ms. Chen Li, our financial controller, who had more than 21 years of experience in managing financial affairs and was accredited as a non-practising member by the Shanghai Institute of Certified Public Accountants in March 2014 and as a Certified Management Accountant (CMA) in January 2019. For details on biography of Ms. Chen Li, our financial controller, see “Directors and Senior Management — Senior management” in this document. Our finance team has four divisions, namely the capital management division, accounting division, financial analysis division and project financial management division. Each division has its own designated responsibilities, and the division heads are required to report to our financial controller. Each division is required to provide relevant financial information in a timely manner to assist the preparation of the financial report and shall be responsible for the completeness and accuracy of the information provided.

#### Information system risk management

As at 30 September 2022, our innovation centre team, which was responsible for innovation and R&D, had 50 R&D staff and was headed by Mr. Cui Yanan, our technical controller, who had over 15 years of experience in technology development. For details on biography of our technical controller, see “Directors and Senior Management — Senior management” in this document.

We have implemented various internal procedures and controls to ensure that our data are protected and that leakage and loss of any information is avoided. According to our implemented IT measures, all access keys to our servers, operating systems, network infrastructure, computers, document files must contain at least eight numbers, upper characters and lower characters, and must be changed regularly and in any event should not remain unchanged for more than 90 days. The same requirements also apply to the

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access keys to our databases and our operating service software. In addition, we have set up appropriate backup strategy to back up our database, our database will be backed up regularly and we have designated specialised staff to check and monitor the records of backups on a daily basis, and resolve anomalies promptly, if any. Moreover, we have formulated a contingency and data recovery plan for the unlikely event of data disaster and we conduct data disaster drills on a regular basis. Lastly, we conduct regular health check of our software to protect them from computer viruses. We utilise anti-virus software built-in our operating system that delivers comprehensive, ongoing and real-time protection, to protect our information system from software threats, such as computer viruses, malware and spyware.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of data, nor did we experience any material infringement and/or unauthorised use of our copyrighted software intellectual properties.

### **Regulatory compliance risk management**

With the assistance of our external annual retainer counsel, our compliance team, who is in charge of our overall compliance, has set up internal legal compliance policies and will continue to review, monitor and oversee compliance with laws and regulations relevant to the Group’s operations as well as the adequacy and effectiveness of regulatory compliance procedures and system on an ongoing basis. We will also consult legal counsels, if necessary, to provide assistance in legal and compliance matter. Our staff manual has set out the general principals relating to contracts and the relevant laws and rules for our staff to follow. Relevant accounting and management internal control system and procedures have been put in place to ensure the compliance with Listing Rules. Further, we have designated staff under our shared service centre team to (i) keep track of our on-going litigations and disputes, document their status and provide an update summary to the senior management for review on a monthly basis; and (ii) obtain and maintain all the necessary permits and licences required for our operations. In addition, our human resource team has established policies with respect to the payment and calculation of social insurance and housing provident fund contributions in accordance with the relevant PRC laws and the staff with relevant knowledge and expertise is required to closely follow up with changes or updates to the relevant PRC laws to ensure that we can keep abreast of any development in the relevant PRC laws. The payroll of our employees (including the calculation of social insurance) shall be checked by the senior staff of our human resource team to ensure the correctness and compliance with regulatory requirements. We continuously improve our internal policies according to changes in laws, regulations and industry standards to ensure ongoing compliance.

### **Credit risk management**

Our credit risk is primarily attributable to trade receivables, financial assets included in prepayments, other receivables and other assets, and cash deposits at banks. We manage credit risks primarily through the following measures:

- we have implemented “know-your-customer” procedures and credit check to ascertain the background of our potential customers by obtaining their business registration licence;
- we perform credit assessment on potential customers, and require them to prepay for our services before reaching certain threshold to minimise our credit risk exposure;
- we closely monitor the level of our trade receivables and other financial assets and take appropriate action to recover or minimise our loss where we foresee that our customer may default in its obligation; and

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- we have credit policy with respect to the credit period granted to our customers depending, on their reputation and size of business, which are subject to our on-going review and revision.

### **Operation risk management**

We are exposed to various risks in the operations of our business, and we believe that risk management is important to our success. Key operational risks we face include, among others, (i) our ability to maintain relationships with our customers, our ability to retain and grow our user base and our ability to manage a vast network of touchpoints on a remote basis; (ii) changes and development in laws and regulations for online businesses, including cybersecurity, information security, privacy and data protection regimes, which may create unexpected costs and such laws and regulations may not be clearly defined and may rapidly evolve or restrict our business or cause us to change our technology platform or business model; (iii) our efforts to develop new digitalised tools or functionalities of the same or maintain or improve our IT infrastructure may not succeed.

