



天潤云股份有限公司
TI CLOUD INC.

(incorporated in the Cayman Islands with limited liability)

STOCK CODE : 2167

GLOBAL
OFFERING



Sole Sponsor



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



IMPORTANT

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



TI Cloud Inc.

天潤云股份有限公司

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 43,530,000 Shares (comprising 24,000,000 New Shares and 19,530,000 Sale Shares, and subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 4,353,200 New Shares (subject to reallocation)
Number of International Offer Shares	: 39,176,800 Shares (comprising 19,646,800 New Shares and 19,530,000 Sale Shares, and subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$13.85 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund)
Nominal value	: US\$0.0001 per Share
Stock code	: 2167

Sole Sponsor



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



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

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and available on Display" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, June 24, 2022 and, in any event, not later than Saturday, June 25, 2022.

The Offer Price will be not more than HK\$13.85 and is currently expected to be not less than HK\$12.85 unless otherwise announced. If, for any reason, the Offer Price is not agreed by Saturday, June 25, 2022 between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, with our consent (for ourselves and on behalf of the Selling Shareholder), reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.ti-net.com.cn not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

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

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this document or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This document is available at the websites of the Stock Exchange (www.hkexnews.hk) and our Company ([https://www.ti-net.com.cn](http://www.ti-net.com.cn)). If you require a printed copy of this document, you may download and print from the website addresses above.

June 21, 2022

IMPORTANT

IMPORTANT NOTICE TO INVESTORS:

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the **Stock Exchange at www.hkexnews.hk** under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at www.ti-net.com.cn. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

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

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

IMPORTANT

If you have any question about the application online via the **HK eIPO White Form** Service for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 on the following dates:

Tuesday, June 21, 2022 – 9:00 a.m. to 9:00 p.m.
Wednesday, June 22, 2022 – 9:00 a.m. to 9:00 p.m.
Thursday, June 23, 2022 – 9:00 a.m. to 9:00 p.m.
Friday, June 24, 2022 – 9:00 a.m. to 12:00 noon

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK\$		HK\$		HK\$		HK\$
200	2,797.91	4,000	55,958.35	60,000	839,375.24	800,000	11,191,669.78
400	5,595.84	5,000	69,947.93	70,000	979,271.11	900,000	12,590,628.51
600	8,393.75	6,000	83,937.52	80,000	1,119,166.98	1,000,000	13,989,587.23
800	11,191.67	7,000	97,927.12	90,000	1,259,062.86	1,500,000	20,984,380.84
1,000	13,989.58	8,000	111,916.70	100,000	1,398,958.73	2,000,000	27,979,174.45
1,200	16,787.50	9,000	125,906.29	200,000	2,797,917.45	2,176,600*	30,449,735.56
1,400	19,585.42	10,000	139,895.88	300,000	4,196,876.17		
1,600	22,383.34	20,000	279,791.75	400,000	5,595,834.89		
1,800	25,181.26	30,000	419,687.62	500,000	6,994,793.62		
2,000	27,979.18	40,000	559,583.49	600,000	8,393,752.34		
3,000	41,968.76	50,000	699,479.37	700,000	9,792,711.06		

* Maximum number of Hong Kong Offer Shares that you may apply for.

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

EXPECTED TIMETABLE⁽¹⁾

Hong Kong Public Offering commences 9:00 a.m. on Tuesday,
June 21, 2022

Latest time to complete electronic applications under the
HK eIPO White Form service through one of the below ways:⁽²⁾

- (1) the **IPO App**, which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp
- (2) the designated website at www.hkeipo.hk 11:30 a.m. on Friday, June 24, 2022

Application lists open⁽³⁾ 11:45 a.m. on Friday, June 24, 2022

Latest time for (a) completing payment for **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC⁽⁴⁾ 12:00 noon on Friday, June 24, 2022

Application lists close⁽³⁾ 12:00 noon on Friday, June 24, 2022

Expected Price Determination Date Friday, June 24, 2022

Announcement of (1) the Offer Price, (2) the level of indications of interest in the International Offering, (3) the level of applications in the Hong Kong Public Offering and (4) the basis of allocations of the Hong Kong Offer Shares at the website of the Stock Exchange at www.hkexnews.hk and our website at www.ti-net.com.cn on or before⁽⁷⁾ Wednesday, June 29, 2022

An announcement of results of allocations in the Hong Kong Public Offering (including successful applicants’ identification document numbers, where appropriate) will be available through a variety of channels (including the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company’s website at www.ti-net.com.cn⁽⁵⁾ (see “How to Apply for Hong Kong Offer Shares – Publication of Results”) from⁽⁷⁾ Wednesday, June 29, 2022

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public Offering will be available at the “IPO Results” function in the **IPO App** or at www.hkeipo.hk/IPOResult (or www.tricor.com.hk/ipo/result) with a “search by ID/Business Registration Number” function from⁽⁷⁾ Wednesday, June 29, 2022

Share certificates in respect of wholly or partially successful applications to be despatched or deposited into CCASS on or before⁽⁶⁾⁽⁷⁾ Wednesday, June 29, 2022

HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly or partially unsuccessfully applications to be despatched on or before⁽⁶⁾⁽⁷⁾ Wednesday, June 29, 2022

Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on⁽⁷⁾ Thursday, June 30, 2022

Notes:

- (1) All dates and times refer to Hong Kong dates and times.
- (2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the **IPO App** or designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the **IPO App** or the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning signal or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, June 24, 2022, the application lists will not open and close on that day. See “How to Apply for Hong Kong Offer Shares.”
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to Apply for Hong Kong Offer Shares – A. Applications for Hong Kong Offer Shares – 6. Applying by giving **Electronic Application Instructions** to HKSCC via CCASS” in this prospectus.
- (5) None of the websites or any of the information contained on the websites forms part of this prospectus.
- (6) The Share certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Thursday, June 30, 2022, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.
- (7) In case a typhoon warning signal no. 8 or above, a black rainstorm warning signal and/or Extreme Conditions is/are in force in any days between Tuesday, June 21, 2022 to Thursday, June 30, 2022, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) dispatch of Share certificates and refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

EXPECTED TIMETABLE⁽¹⁾

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares,” respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, we will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

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

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus and the Application Forms must not be relied on by you as having been authorized by us, the Selling Shareholder, the Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. Moreover, there are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors." You should read the entire document carefully before you decide to invest in the Offer Shares.

WHO WE ARE

We offer a broad array of cloud-native customer contact solutions, which are communication solutions that enable enterprises to engage in multi-channel customer interactions. We are China's largest provider of customer contact solutions deployed in public clouds as measured by revenue in 2021, with a market share of 10.3%, according to the CIC Report. In 2021, the market size of customer contact solutions deployed in public clouds in terms of revenue amounted to RMB4.0 billion, accounting for 38.2% of the cloud-based customer contact solutions market and 26.9% of the customer contact solutions market, respectively, according to the same source. Our solutions, rooted in our cloud-native, secure and reliable platform, empower businesses to create exceptional customer communication experience and intelligize their way of conducting sales, marketing, customer service and other business functions. In 2021, we facilitated over 3.0 billion interactions in the form of voice calls, SMS messages and text chat between businesses and their customers across multiple channels, helping increase their productivity and efficiency.

OUR SOLUTIONS

Our solutions run fully in the cloud, allowing for easy deployment and management across devices at multiple locations. Our clients use cloud computing and storage resources in the cloud without substantial upfront investment in hardware, infrastructure or in-house IT support.

Our cloud-based solutions, developed in-house by our research and development team, primarily consist of three offerings, serving a broad range of use cases:

- *Intelligent Contact Center Solutions.* Designed to replace legacy on-premise systems, our Intelligent Contact Center Solutions help businesses migrate their contact center functions to the cloud. The solutions allow contact center agents hired by our clients and seated in physical contact centers to efficiently interact with clients across multiple channels using desktops. Benefiting from our cloud-native architecture, our clients can greatly reduce implementation costs, easily scale their usage in response to changing business needs and effortlessly receive software upgrades. We support contact center agents with intelligent tools and functions to drive efficient and effective customer interactions.
- *Agile Agent Solutions.* Our Agile Agent Solutions are designed to facilitate customer contact activities outside physical contact centers, which are unserved by pureplay contact center solutions. Our Agile Agent Solutions, designed as a mobile application, empower clients' employees other than contact center agents (such as car salespersons, retail store assistants and after-school program tutors) to contact customers at any time in any location. It enables businesses to track and manage each interaction, which significantly increases visibility of business activities and uses data-based analytics to support decision-making.
- *ContactBot Solutions.* Our ContactBot Solutions utilize practical AI applications to automate routine and repetitive duties traditionally handled by clients' human agents. With real-time automatic speech recognition (ASR) and natural language processing (NLP) capabilities, our ContactBot is able to engage in text- and voice-based intelligent interactions. Human agents are freed from repetitive, administrative tasks and can instead focus on tasks that require more personalized, engaging services. Our ContactBot Solutions are favored by businesses who need to handle a significant volume of routine tasks and enquiries.