### ***Anti-bribery and anti-corruption***

We have established Anti-corruption and Anti-commercial Bribery Guidance, which governs our business activities in the course of ordinary course of business with our customers and suppliers, pursuant to which all of our customers and suppliers are required to comply with such Guidance by entering into a separate Anti-commercial Bribery Agreement with us. We have established procedures of management of selection of the suppliers, which requires that, for the selection of third party suppliers, sufficient due diligence on the credibility of the suppliers and the shareholding structure (including the ultimate beneficial owner) shall be performed to ascertain, amongst other matters, whether the supplier has any government background. After being selected by the Company, the suppliers shall enter into agreements which include Anti-commercial Bribery clauses. Also, our Anti-corruption and Anti-commercial Bribery Guidance requires our key staff to sign Integrity and Self-discipline Undertakings before signing business contracts on behalf of us. We have also introduced a reporting mechanism and regular declarations of conflicts of interests for our staff and whistleblower policy (such as the setting up of a hotline and designated email account for reporting), as well as provide regular trainings on corruption and bribery prevention. Any staff found in breach of our anti-bribery and corruption policies and procedures will be disciplined or subject to other punishment. In addition, we have also established crisis management procedures, which require the employees to report incidents of any significance (such as the investigation/inspection/queries by the authorities) to the designated senior persons for internal handling and assessment. During the Track Record Period and up to the Latest Practicable Date, we have not received any warning or other notice from such customers that we have breached any of the agreement terms relating to anti-bribery and anti-corruption laws and other standards.

Meanwhile, we have established a comprehensive anti-bribery and corruption oversight mechanism. Relevant policies are in place to explain and define actions that would constitute as fraud, embezzlement, money laundering, irregularities and other misconducts. Our reporting channels are open and available for our staff to report any misconducts by our staff in confidence and on an anonymous basis. We offer training to our employees to enhance their knowledge and awareness of the relevant rules and regulations. We also keep abreast of the latest regulatory updates and communicate with the relevant regulatory authorities from time to time to discuss the latest regulatory requirements in light of the evolving nature of the industry.

With the assistance of our external annual retainer counsel, our compliance team, which is in charge of our overall compliance, has set up internal legal compliance policies and will continue to review, monitor and oversee compliance with laws and regulations relevant to the Group’s operations as well as the adequacy and effectiveness of regulatory compliance procedures and system on an ongoing basis. We will also consult legal counsels, if necessary, to provide assistance in legal and compliance matter.

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### **Audit Committee experience and qualification and Board oversight**

We [have] established an audit committee to monitor the implementation of our risk management policies on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The audit committee consists of three independent non-executive Directors, namely Mr. Lau, Ms. Li and Mr. Ngan. Mr. Lau, with appropriate accounting and financial management expertise, is the chairman of the audit committee. For the professional qualifications and experiences of the members of our audit committee, please see “Directors and Senior Management — Directors — Independent non-executive Directors”.

Our audit department is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Members of finance department hold regular meetings to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. Such issues and suggested measures are then submitted to the audit committee on a timely basis. The audit committee then discusses the issues and measures and reports to the Board if necessary.

### **Ongoing measures to monitor the implementation of risk management policies**

We have implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including the administration of daily operations, financial reporting and recording procedures, fund management policies, and compliance with applicable laws and regulations. Our Board oversees and manages the overall risks associated with our operations. We have established an audit committee to review and supervise the financial reporting process and internal control system of our Group. For the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee, see “Directors and Senior Management — Board Committees — Audit Committee”. We have adopted written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS**

We place emphasis on promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations. Corporate social responsibility is viewed as part of our core growth philosophy that will be pivotal to our ability to create sustainable value for our Shareholders by embracing diversity and public interests. We have put in place the occupational health and safety of our employees and held ourselves responsible for preventing occupational injuries. Under the safety management policy of the Group, we strictly follow national laws and regulations on fire safety and have established a fire prevention system and implemented measures to response to emergency. Also, we have maintained fire safety equipment and obvious signs for emergency exits in accordance with the relevant laws and the fire safety equipment is checked regularly and the exits are kept clear.

### **Governance on ESG Matters**

We acknowledge our responsibilities on environmental protection, social responsibilities and are aware of the climate-related issues that may have impact on our business. We are committed to complying with environmental, social, and governance (“ESG”) reporting requirements upon [REDACTED]. Our Board of Directors [has adopted] a comprehensive policy on environmental, social and corporate governance, or ESG, responsibilities (the “ESG Policy”) in accordance with the Listing Rules, which sets forth our corporate social responsibility objectives and provides guidance on practising corporate social responsibility in our daily operations. Our Board of Directors has the collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Group, and based on the

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ESG Policy, we will evaluate, determine and address our ESG-related risks at least once a year. Our Board of Directors may assess or engage independent third party(ies) to evaluate the ESG risks and review our existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate the risks. Details of our ESG initiatives are as follows:

1. Adhering to business ethics — We strictly comply with the provisions of laws and regulations relating to anti-corruption and anti-bribery. For strengthening anti-fraud work, we have implemented the Anti-Fraud Management Policy, which opposes and explicitly prohibits corruption, bribe-taking and bribery. The policy prevents all kinds of illegal, disorderly and corrupting behaviours that interfere with and undermine our business activities and secures the reporting rights of our staff in accordance with the laws. In addition, certain of our customers require the inclusion of certain anti-bribery and anti-corruption terms in the framework agreements.
2. Offering quality services using well-maintained digitalised tools — We strive to provide quality services using well-maintained digitalised tools to meet our customers’ evolving needs. In addition, since digitalised tools are essential in supporting our provision of services, we will continue strengthening the core functions of our digitalised tools and enhancing our technological capabilities.
3. Data privacy and security — We treat data security and privacy seriously across our FMES platform. We have implemented internal rules and policies to govern how we may collect, use and share personal information, as well as protocols, technologies and systems to prevent information leakage, damage, tampering, loss and misuse and have a dedicated information security team to observe the implementation of the said rules and policies and ensure the compliance of the same. Also, we have maintained safety technical measures for computer rooms, information centres, data centres and other facilities and equipment to ensure the safety and smooth flow of information. For further details, see “— Data privacy and security” in this section.
4. Protecting employee compensation and benefits — We enter into standard labour contracts with our staff and strictly abide by the terms of the employment contract. We believe that we offer our staff competitive compensation packages and an environment that encourages initiative. We pay labour remuneration in full and on time and gradually increase their salary levels according to social development. As required by regulations in China, we participate in various government statutory employee benefit plans, including social insurance and housing provident funds.
5. Fostering a good working environment — We provide on-the-job trainings for our staff to continuously improve the performance and ability of our staff.
6. Consumers’ right to know — With a view to ensure consumer confidence in our customers’ merchandise and experience in purchasing, we require field force, salespersons and other frontline staff involved in our projects to be honest and trustworthy and provide correct product information to consumers.
7. Helping the government improve social issues — We undertake our social responsibility by helping the government to improve social issues, such as recruiting people with disabilities or other difficulties, with the aim of creating an environment where people with and without disabilities and other difficulties can work together and share their joys and hardships.

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8. Responsibility for the environment and resources — We undertake the responsibility of sustainable development and resource conservation, as well as protecting the environment and maintaining the harmony of nature. Owing to the nature of our business and given the non-manufacturing nature of our business, we believe that our operations are not major sources of environmental pollution as they do not involve any significant direct air emissions, wastewater emissions, noise emissions and waste generations. Despite the negligible environmental impact directly caused by us, we fully recognise our social responsibilities in managing the environmental impacts associated with our operations, and we have implemented a number of environment-friendly internal policies to reduce our carbon footprint such as reducing the energy and paper consumption: (i) requiring double-sided printing of documents throughout our offices; (ii) switching off or enabling automatic sleep mode of certain IT equipment; (iii) air conditioning controls, with measures including requirements on lowest temperature, regular maintenance of air cooling technologies and optimal timing controls; and (iv) designating staff to regularly check and turn off idle electrical appliances.
9. Ensuring occupational health and safety of our employees — To ensure occupational health and safety of our employees while they work outdoor or at advertisement truck, engage in the installation and production of outdoor advertisements, light boxes, booths and participate in other special activities organised by the Group, we have implemented safety management system and safety precautions and would enter into safety agreement with our customers and/or suppliers to set out clearly the safety responsibilities and bearing of liabilities during the performance of the contract. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material accidents, claims for personal or property damage or compensation to employees and we did not experience any material non-compliance of health and work safety.

### Impact of ESG-related risks

Owing to our business nature, we are not subject to significant health, work safety, social or environmental risks. In addition, we believe that there is no environmental laws and regulations in respect of air and greenhouse gas emissions, discharge into water and land, and generations of hazardous and non-hazardous waste that would cause a significant impact. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary, adjust our human resources policies to accommodate material changes to relevant labour and work safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance in relation to health, work safety, social or environmental regulations and had not been involved in any material non-compliance issues in respect of any applicable laws and regulations on environmental protection. Our Directors expect that our Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future.

Growing concerns about climate change and greenhouse gas emissions have led to the adoption of various regulations and policies. The estimated magnitude of resulting impacts is evaluated over short-, medium- and long-term horizons. In recent years, changing weather patterns due to climate change have increased in frequency of extreme weather conditions. In the medium to long term, increasingly enacted legislation and regulations in response to potential impacts of climate change may have the potential to impact our operations directly or indirectly. We may be required to obtain additional permits, licences or certificates and our customers or our supply chain may also be affected, and may in turn subject us to additional compliance costs and operational restrictions, which could negatively impact our financial condition and results of operations.