SUMMARY

The following table sets forth a breakdown of our revenue by type of solutions in absolute amounts and as a percentage of our total revenue for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Total revenue:						
Intelligent Contact Center Solutions	301,610	90.1	317,101	89.6	332,984	82.8
Agile Agent Solutions	16,458	4.9	25,061	7.1	51,322	12.8
ContactBot Solutions	7,968	2.4	4,962	1.4	7,730	1.9
Other services and product sales	8,777	2.6	6,620	1.9	9,861	2.5
Total	334,813	100.0	353,744	100.0	401,897	100.0

Our Intelligent Contact Center Solutions are designed for contact center agents who handle a large volume of customer interactions on a daily basis. It is embedded with a wealth of sophisticated functions to improve agent efficiency, including interactive voice response (IVR), automatic call distributor (ACD) and predictive dialer modules. It also offers powerful reporting and analytics tools that assess agents' workload and service quality, analyze business activities and tickets and evaluate the effectiveness of knowledge base. Substantial cloud resources are required to support the advanced functions, and we charge a higher per agent service fee for our Intelligent Contact Center Solutions.

In contrast, our Agile Agent Solutions serve a much wider pool of end users, including any employees who are in regular contact with customers and not limited to contact center agents. It allows businesses to track sporadic customer interactions and exponentially increases the data available for evaluation and analytics. To tailor to the needs and preferences of such end users, the mobile application for our Agile Agent Solutions carries the most essential functions for periodic customer interactions, which consist of communication tools for voice calls, messages and pictures, as well as record keeping and key reporting tools. This enables us to reduce operational costs as compared to offering a full suite of functions, since the mobile application takes up less cloud computing, storage and networking resources. As a result, we offer such solutions at a lower per agent price, so our clients can make the solutions available to a larger base of employees.

The below hypothetical example illustrates how a national car manufacturer may use our three types of solutions to grow first-time and repeat sales and enhance customer service:

- *Intelligent Contact Center Solutions.* The car manufacturer has a team of professional agents located in multiple physical contact centers that provides pre-sales and after-sales customer support via hotline, email and web chat. With our Intelligent Contact Center Solutions, professional agents can attend to customer inquiries across multiple channels on one integrated software.
- *Agile Agent Solutions.* The car manufacturer relies on its nationwide car dealerships to interact with local customers and finalize sales. Car dealers can use Agile Agent Solutions installed on their mobile phones to contact customers. All customer interactions are recorded in real time and stored securely in the cloud, which enables the car manufacturer to monitor service quality, create customer profiles and improve overall customer experience.
- *ContactBot Solutions.* The car manufacturer can use our ContactBot Solutions to notify customers when their cars are ready for pick-up in retail stores after repair and maintenance, which saves the time and resources spent in manually making the calls.

For details, see "Business – Our Offerings."

OUR BUSINESS MODEL

We provide highly adaptable, reliable, scalable and secure customer contact solutions in the cloud. Public cloud and private cloud are the two most common types of cloud computing deployment. A public cloud is a pool of computing resources shared among multiple users, with each user's data and applications isolated from each other. It allows for scalability and resource sharing that would not otherwise be possible for a single organization to achieve. A private cloud consists of cloud computing resources used exclusively by one user. It delivers a high level of privacy, but requires substantial hardware investments and staffing, management, and

SUMMARY

maintenance expenses. A virtual private cloud (VPC), as a special category of public cloud, is an isolated cloud hosted within a public cloud environment and accessed exclusively by one user. VPCs combine the scalability and convenience of public cloud computing with the data security of private cloud computing.

Using cloud computing technologies, we deliver solutions with large capacity and high availability in Software as a Service (SaaS) model and Virtual Private Cloud (VPC) model. Our three types of solutions may be deployed via either the SaaS model or the VPC model.

- *SaaS model.* Using our cloud-native customer contact services delivered through the SaaS model, our clients can establish their own customer contact functions without any up-front investment in software or hardware. Services delivered through the SaaS model are deployed in public clouds, which allows our clients to flexibly adjust the number of agent seats according to their changing business needs.
- *VPC model.* VPC solutions combine the scalability and convenience of public cloud computing with the data isolation of private cloud computing, thereby affording greater security. We help our clients deploy highly customizable solutions on the cloud computing platform of their choice, leveraging our extensive industry know-how and deep understanding of industry trends. Our VPC solutions are the preferred choice of enterprises with stringent security requirements, primarily large SOEs and multinational companies. We commenced providing our solutions through the VPC model in 2019 and secured our first VPC contract in May 2019.

The following table summarizes the key differences between our SaaS and VPC model.

	SaaS Model	VPC Model
Clients	Clients of all sizes and types	Clients with stringent security requirements, primarily large Chinese SOEs and multinational companies
Platform provided	A standardized platform shared by all SaaS clients	A tailor-made platform solely accessible by the VPC client
Payment model	Monthly recurring payment	Project-based milestone billing, which is of a one-off nature
Cloud service provider(s)	We purchase cloud services from two leading providers	Clients purchase cloud resources through us or from the provider of their choice directly
Cloud deployment	Public cloud	Virtual private cloud hosted within a public cloud
Degree of customization	Largely standard solutions with a certain degree of customization for selected clients with a large purchase amount	Clients may request solutions that are specifically tailored and configured to meet their particular demands
Service support requirements	Ongoing upgrades and client support required	We typically provide a 12-month warranty period, during which we provide technical and training support free of charge; clients may subscribe for ongoing maintenance services after the warranty period expires

The following table sets forth certain of our key operating metrics for the periods indicated:

	For the Year Ended December 31,		
	2019	2020	2021
Total number of clients ⁽¹⁾	2,227	2,253	3,137
Total number of key accounts ⁽²⁾	62	61	57
Total number of clients for SaaS model	2,186	2,207	2,673
Total number of clients for VPC model ⁽³⁾	1	8	24

SUMMARY

	For the Year Ended December 31,		
	2019	2020	2021
SaaS client retention rate	73.7%	77.9%	78.4%
Dollar-based net retention rate for all SaaS clients⁽⁴⁾	112.9%	105.0%	103.5%
– Number of SaaS clients identified in calculating dollar-based net retention rate	1,754	1,703	1,730
Dollar-based net retention rate for SaaS clients which were our key accounts⁽⁴⁾	112.6%	114.6%	108.3%
– Number of key accounts identified in calculating dollar-based net retention rate	33	49	40

Notes:

- (1) Our total number of clients includes clients for the SaaS model, clients for the VPC model and clients for our other services and product sales.
- (2) Our key accounts are clients with an annual purchase amount exceeding RMB1 million.
- (3) We commenced providing our solutions through the VPC model in 2019 and secured our first VPC contract in May 2019. We have experienced a fast growth in the number of our VPC clients since launch.
- (4) Dollar-based net retention rate, for a given period, is calculated by (i) first identifying the clients who subscribed to our solutions in both the benchmark period and the period before and (ii) then using the total revenue attributable to the identified clients in the benchmark period as the numerator and the total revenue attributable to the same group of clients in the preceding period as the denominator.

CIC confirms that such calculation method is in line with industry norm. According to the CIC Report, dollar-based net retention rate is a metric frequently used by SaaS companies to evaluate revenue growth or churn from existing pool of clients. The rate represents the average spending pattern of clients over two financial periods and may not reflect the case that certain clients may have significantly reduced their revenue contribution in the second period when averaged out with other clients with extreme revenue contributions.

Our dollar-based net retention rate for all SaaS clients decreased in 2020 as compared to 2019 primarily because the COVID-19 pandemic adversely affected small and medium-sized clients; the rate further decreased in 2021 primarily due to the deteriorating performance of clients from the education industry in the second half of the year. The dollar-based net retention rate for SaaS clients which were our key accounts remained relatively stable in 2019 and 2020, reflecting strong growth of revenue from key accounts in technology, insurance and education sectors; the rate decreased in 2021 primarily due to the deteriorating performance of clients from the education industry in the second half of the year.

We enter into service agreements with our clients. The terms of such service agreements and our fee model vary depending on the type of services subscribed or purchased by our clients. We provide our SaaS solutions through recurring subscription and offer three pricing options negotiated on a case-by-case basis. We charge for our VPC solutions on a project basis, which primarily include a fixed license fee during their first purchase, additional license fee for each upgrade and maintenance fee.

For further details, see “Business – Our Business Model.”

OUR MARKET OPPORTUNITIES

According to the CIC Report, the cloud-based customer contact solutions industry in China has experienced tremendous growth in recent years. Its market size in terms of revenue increased from RMB4.3 billion in 2017 to RMB10.6 billion in 2021 at a CAGR of 25.2%, and is expected to reach RMB30.7 billion in 2026, representing a CAGR of 23.7% from 2021 to 2026.

There are a number of key industry trends driving our growth, including:

- *Expanding application scenarios.* Customer interactions take place in a wider array of scenarios, involving not only customer service agents in traditional cubicle offices, but also employees from other departments performing sales, logistics, design, technical support, and maintenance functions.
- *Higher requirement of data security.* Concerns over data security have become heightened during digital transformation. Deployment on virtual private cloud provides the benefit of cloud scalability while easing enterprises’ concerns over data security. As a result, virtual private cloud is expected to be increasingly adopted by organizations with particular data security requirements.
- *Proliferation of AI technologies.* Advancements in AI technologies make it possible to liberate workers from routine and repetitive tasks and helps reallocate human capital towards cognitive, higher-value activities while ensuring high quality of customer services.

SUMMARY

OUR STRENGTHS

Technology is at the heart of our solutions. We believe deeply that cloud technology will define the future. We started to migrate our platform to the cloud as early as in 2014 by redesigning our architecture and code based on the computing, networking and storage components of public cloud environments. By 2015, we became one of the first customer contact solution providers to complete cloud migration, according to the CIC Report, and have since then continuously enhanced the functionality of our solutions. The cloud-native architecture brings scalability and stability to our platform and enables us to achieve non-disruptive, quick iterations through grayscale release, which are staged releases that reduce the risk of introducing new versions. As cloud-based solutions become an increasingly popular choice, traditional WAN networks that heavily rely on data center infrastructure are no longer sufficient to support high-quality cloud connectivity. According to the CIC Report, we are the first customer contact solution provider in China to integrate our platform with software-defined wide area network (SD-WAN), which decouples networking hardware from the control mechanism and achieves centralized control and automatic traffic routing. SD-WAN and other technologies enable our services to run on two cloud computing platforms simultaneously, and we became the only industry player to achieve active-active dual cloud deployment, which significantly improved the availability, reliability and quality of connections established through our platform.

Security is our long-held commitment. Our solutions possess enterprise-grade security capabilities. In 2015, we were the first customer contact solution provider to receive the Trusted Cloud Services Certification (TRUCS) (“可信雲服務認證”) from institutions accredited by the MIIT, according to the CIC Report, which embodies our undertakings to clients in relation to data security, data privacy, failure recovery ability and service availability. In 2019, we received the Multi-Layer Protection Scheme (MLPS) Level III Certification (“信息系統安全等級保護三級”) awarded by the Ministry of Public Security, the highest level achievable for non-financial institutions, which endorses our capability in system operation and information security.

With our relentless pursuit of excellence, we have built a broad, high-quality and loyal client base across diverse industries, including technology, education, insurance, automobile, travel, housing and healthcare, to name a few. In 2021, we served over 3,100 clients, among whom 57 were key accounts whose annual purchase amount exceeds RMB1.0 million. We strive to cultivate long-term relationships with our clients and evaluate our performance using client retention rate (calculated as the percentage of our existing clients in the immediately preceding period who remain our clients in the current period) and dollar-based net retention rate (calculated by (i) first identifying the clients who subscribed to our solutions in both the benchmark period and the period before and (ii) then using the total revenue attributable to the identified clients in the benchmark period as the numerator and the total revenue attributable to the same group of clients in the preceding period as the denominator) on a regular basis. In 2019, 2020 and 2021, our SaaS client retention rate was 73.7%, 77.9% and 78.4%, respectively. During the same periods, our dollar-based net retention rate for all SaaS clients was 112.9%, 105.0% and 103.5%, respectively, and for SaaS clients which were our key accounts was 112.6%, 114.6% and 108.3%, respectively.

We are the preferred choice of clients who are market leaders in their industries. We believe our popularity among top market players demonstrates our ability to address complex business and operational requirements and helps us to increase penetration in relevant sectors. Today, we have achieved a prominent market position in technology, education and insurance sectors, which were the top three contributors to our total revenue during the Track Record Period. In 2021, we served 13, 11 and 8 of the Top 20 Players in each of China’s technology, education and insurance sectors as measured by revenue, respectively, among which 28 had been in business relationship with us for more than three consecutive years. Our total revenue generated from the clients who are the Top 20 Players in these three sectors increased from RMB122.6 million in 2019 to RMB194.8 million in 2021, at a CAGR of 26.0%. Our total revenue generated from all clients in these three sectors increased from RMB234.0 million in 2019 to RMB308.4 million in 2021, at a CAGR of 14.8%. According to the CIC Report, in 2021, technology, education and insurance sectors accounted for approximately 60.0% of China’s public cloud customer contact solutions market. In addition, we have established business relationships with a few top players in banking and automobile industry, two key industries we have expanded into. With endorsement from top players, we are confident to effectively increase our penetration rate in these sectors.

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We believe the following competitive advantages have contributed to our success and will help drive our growth in the future:

- *Leading player in a rapidly growing industry.* We are China's largest provider of customer contact solutions deployed in public clouds as measured by revenue in 2021, according to the CIC Report. We completed migration to the cloud as early as in 2015, being one of the first among all the customer contact solution providers in China. According to the CIC Report, China's cloud-based customer contact solution industry has experienced tremendous growth in recent years and is expected to continue to grow at a fast speed in the foreseeable future.
- *Purpose-built platform with exceptional performance.* We are the first customer contact solution provider in China to build an IT infrastructure based on the SD-WAN technology seamlessly integrating network with cloud, and the only industry player to realize active-active dual cloud deployment, achieving exceptional reliability and availability. During the Track Record Period, we offered 99.99% uptime even in cases of sudden spikes in simultaneous communications, as compared to an industry average of 99.5%, according to the CIC Report. Our platform has been operating free from overall system failures for more than 35 months.
- *Robust technology capabilities.* Technology capabilities are at the core of our success. Our business is guided by an unwavering focus on transforming customer interactions through digital, agile and intelligent technologies. Our extensive technological capabilities supported by our strong research and development team, who brought rich experience in the fields of telecommunications, software development, AI and big data analytics.
- *Highly flexible solution driving powerful network effect.* Our strong ability to provide highly flexible solutions in a timely and cost-efficient manner gives us an edge over winning businesses from large companies. Through serving large companies, we have enriched our understanding of application scenarios, and have been continuously expanding our API and SDK pool over the years, which we believe further differentiates us from other players on this market.
- *A broad and high-quality client base with long-term relationships.* We have built a broad, high-quality and loyal client base across diverse industries and are the preferred choice of clients who are market leaders in their industries.
- *Proven, replicable go-to-market strategy.* We have focused on serving clients who are leaders in our targeted industries, providing them with versatile solutions and satisfactory services. By working with industry-leading clients, we prove that our solutions are capable of satisfying complex client demands and quickly accumulate valuable insights into industry best practice. With endorsement from top players, we believe we can effectively increase our penetration rate in the sector.
- *Committed, experienced and insightful management team and collaborative company culture inspiring teamwork.* We have assembled a senior management team who have on average over 14 years of experience in innovating customer contact solutions. We have also cultivated a collaborative company culture that inspires teamwork.

For further details, see "Business – Our Competitive Strengths."

OUR STRATEGIES

We intend to leverage our existing strengths and carry out the following strategies to capture growing market opportunities and further solidify our market position:

- Maintain our leadership in technology;
- Continue to optimize and expand our portfolio of solutions;
- Strategically expand our client base and deepen client relationship;
- Efficiently strengthen our sales and marketing capabilities;
- Explore opportunities in overseas markets; and
- Selectively pursue strategic acquisitions and investments.

For further details, see "Business – Our Growth Strategies."

SUMMARY

SALES AND MARKETING

We sell our portfolio of solutions primarily through our in-house direct sales force with extensive professional experience and substantial knowledge about our solutions and technologies. As of December 31, 2021, our sales team consisted of 136 employees. Our sales force is specialized by customer region, size, and vertical sector and serves national and regional clients from offices in Beijing, Shanghai, Shenzhen, Guangzhou and Nanjing. Our sales model consists of a dedicated sales team that sells our solutions into larger opportunities primarily through continuous high-touch interactions with clients' key decision makers and a team that sells our solutions into smaller opportunities primarily through client referrals and lead conversion. We intend to further expand our sales force to drive new business opportunities. In addition, we leverage the word-of-mouth referrals by our existing clients and partners to achieve organic client acquisition and to expand our market presence in a cost-efficient manner.

To a lesser extent, we also use third-party agents to increase our sales, to whom we pay commission for client referrals. The key terms of our agreements with our third-party sales agents include:

- Duration of the agreement: We typically enter into one-year agreements with our third-party sales agents.
- Pricing terms: The commission expenses charged by third-party sales agents are negotiated on a case-by-case basis. The commission expenses may be based on i) a predetermined fee multiplied by the number of agent seats subscribed by the client referred to us, ii) a percentage of the revenue generated from the referred client during a predetermined period, or iii) a percentage of the recurring revenue generated from the referred client. We may also pay a negotiated lump sum fee for the referral.
- Payment terms: We are required to pay the agreed commission after we enter into service agreements with the referred clients and upon receipt of invoice.
- Credit terms: We are typically granted a credit term of 30 days to 90 days.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than 5% of our issued share capital) had any interest in any of our third-party sales agents.