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### Metrics and targets used for assessment of ESG-related risks

Our Board has set metrics and targets for material KPIs at the beginning of each financial year with reference to the disclosure requirements of Appendix 27 to the Listing Rules. Set forth below are some key metrics and targets for the material KPIs we have currently identified:

- (i) In relation to pollutants discharged and emissions, due to the nature of our business, our business does not involve direct emission of large amounts of polluted air, discharge of pollutants into water and land, and generation of hazardous waste. Our daily operations mainly involve indirect greenhouse gas emissions and non-hazardous wastes. We estimated our annual carbon footprint from electricity consumption and emission factor calculation.
- (ii) In relation to the use of energy and resources, the key metrics mainly include the volume of electricity consumed by our offices in kilo-Watt-hour (“kWh”), water consumed by our offices in cubic metre and fuel consumed by our motor vehicles arranged for our employees in litre. The following table sets forth consumption amounts of main energy estimated by us and intensity of energy consumption for the periods indicated:

Type of energy/ resources	Unit	Consumption			
		FY2019	FY2020	FY2021	9M2022
<b>Electricity</b> <i>(Note)</i>					
Total consumption amount	'000 kWh	270,573	191,667	181,731	73,919
Intensity of electricity consumption	'000 kWh/RMB' million of revenue	569	463	437	170
<b>Water</b> <i>(Note)</i>					
Total consumption amount	cubic metre	2,942	2,436	2,551	1,836
Intensity of water consumption	cubic metre/ RMB' million of revenue	6.18	5.89	6.13	4.22
<b>Fuel</b>					
Total consumption amount	'000 Litre	156	121	164	49
Intensity of fuel consumption	'000 Litre/RMB' million of revenue	0.33	0.29	0.39	0.11

*Note:*

This represents electricity and water consumption of our offices which directly paid their respective electricity and/or water bills for the periods indicated.

We target to continue to reduce our energy and resources consumption as well as the corresponding consumption intensities.



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- (iii) Non-hazardous wastes generated in our daily operations mainly refer to event materials, which include (i) stage and other large-scale set-up which are made from materials that cannot be reused; (ii) printed promotional materials, such as flyers and leaflets; and (iii) disposables used in sales and marketing activities, such as disposable utensils and sample merchandise, etc.. Generally, after the end of a sales and marketing event, we dispose of or otherwise deal with such event materials as may be instructed by our customers. The following table sets forth purchase amounts of main types of non-hazardous wastes estimated by us for the periods indicated:

Type of non-hazardous wastes	Unit	Consumption			
		FY2019	FY2020	FY2021	9M2022
Stage and other large-scale set-up	Set	3,603	3,683	2,408	809
Printed promotional materials	Sheet	489,800	915,015	323,760	100,550

We strive to optimise resource usage in our daily operations and take initiatives to introduce measures on adopting eco-friendly approaches in our operations and reducing the unnecessary use of materials, such as recommending our employees to extend the service life of event materials and reusing them as many times as possible or in multiple ways to reduce waste. Meanwhile, we also encourage our suppliers to use less packaging material, actively separate waste generated from marketing events, as well as in our daily operations, recycle event materials to the extent possible and use environmental friendly event materials as much as possible.

- (iv) Save for the abovementioned targets, we target to maintain zero environmental pollution accidents for our overall environmental matters.

### 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.

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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 because 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、稅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

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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 Notices, 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 our 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.

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## BUSINESS

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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. Furthermore, we may in the future experience additional disruptions caused by the COVID-19 pandemic that could materially and adversely impact our business operations, financial condition and results of operations, including but not limited to:

- global economic recessions due to reduced level of economic activities and lockdown restrictions, which in turn resulted in decrease in revenue from our services, reductions in subscription duration and value, slower adoption of new technologies and increased price competition;
- inefficiencies, delays and additional costs in sales and marketing and customer service efforts;
- delays or failure to collect receivables from our customers impacted by the COVID-19 pandemic; and
- the possibility that one or more clusters of COVID-19 cases could occur at one of our locations, third-party cloud services providers or other third-party providers, affecting our employees or employees of our customers or other third parties on which we depend.

Any future outbreak of contagious diseases or similar adverse public health developments, extreme unexpected bad weather, or severe natural disasters would affect all parts of the industry value chain, and in turn our business and operating results. Ongoing concerns regarding contagious disease or natural disasters, particularly its effect on the mobility of consumers, spending patterns regarding merchandise and our customers’ budgets on sales and marketing initiatives, could adversely affect the ecosystem of the offline retail network. Government measures regarding mandatory closure of offices and offline retail stores and restricted mobility of individuals as a result of any outbreak of contagious disease or occurrence of natural disasters could materially and adversely affect the overall economy and thus, further affect our business and operating results.