Our strong brand recognition has been an important driving force for our sales. To strengthen our brand, we invest heavily in both online and offline marketing. We execute our online marketing strategy through both search engine marketing and search engine optimization. We also participate in and sponsor seminars, conferences and special events to raise our profile with potential clients.

See "Business – Sales and Marketing" for further details.

OUR CLIENTS, SUPPLIERS AND BUSINESS PARTNERS

Our clients represent enterprises across a broad array of sizes and industries. We have a large and diverse client base, representing enterprises across a broad array of sizes and industries. We served 2,227, 2,253 and 3,137 clients in 2019, 2020 and 2021, respectively. In 2019, 2020 and 2021, our top five clients accounted for 27.0%, 33.3% and 31.8% of our total revenue, respectively. During the same periods, our largest client accounted for approximately 7.8%, 8.7% and 8.2% of our total revenue, respectively. During the same periods, revenue from clients in the education industry accounted for 26.7%, 29.5% and 26.8% of our total revenue, respectively. In the foreseeable future, we expect clients from the technology, insurance and automobile industries to drive our business growth. See "Business – Our Clients" for further details.

Our suppliers consist primarily of cloud service providers and telecommunications companies. In 2019, 2020 and 2021, our top five suppliers accounted for 87.0%, 83.1% and 72.5% of our total cost of sales, respectively. During the same periods, our largest supplier accounted for approximately 63.8%, 41.4% and 36.5% of our total cost of sales, respectively. See "Business – Our Suppliers" for further details.

During the Track Record Period, we primarily worked with three cloud service providers. We believe that we maintain stable relationships with these three providers. Although we expect to be able to obtain similar services from other third parties, if our arrangements with these providers were terminated, we may incur additional expenses in arranging for alternative services. During the Track Record Period and up to the Latest Practicable Date, we encountered

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one prolonged service interruption on June 2, 2019, due to disruption in the service provided by a third-party cloud service provider. For risks associated with our suppliers, see “Risk Factors – Risks Related to Our Business and Industry – Our business relies on the telecommunications and cloud infrastructure operated by third parties and any disruption of or interference with our use of such third-party services would adversely affect our business, results of operations and financial condition.”

One of our key product strategies is to enhance our integration with WeCom, the enterprise version of WeChat, which has become an increasingly popular communications platform for Chinese enterprises. We have entered into a cooperation agreement with WeCom and become one of their channel partners. For details of the cooperation, see “Business – Our Offerings – Key Modules and Functions – Integration with WeCom.” WeCom is one of the channels where our clients and their customers interact. According to the CIC Report, communication platforms in general focus on building an ecosystem where third-party vendors can offer services such as customer contact solutions via their open protocol. According to the same source, they currently do not offer the key functions of customer contact solutions, such as IVR, ACD, CTI and predictive dialer, and the major platforms have not publicly disclosed any plans to develop such key technologies in their short-term investment strategies. With advice from CIC, we believe the likelihood that communication platforms such as WeCom will expand to offer cloud-based customer contact solutions is relatively low. However, if WeCom or other communication platforms that are more resourceful and technologically advanced make such a move in the future, market competition may be further intensified. For related risks, see “Risk Factors – Risks Related to Our Business and Industry – We may face competition from new market entrants, such as WeCom.”

NETWORK, SYSTEM AND DATA SECURITY

In the PRC, governmental authorities have enacted a series of laws and regulations to enhance the protection of cybersecurity, data security and data privacy, which may be applicable to us. For example, on June 10, 2021, the SCNPC promulgated the Data Security Law (《數據安全法》), which came into effect on September 1, 2021 and imposes a range of compliance obligations for enterprises conducting data processing activities. Further, the Personal Information Protection Law was passed by the SCNPC on August 20, 2021 and entered into effect on November 1, 2021, which aims to protect personal information and regulate the processing of personal information. On December 28, 2021, the CAC and other regulatory authorities jointly promulgated the Cybersecurity Review Measures (《網路安全審查辦法》), effective on February 15, 2022, seeking to further expand the applicable scope of cybersecurity review. According to Articles 5 and 7 of the Cybersecurity Review Measures, enterprises shall apply for cybersecurity review under the following circumstances: (i) critical information infrastructure operators purchasing network products and services and internet platform operators carrying out data processing activities in a manner which affects or may affect national security; and (ii) internet platform operators holding personal information of more than one million users and seeking a listing overseas. According to Article 16 of the Cybersecurity Review Measures, the competent PRC government authority may initiate cybersecurity review if the authority believes that any network product, service or data processing activity affects or is likely to affect national security. During the Track Record Period and up to the date of this prospectus, we had not been notified by any authorities of being classified as a critical information infrastructure operator, neither had we been subject to any cybersecurity review, enquiry, investigation or notice by the Office of Cybersecurity Review. Further, despite the past and ongoing inspection work conducted by relevant authorities with respect to critical information infrastructure, as of the date of this prospectus, we had never received any notice from any government authorities regarding such inspection. In March 2022, our PRC Legal Adviser conducted telephone consultation with the China Cybersecurity Review Technology and Certification Center through the hotline published on the CAC’s official website. The official who answered the phone confirmed that the official belongs to the China Cybersecurity Review Technology and Certification Center, which, according to the Talks with Reporters Relating to Cybersecurity Review Measures (網信辦就《網路安全審查辦法》答記者問) published by the CAC, is entrusted with the specific task of cybersecurity review. Based on the foregoing, our PRC Legal Adviser is of the view that the official interviewed has the competent authority to respond to inquiries related to cybersecurity review. Our PRC Legal Adviser informed the official on the line of our name, principal business and the proposed Listing. After being informed of such information, the official confirmed that: (i) a listing in Hong Kong does not fall within the definition of “listing overseas,” and therefore a company need not file a cybersecurity review for its proposed listing in Hong Kong under Article 7 of the Cybersecurity Review Measures; (ii) if a company had not

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been notified by competent authority of being classified as a critical information infrastructure operator, the company need not file an application for cybersecurity review under Article 5 of the Cybersecurity Review Measures; and (iii) if a company had never been subject to any cybersecurity review initiated by the CAC or other competent authorities, the company is not subject to cybersecurity review initiated under Article 16 of the Cybersecurity Review Measures for the time being. Based on the foregoing, our PRC Legal Adviser is of the view that we have not been classified as a critical information infrastructure operator by any relevant authorities and pursuant to currently effective laws and regulations, the likelihood that we will be classified as a critical information infrastructure operator in the near future after Listing is relatively remote. Therefore, our PRC Legal Adviser is of the view that we are currently not subject to cybersecurity review under the Cybersecurity Review Measures. Nevertheless, there remain uncertainties with respect to any future development of the relevant regulatory regime.

On November 14, 2021, the CAC published the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “Draft Cybersecurity Regulation,” and together with the Cybersecurity Review Measures, the “Cybersecurity Regulations”), which governs the use of networks to carry out data processing activities, and the supervision and management of data security in the PRC. The Draft Cybersecurity Regulation mainly focuses on the data processing activities of data processors. Article 13 of the Draft Cybersecurity Regulation provides that, if a data processor’s listing in Hong Kong affects or may affect national security, the data processor shall apply for cybersecurity review in accordance with relevant regulations. “Data processor” is defined as “an individual or organization that independently makes decisions on the purpose and manner of data processing activities” in the Draft Cybersecurity Regulation. We only provide reporting and data analytics tools for our clients’ use and do not collect or utilize data stored on the cloud platforms. According to the service agreements entered into with our clients, we are not allowed to access, use or disclose any clients’ data stored in the cloud, unless specifically requested and authorized by clients to carry out limited system maintenance and technical support services, which may include helping clients locate system failures, retrieve account names and passwords, change system settings, inspect abnormal login activities and rectify inappropriate operations by agents. Therefore, our PRC Legal Adviser is of the view that the foregoing activities of us are unlikely to be defined as “independently making decisions on the purpose and manner of data processing activities” and we are not subject to cybersecurity review under the Draft Cybersecurity Regulation, assuming it is implemented in its current form. In the phone consultation conducted in March 2022, our PRC Legal Adviser also inquired about the implications of the Draft Cybersecurity Regulation on us and the Proposed Listing. The authorities advised that no guidance or consultation with respect to the Draft Cybersecurity Regulation could be provided at this stage since the draft regulations have not yet been officially adopted into law.

Our PRC Legal Adviser advises that the Cybersecurity Regulations will not impose any material obligation on our business, assuming the Draft Cybersecurity Regulation is implemented in its current form. During the Track Record Period and up to the date of this prospectus, we had not experienced any material incident of data or personal information leakage, infringement of data protection, investigation or other legal proceeding relating to data processing or data protection, or received any inquiry, notice, warning, punishment or sanctions relating to data processing or data protection that may materially adversely affect our business. Based on the foregoing, our PRC Legal Adviser is of the view that we comply with or will be able to comply with the Cybersecurity Regulations in all material aspects, assuming the Draft Cybersecurity Regulation is implemented in its current form. Therefore, our Directors believe, and our PRC Legal Adviser concurs, that the Cybersecurity Regulations would not have a material adverse impact on our business operations or our proposed Listing, assuming the Draft Cybersecurity Regulation is implemented in its current form.

As of the date of this prospectus, the Draft Cybersecurity Regulation had not come into effect, and some of the requirements in the Cybersecurity Regulations are subject to more specific implementation rules. Since the current regulatory regime regarding data and cyber security is rapidly evolving, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws, there can be no assurance that the relevant governmental authorities will ultimately take a view that is consistent with our PRC Legal Adviser’s opinion stated above. However, we will continue to closely monitor the development of the Cybersecurity Regulations to ensure timely compliance with the latest regulatory requirements.

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For related risks, see “Risk Factors – Risks Related to Our Business and Industry – Our business is subject to a variety of evolving laws and regulations regarding cybersecurity, data security and data privacy. Any failure of our platform to comply with applicable laws and regulations could harm our business, operating results and financial condition.” For a detailed discussion of applicable laws and regulations regarding cybersecurity, data privacy, and data protection, see “Regulations – Regulations Relating to Cyber Security, Data Security and Privacy Protection – Cyber Security.”

Our PRC Legal Adviser is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable cybersecurity, data security and data privacy laws and regulations in the PRC in all material aspects. For details of our cybersecurity, data security and data privacy mechanisms and policies, see “Business – Network, System and Data Security.”

RECENT REGULATORY DEVELOPMENT

On December 24, 2021, the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》) and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Enterprises (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (collectively, the “Draft Regulations on Listing”) were released by the CSRC for public comments. Pursuant to the Draft Regulations on Listing, PRC domestic companies (including (i) any PRC company limited by shares, and (ii) any offshore company that conducts its business operations primarily in the PRC and contemplates to offer or list its securities in an overseas market based on its onshore equities, assets or similar interests) that directly or indirectly offer or list their securities in an overseas market are required to file with the CSRC within three business days after submitting their listing application documents to the relevant regulator in the place of intended listing. At the press conference held for the Draft Regulations on Listing on December 24, 2021, the spokesperson from the CSRC clarified that the implementation of the Draft Regulations on Listing will follow the non-retroactive principle. However, the spokesperson of the CSRC did not clarify whether the non-retroactive principle is applicable to those company which have submitted the application for an initial public offering but have not yet been officially listed in Hong Kong. The Draft Regulations on Listing explicitly forbid overseas offerings and listings (i) that are explicitly prohibited by specific laws and regulations, (ii) that constitute threat to or endanger national security as reviewed and determined by competent authorities, (iii) that involve material ownership disputes, (iv) where the PRC domestic companies, their controlling shareholders or actual controllers are involved in certain criminal offences, (v) where the directors, supervisors and senior management of the issuer are involved in certain criminal offences or administrative penalties, and (vi) that are forbidden as determined by the State Council (together the “Forbidden Circumstances”).

Based on the public search conducted by our PRC Legal Adviser and to the best of our knowledge, our proposed Listing does not fall within any of the Forbidden Circumstances as of the Latest Practicable Date. Therefore, if the Draft Regulations on Listing become effective in their current form, subject to the specific filing procedures expected to be detailed in the subsequent implementation rules, we do not foresee any material impediment for us to comply with the Draft Regulations on Listing. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not received any inquiry, warning, or sanctions regarding the proposed Listing or our corporate structure from the CSRC or any other PRC government authorities. Based on the foregoing and given that the Draft Regulations on Listing are still in draft form and have not come into effect, our PRC Legal Adviser is of the view that we are not required to go through the filing procedures with the CSRC under the Draft Regulations on Listing with respect to the Listing as of the Latest Practicable Date. Therefore, our Directors believe, and our PRC Legal Adviser concurs, that the Draft Overseas Listing Regulations will not have a material adverse impact on our business operations or the proposed Listing.

However, the Draft Regulations on Listing were released for public comments only at this stage and their provisions and anticipated effective dates are subject to uncertainties, and their interpretation and implementation remain uncertain. We cannot fully predict the impact of the Draft Regulations on Listing on the proposed Listing, if any, at this stage, and we will closely monitor and assess any development in the rule-making process.

On December 27, 2021, the NDRC and the MOFCOM promulgated the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》), or the Negative List, which became effective on January 1, 2022. Compared with the Special Administrative Measures (Negative List) for

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the Access of Foreign Investment (2020) (《外商投資准入特別管理措施(負面清單)(2020年版)》), or the 2020 Negative List, the main changes under the Negative List include, among others, the overseas securities offering and listing of a domestic enterprise shall be subject to the review and approval by the relevant regulatory authorities, if such domestic enterprise engages in the business prohibited for foreign investment under the Negative List. According to the public responses of relevant officials from the NDRC and the MOFCOM to the reporters' questions regarding the Negative List, the CSRC will take the lead in establishing an inter-departmental supervision and coordination mechanism for the overseas listing of domestic enterprises, and is currently advancing the revision of relevant rules and regulations. As disclosed in the section headed "Contractual Arrangements" in detail, to comply with the requirements of the Negative List, we conducted the business related to internet resource collaboration services, which is considered a business prohibited for foreign investment under the Negative List, through T&I Net Communication and its subsidiaries, based on a series of contractual arrangements by and among WFOE, T&I Net Communication and its shareholders. Article 6 of the Interpretation Note of the Negative List ("Article 6"), which is newly promulgated, provides that if a domestic company conducts business in the prohibited areas under the Negative List seeks to issue and list its shares overseas, it shall complete the examination process and obtain approval by the relevant competent authorities; foreign investors shall not participate in the operation and management of the company; its shareholding percentage shall be subject to the relevant provisions on the administration of domestic securities investment by foreign investors. On January 18, 2022, a press conference was held by the NDRC to further clarify Article 6, during which the spokesperson made it clear that Article 6 shall only apply to circumstances where domestic enterprises are seeking a direct overseas issuance and listing. Therefore, the requirements stipulated in Article 6 are currently not applicable to companies with a VIE structure, such as our Company. Based on the foregoing, our PRC Legal Adviser is of the view that we comply with the requirements under the Negative List, including Article 6, in all material aspects. As the Negative List was recently promulgated, its implementation is subject to uncertainties. We will closely monitor the regulatory developments and seek guidance from the relevant regulatory authorities if necessary to ensure compliance.

We will maintain ongoing communications with government authorities regarding latest developments and requirements of new regulations and take necessary and timely measures.

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in "Risk Factors" in this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- If we fail to manage the growth and expansion of our business and operations, such as failing to expand the features and capabilities of our solutions, attract new clients and retain existing ones, or provide satisfactory client services, our revenue growth may not increase to offset our future operating expenses, and our results of operations, financial condition and growth prospects may be materially and adversely affected.
- The market in which we participate is highly competitive, and if we do not compete effectively, our operating results could be harmed.
- If we fail to improve and enhance the functions, performance, reliability, design, security, and scalability of our solutions to suit our clients' evolving needs, we may lose our clients.
- If we fail to attract new clients or retain existing ones, our business, results of operations and financial conditions could be materially and adversely affected.
- Recent regulatory changes have led to a significant decrease in our revenue from clients in the education industry.
- Our business is subject to system and data security risks, and our security measures may be inadequate to address these risks, making our systems susceptible to compromise, which could materially adversely affect our business, financial condition, results of operations, and prospects.

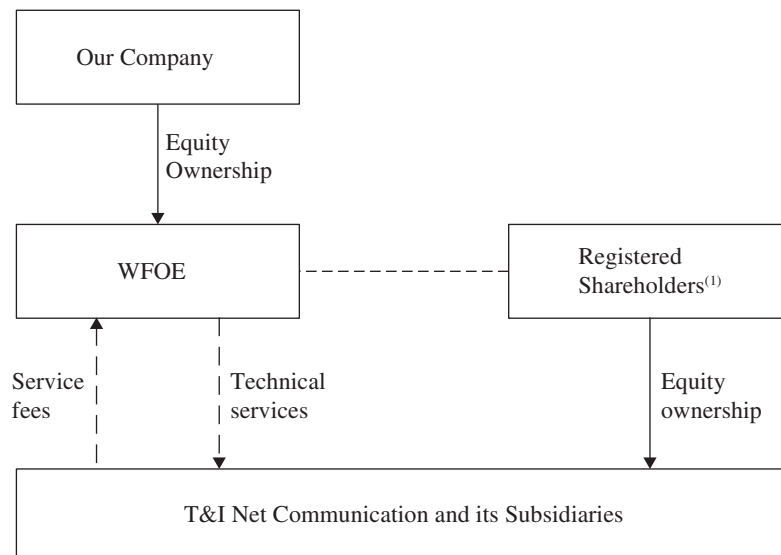
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- Our business is subject to a variety of evolving laws and regulations regarding cybersecurity, data security and data privacy. Any failure of our platform to comply with applicable laws and regulations could harm our business, operating results and financial condition.
- We are subject to many hazards and operational risks that can disrupt our business.
- Our business relies on the telecommunications and cloud infrastructure operated by third parties and any disruption of or interference with our use of such third-party services would adversely affect our business, results of operations and financial condition.
- We may have insufficient transmission bandwidth, which could result in disruptions to our solutions and loss of revenue.
- The effects of the COVID-19 pandemic have materially affected how we and our clients are operating, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.
- If the cloud-based customer contact solutions market develops more slowly than we expect or declines, our business could be harmed.

CONTRACTUAL ARRANGEMENTS

We conducted our Principal Business through our Consolidated Affiliated Entities in the PRC as the PRC laws, or their implementation by relevant government authorities, generally prohibit or restrict foreign ownership in the business we operate. Currently, the PRC laws restrict foreign ownership of value-added telecommunications service providers.

After consultation with our PRC Legal Adviser, we have entered into contractual arrangements with T&I Net Communication and its shareholders and subsidiaries, through which we obtain effective control over T&I Net Communication and its subsidiaries and substantially all of the economic benefits arising from T&I Net Communication and its subsidiaries. Meanwhile, we are able to consolidate the financial results of T&I Net Communication and its subsidiaries in our results of operations. The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group under the Contractual Arrangements:



Notes:

- (1) The current Registered Shareholders of T&I Net Communication include Mr. Wu, Beijing Tianchuang Chuangrun, Beijing Yunjing, Beijing Yunhao, Mr. LI Jin (李晋) (“**Mr. Li**”), Mr. PAN Wei (潘威) (“**Mr. Pan**”), Mr. AN Jingbo (安静波) (“**Mr. An**”) and Beijing Yunyu. For further information about the registered shareholders, please refer to “History, Reorganization and Corporate Structure.”
- (2) “→” denotes direct legal and beneficial ownership in the equity interest.
- (3) “---→” denotes contractual relationship.
- (4) “---” denotes the control by WFOE over the Registered Shareholders and T&I Net Communication through (i) powers of attorney to exercise all shareholders’ rights in T&I Net Communication, (ii) exclusive options to acquire all or part of the equity interests in T&I Net Communication and (iii) equity pledges over the equity interests in T&I Net Communication.

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For the risks and further details regarding the Contractual Arrangements, see the sections headed “Risk Factors – Risks Related to Our Corporate Structure” and “Contractual Arrangements.” For the potential tax impact on the Group upon the adoption of the Contractual Arrangements, please see the section headed “Risk Factors – Risks Related to Our Corporate Structure – Contractual arrangements we have entered into with T&I Net Communication may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.”

CONTROLLING SHAREHOLDERS

Immediately upon completion of the Global Offering (without taking into account any Shares to be allotted and issued upon the exercise of the Over-allotment Option), the group of Controlling Shareholders will be interested in and will control, through the Intermediary Shareholders, Principal Shareholders and deeds of voting proxy as described in the section headed “History, Reorganization and Corporate Structure – Deeds of Voting Proxy,” an aggregate of 49.72% of equity interest in our Company. Accordingly, Mr. Wu, Mr. Pan, Mr. Li, Mr. An, Intermediary Shareholders and Principal Shareholders will remain as our Controlling Shareholders after the Global Offering. For further details of our Controlling Shareholders, see “Relationship with the Controlling Shareholders.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

We achieved steady growth during the Track Record Period. Our total revenue increased at a CAGR of 9.6% from RMB334.8 million in 2019 to RMB401.9 million in 2021, of which 97.2% and 92.2% were generated from our SaaS solutions that are of a recurring nature. Our gross profit increased at a CAGR of 8.3% from RMB155.9 million in 2019 to RMB182.7 million in 2021. Our profit for the year increased by 18.6% from RMB59.1 million in 2019 to RMB70.2 million in 2020, primarily due to the increases in revenues generated from both of our SaaS solutions and VPC solutions as a result of our continuous business expansion, while our cost of sales remained stable. In 2021, our profit for the year decreased to RMB17.8 million, primarily due to (i) a lower-than-expected revenue from education clients whose businesses were adversely affected by the recently promulgated regulations that crack down on after-school tutoring services on academic subjects in China’s compulsory education system, coupled with an increased cost of sales, (ii) a significant increase in professional service fees in relation to the Proposed Listing on the ChiNext Board and the Global Offering, (iii) the increases in selling and distribution expenses and research and development expenses incurred in 2021 to implement our business plan, and (iv) an increase in employee benefit expenses as we were no longer exempt from making employer contribution to employee social security schemes in 2021. As of December 31, 2021, we had achieved profitability for seven consecutive years.

Summary of Consolidated Statements of Comprehensive Income

The following tables set forth a summary of the financial information from our consolidated financial information for the Track Record Period, with line items in absolute amounts and as percentages of our revenue for the periods indicated, extracted from the Accountants’ Report set out in Appendix I. The summary of consolidated financial data set forth below should be read together in conjunction with the consolidated financial statements in this prospectus, including the related notes. The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Summary Consolidated Statements of Comprehensive Income Data:						
Revenue	334,813	100.0	353,744	100.0	401,897	100.0
Cost of sales	(178,930)	(53.4)	(178,305)	(50.4)	(219,194)	(54.5)
Gross profit	155,883	46.6	175,439	49.6	182,703	45.5
Other income and gains	8,845	2.6	14,062	4.0	8,287	2.1
Selling and distribution expenses	(44,163)	(13.2)	(50,360)	(14.2)	(71,335)	(17.7)

SUMMARY

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Administrative expenses	(16,151)	(4.8)	(18,776)	(5.3)	(42,977)	(10.7)
Research and development expenses	(37,066)	(11.1)	(38,523)	(10.9)	(53,840)	(13.4)
Impairment losses on financial assets	(812)	(0.2)	(1,883)	(0.5)	(3,423)	(0.9)
Other expenses and losses	(283)	(0.1)	(627)	(0.2)	(293)	(0.1)
Finance costs	(757)	(0.2)	(677)	(0.2)	(636)	(0.2)
Profit before tax	65,496	19.6	78,655	22.2	18,486	4.6
Income tax expenses	(6,351)	(1.9)	(8,488)	(2.4)	(668)	(0.2)
Profit for the year	59,145	17.7	70,167	19.8	17,818	4.4
Earnings per share Basic and diluted (RMB)	N/A	N/A	N/A	N/A	N/A	N/A
Profit for the year	59,145	17.7	70,167	19.8	17,818	4.4
Other comprehensive income						
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
Equity investments designated at fair value through other comprehensive income:						
Changes in fair value	519	0.2	108	0.0	-	-
Income tax effect	(78)	(0.0)	(16)	(0.0)	-	-
Exchange differences on translation of the financial statements of the Company	-	-	-	-	153	0.0
Other comprehensive income for the year, net of tax	441	0.1	92	0.0	153	0.0
Total comprehensive income for the year	59,586	17.8	70,259	19.9	17,971	4.5

Business

The following table sets forth our revenues by businesses for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Total revenue:						
SaaS solutions	325,328	97.2	341,197	96.4	370,738	92.2
VPC solutions	708	0.2	5,927	1.7	21,298	5.3
Other services and product sales	8,777	2.6	6,620	1.9	9,861	2.5
Total	334,813	100.0	353,744	100.0	401,897	100.0

During the Track Record Period, revenue derived from our SaaS solutions grew steadily from RMB325.3 million in 2019 to RMB341.2 million in 2020, and further to RMB370.7 million in 2021.

VPC solutions are a fast-growing business that only started to generate revenue in 2019. Revenue from our VPC solutions consists of (i) software licensing fees and (ii) revenue from customization services. Revenue from our VPC solutions increased rapidly from RMB708 thousand in 2019 to RMB21.3 million in 2021.

In the Track Record Period, revenue from other services and product sales consisted of revenue from provision of services and sale of goods ancillary to our customer contact solutions to satisfy certain ad hoc request from our existing clients. Goods sold primarily included telecommunication equipment, and services provided primarily included certain telecommunication services. We expect other revenue to remain as an immaterial portion of our total revenue in the foreseeable future. See “Financial Information – Description of Major Components of Our Results of Operations – Revenues” for a detailed discussion of revenues incurred by each business.

SUMMARY

The following table sets forth our gross profit both in absolute amount and as a percentage of the corresponding revenue, or gross margin, by businesses for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
SaaS solutions	152,240	46.8	169,444	49.7	167,235	45.1
VPC solutions	508	71.8	3,247	54.8	11,453	53.8
Other services and product sales . . .	3,135	35.7	2,748	41.5	4,015	40.7
Total	155,883	46.6	175,439	49.6	182,703	45.5

See “Financial Information – Description of Major Components of Our Results of Operations – Gross Profit and Gross Margin” for a detailed discussion of the profitability of each business.

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2019	2020	2021
	(RMB in thousands)		
Non-current assets:			
Property, plant and equipment	4,484	3,139	3,611
Right-of-use assets	12,717	12,305	7,781
Other intangible assets	2,816	2,778	2,971
Prepayments for property, plant and equipment . . .	–	347	–
Equity investments designated at fair value through other comprehensive income	8,069	8,177	–
Deferred tax assets	–	184	707
Total non-current assets	28,086	26,930	15,070
Current assets:			
Trade receivables	48,353	75,218	64,388
Contract assets	–	277	2,214
Prepayments, other receivables and other assets . . .	6,247	6,916	12,695
Prepaid tax	3,476	–	2,286
Financial investments at fair value through profit or loss	155,808	151,237	31,227
Cash and cash equivalents	17,741	32,953	152,545
Pledged deposits	–	–	21,293
Total current assets	231,625	266,601	286,648
Non-current liabilities:			
Lease liabilities	8,444	6,378	2,709
Deferred tax liabilities	18	–	–
Current liabilities:			
Interest-bearing bank borrowings	–	–	10,520
Trade payables	20,483	13,924	15,740
Contract liabilities	22,740	18,133	22,716
Other payables and accruals	15,550	19,646	22,862
Lease liabilities	4,630	6,513	5,281
Tax payable	450	935	419
Total current liabilities	63,853	59,151	77,538
Net current assets	167,772	207,450	209,110
Share capital	–	–	98
Reserves	187,396	228,002	221,373
Total equity	187,396	228,002	221,471
Total equity and liabilities	259,711	293,531	301,718

We had net current assets of RMB167.8 million, RMB207.5 million and RMB209.1 million as of December 31, 2019, 2020 and 2021, respectively. Our net current assets position as of each of these dates was primarily attributable to our large balance of cash and cash equivalents and financial investments at fair value through profit or loss, partially offset by our contract liabilities and other payables and accruals.

SUMMARY

Our net current assets increased from RMB167.8 million as of December 31, 2019 to RMB207.5 million as of December 31, 2020, primarily due to an increase of RMB26.9 million in trade receivables, an increase of RMB15.2 million in cash and cash equivalents, a decrease of RMB6.6 million in trade payables and a decrease of RMB4.6 million in contract liabilities, which were partially offset by a decrease of RMB4.6 million in financial investments at fair value through profit or loss in 2020.

Our net current assets changed slightly from RMB207.5 million as of December 31, 2020 to RMB209.1 million as of December 31, 2021, primarily due to an increase in cash and cash equivalents of RMB119.6 million and an increase in prepayments, other receivables and other assets of RMB5.8 million, which was partially offset by a decrease in financial investments at fair value through profit or loss of RMB120.0 million, mainly as a result of our disposal of certain wealth management products and structured deposits.

For further details, see “Financial Information – Discussion of Certain Key Balance Sheet Items.”

Summary of Consolidated Statements of Cash Flows

	For the Year Ended December 31,		
	2019	2020	2021
	(RMB in thousands)		
Cash generated from operations	71,639	44,663	41,304
Interest paid	(757)	(677)	(636)
Corporate income tax paid	(15,360)	(4,745)	(3,993)
Net cash flows generated from operating activities	55,522	39,241	36,675
Net cash flows (used in)/generated from investing activities	(112,394)	9,013	128,788
Net cash flows used in financing activities	(24,703)	(33,042)	(45,870)
Net increase/(decrease) in cash and cash equivalents	(81,575)	15,212	119,593
Cash and cash equivalents at beginning of year	99,316	17,741	32,953
Effect of foreign exchange rate changes, net	–	–	(1)
Cash and cash equivalents at end of year	17,741	32,953	152,545

We have historically funded our cash requirements principally from cash generated from our business operations. After the Global Offering, we intend to finance our future capital requirements through cash generated from our business operations, the net proceeds from the Global Offering, and other future equity or debt financings. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB17.7 million, RMB33.0 million and RMB152.5 million as of December 31, 2019, 2020 and 2021, respectively. For further details, see “Financial Information – Liquidity and Capital Resources.”

Key Financial Ratios

The following table sets forth certain of our key financial ratios for the periods indicated.

	For the Year Ended December 31,		
	2019	2020	2021
Total revenue growth (%)	N/A	5.7	13.6
SaaS solutions (%)	N/A	4.9	8.7
VPC solutions (%)	N/A	737.1	259.3
Other services and product sales (%)	N/A	(24.6)	49.0
Gross margin (%)	46.6	49.6	45.5
SaaS solutions (%)	46.8	49.7	45.1
VPC solutions (%)	71.8	54.8	53.8
Other services and product sales (%)	35.7	41.5	40.7

During the Track Record Period, we recorded a significant revenue growth of our VPC solutions by 737.1% from RMB708 thousand in 2019 to RMB5.9 million in 2020, and further increased by 259.3% to RMB21.3 million in 2021. This growth was primarily driven by the growing demand for deployment of customer contact solutions on virtual private cloud from clients with stricter security requirements during their digital and cloud transformation. For details, see “Financial Information – Description of Major Components of Our Results of Operations.”

Our overall gross margin increased from 46.6% in 2019 to 49.6% in 2020 primarily attributable to higher pricing level applied to certain newly acquired clients in 2020. As our key accounts deepen their business relationships with us and increase their purchases from us, they typically request to lower our service price. Therefore, the pricing level applied to newly

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acquired clients is usually higher than those applied to clients with which we have a long cooperation history. To a lesser extent, the increase in gross margin in 2020 was also attributable to the growth of revenue from our VPC solutions in 2020. Due to their different revenue and cost model, our VPC solutions on average have a higher gross margin compared to our SaaS solutions and other services and product sales. Our VPC solutions are designed based on the software used in our SaaS solutions. We make customizations upon the request of clients, or deploy standardized solutions in VPCs absent specific requests. The gross margin for the latter portion is relatively high as we incur less costs in connection with implementation personnel. During the Track Record Period, our VPC clients primarily purchased cloud and telecommunications services directly from cloud service providers and telecommunications companies, respectively. Therefore, these services were not included in our cost of sales. Our overall gross margin decreased from 49.6% in 2020 to 45.5% in 2021, primarily because we purchased a larger pool of telecommunication resources, including telephone numbers, dedicated leased lines and internet broadband, in anticipation of increasing client demand in the second half of 2021. However, the client demand in the second half of 2021 was lower than expected due to the recent development in the PRC laws and regulations that affected the business performance of our clients who are Academic AST Institutions. As a result, our revenue growth was negatively impacted, while our cost of sales increased and the average utilization rate of telecommunication resources was lowered. We may adjust our price offered for clients from time to time based on various considerations, including, among other things, the market conditions, competition landscape and strategic value of the contracts in question. While such adjustments may affect our gross profit margin, we expect our overall gross profit margin to remain stable in the foreseeable future as we continue to enlarge and diversify our client base.

RECENT DEVELOPMENT

During the Track Record Period, clients in the education industry contributed to a significant portion of our revenue. In 2019, 2020 and 2021, revenue from these clients amounted to RMB89.5 million, RMB104.4 million and RMB107.8 million, respectively, accounting for 26.7%, 29.5% and 26.8% of our total revenue. The revenue increases were primarily driven by the robust growth of the business of education companies prior to June 30, 2021. In July 2021, the General Office of the CPC Central Committee and the General Office of the State Council issued the Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》) (the “Opinion”), which contains high-level policy directives about requirements and restrictions related to, among others, institutions providing after-school tutoring services on academic subjects in China’s compulsory education system, or Academic AST Institutions. Subsequently, local education authorities started to promulgate implementation measures of the Opinion.

In 2019, 2020 and 2021, we had 25, 26, and 34 clients who are Academic AST Institutions, respectively. During the same periods, these clients contributed to 16.2%, 18.9% and 16.9% of our total revenue, respectively. In the second half of 2021, Academic AST Institutions significantly reduced their business activities as well as their demand for customer contact solutions. As a result, we had a significant decrease in the revenue from education companies for the second half of 2021, and our total revenue and gross profit in 2021 was negatively impacted. For details of the related risks, see “Risk Factors – Risks Related to Our Business and Industry – Recent regulatory changes have led to a significant decrease in our revenue from clients in the education industry.” The below table sets forth the revenue contributed by clients in the education industry in absolute amounts and as a percentage of our total revenue in each month between July 2021 and April 2022 based on our unaudited management accounts.

	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022
Revenue (RMB in millions)	12.2	7.9	5.1	3.9	4.1	4.7	3.9	3.1	3.5	3.4
Revenue contribution (%)	35.0	24.3	17.4	13.2	12.2	14.4	13.8	12.2	9.2	10.3

The below table sets forth the revenue contributed by clients who are Academic AST Institutions in absolute amounts and as a percentage of our total revenue in each month between July 2021 and April 2022 based on our unaudited management accounts. Many of these clients also provide vocational and quality education services in addition to after-school tutoring services on academic subjects. The below figures account for the total revenue generated from such clients based on our unaudited management accounts.

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	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022
Revenue (RMB in millions)	10.0	5.6	3.4	2.3	1.4	1.4	1.3	0.9	1.0	1.0
Revenue contribution (%)	28.8	17.2	11.5	7.7	4.1	4.3	4.5	3.5	2.6	2.9

Revenue contribution from clients in the education industry is usually lower in February each year, since (a) February is the shortest month of the year and has fewer working days due to the Spring Festival, and (b) schools are closed during winter break in most of February. As demonstrated by the changes in revenue contribution shown in the above table, we believe that the impact of the Opinion on our business had been on a decreasing trend subsequent to the Track Record Period. We expect the revenue contributed by clients in the education industry to continue to decrease in 2022, primarily driven by the forecasted decrease in revenue generated from Academic AST Institutions in line with the implementation of the Opinion. Considering the uncertainties involved in the regulatory regime of the education industry, we foresee the revenue contributed by clients in the education industry to decrease at a slow pace beyond 2022.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to implement our development strategies. Since the second half of 2021, certain regions in China have experienced a resurgence of COVID-19. Stringent social distancing restrictions have been imposed in cities where we or our clients have operations, including Shanghai, Beijing and Shenzhen. For details, see “Financial Information – Impact of COVID-19.” Based on our unaudited management accounts, we recorded a decrease in our revenue for four months ended April 30, 2022 compared to the same period in 2021, primarily due to a decrease in revenue generated by clients in the education industry, which was partially offset by increases in revenue generated by clients in other industries, in particular the automobile industry. In January, February, March and April 2022, we served a total of 2,048, 2,056, 2,140 and 2,130 clients, respectively, representing a decrease by 5.4%, 5.0%, 1.2% and 1.7% as compared to December 2021.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2021, being the end date of our latest audited financial statements, and there has been no event since December 31, 2021 that would materially affect the information shown in the Accountants’ Report set out in Appendix I.

IMPACT OF COVID-19

Since the end of December 2019, the outbreak of a novel strain of coronavirus, or COVID-19, has materially and adversely affected the Chinese and global economy. In response to COVID-19, including the resurgence of COVID-19 in China since the second half of 2021, the PRC government has imposed mandatory quarantine, closure of workplaces and facilities, travel restriction and other related measures in various regions at different times. These measures caused a decline in the business activities in China in general, which in turn has had a negative impact on the demand of businesses for customer contact solutions, particularly during the lockdown in the first half of 2020.

COVID-19 has caused temporary disruptions to our business operations to varying degrees. For further details of the impact as a result of COVID-19, see “Financial Information – Impact of COVID-19.”

In general, due to the cloud nature of our solutions, our ability to provide services was not hindered by the lockdown and travel restrictions implemented to combat the COVID-19. Since the outbreak, we have not encountered any disruption in our IT infrastructure and have been and expect to be able to discharge our obligations under contracts with clients. Thanks to the preventive measures we have implemented, we successfully kept our business operations from material disruption during the outbreak and avoided any materials impact on the implementation of our business plans. In response to the fact that the travel restriction slowed down the pace of our client acquisition in 2020, we have been proactively mobilizing internal resources and leveraging our strong technological capabilities to mitigate the impact of COVID-19. We supported our clients and helped them tackle the challenges presented by the pandemic by providing reliable, quality solutions and services. For example, faced explosive customer demand in 2020, companies from online education industry were in urgent needs for solutions that could help them manage the surge in business volume remotely during the

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pandemic. To meet such needs, we quickly developed features and added functionalities to our Agile Agent Solutions, helping increase their operational transparency and efficiency. As a result, we had a healthy growth of revenue from our key accounts in 2020, achieving a dollar-based net retention rate of 114.6% for key accounts. Such growth was partially offset by the decreases in revenues from clients in travel and used car industries and from certain small- and medium-sized clients. Hence, despite the temporary disruption caused by COVID-19, we are able to sustain a steady growth in 2020. Our revenue increased by 5.7% from RMB334.8 million in 2019 to RMB353.7 million in 2020, and our profit for the year increased by 18.6% from RMB59.1 million in 2019 to RMB70.2 million 2020.

Since the second half of 2021, certain regions in China have experienced a resurgence of COVID-19 and the commercial activities in these regions have been negatively impacted at varying degrees. Stringent social distancing restrictions have been imposed in cities where we or our clients have operations, including Shanghai, Beijing and Shenzhen. In particular, a city-wide lock-down policy was in place in Shanghai, where our third largest office is located, between late March and late May of 2022. Further, the authorities in Beijing, where our headquarters are located, have tightened the restrictions on social activities since early May 2022, requiring residents in the city's worst-hit districts to work from home, suspending public transportation in certain areas and carrying out multiple daily mass testings. Owing to the cloud-based nature of our solutions and the recurring nature of our SaaS revenue, generally our business was not negatively impacted by the recent COVID-19 resurgence, except for a small percentage of our clients whose business activities were negatively affected, leading to their reduced usage of our solutions. For clients with offices in the affected areas, travel restrictions and stay-at-home orders may prevent their customer service agents from working at physical contact centers. For clients such as those in the logistics and transportation industry, transportation restrictions in the affected areas may hinder their ability to conduct normal operating activities, and their frequency of using our solutions to provide notifications and customer services reduced in line with lower business volume. Further, as of the Latest Practicable Date, in accordance with the social distancing policies, some of our employees, including 3% of our employees based in Shanghai and 9% of our employees in Beijing, worked from home, and business travels were restricted in the affected areas, which adversely affected our business development activities. Based on our unaudited management accounts, for the four months ended April 30, 2022, while our revenue generated from the education industry substantially decreased due to the impact of the Opinion, our revenue generated from other industries achieved steady growth when compared to the same period in 2021.

There remains significant uncertainties associated with COVID-19, including with respect to the ultimate spread of the virus, the severity and duration of the pandemic and further actions that may be taken by governmental authorities around the world to contain the virus, and the full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations, cash flows and financial condition will depend on future developments that are highly uncertain and cannot be accurately predicted. If prolonged COVID-19 restrictions are imposed at a large scale in China, our ability to develop new clients and maintain relationships with existing clients will be adversely impacted. If such restrictions lead to a general decline in economic conditions and commercial activities, the business of our clients will be negatively affected and our business performance will suffer as a result. Based on the present situation and the information currently available to us, we expect our revenue growth in 2022 to slow down as compared to the growth rate we achieved in 2021. See "Risk Factors – Risks Related to Our Business and Industry – The effects of the COVID-19 pandemic have materially affected how we and our clients are operating, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain."

DIVIDENDS

As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will depend on the dividends, loans or advances that we receive from our subsidiaries, T&I Net Communication and its subsidiaries. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

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No dividends have been paid or declared by our Cayman holding company since its incorporation. T&I Net Communication, our variable interest entity in the PRC, had declared dividends of RMB20,664,000, RMB30,996,000 and RMB25,830,000 to its then shareholders in 2019, 2020 and 2021, respectively. The dividends were fully paid in cash in July 2019, November 2020 and May 2021, respectively. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to adjustment and the Over-allotment Option):

- (a) the Hong Kong Public Offering of 4,353,200 New Shares (subject to adjustment as mentioned below) for subscription by the public in Hong Kong as described in “Structure of the Global Offering – The Hong Kong Public Offering”; and
- (b) the International Offering of 39,176,800 Shares (comprising 19,646,800 New Shares and 19,530,000 Sale Shares, and subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 25.0% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the total Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option as set out in “Structure of the Global Offering – The International Offering – Over-allotment Option.”

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that: (i) the Global Offering has been completed and 24,000,000 New Shares are issued pursuant to the Global Offering, (ii) the Over-allotment Option is not exercised, and (iii) 174,000,000 Shares are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK\$12.85 per Offer Share	Based on an Offer Price of HK\$13.85 per Offer Share
Market capitalization immediately after the Global Offering ⁽¹⁾	HK\$2,235.9 million	HK\$2,409.9 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$3.07	HK\$3.20

Notes:

- (1) The calculation of market capitalization is based on 174,000,000 shares expected to be in issue immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).
- (2) The unaudited pro forma adjusted consolidated net tangible asset per Share as of December 31, 2021 is calculated after making the adjustments referred to in “Appendix II – Unaudited Pro Forma Financial Information.”

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions, and other fees incurred in connection with the Global Offering. The estimated total listing expenses (based on the mid-point of the Offer Price range and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB45.4 million (equivalent to approximately HK\$53.1 million), accounting for approximately 16.6% of our gross proceeds. We may also in our sole and absolute discretion pay one or more of the Underwriters an additional discretionary incentive fee of up to 1.25% of the Offer Price for each Offer Share. The following table sets forth the breakdown of our estimated listing expenses (based on the mid-point of the Offer Price range and assuming that the Over-allotment Option is not exercised):

SUMMARY

	RMB	HK\$
	(in thousands)	
Estimated Listing Expenses:		
Underwriting-related expenses	8,900	10,400
Non-underwriting-related expenses	36,503	42,653
Fees and expenses of legal advisers and accountants	24,347	28,450
Other fees and expenses	12,156	14,204
Total	45,403	53,053

Approximately RMB13.2 million (equivalent to approximately HK\$15.4 million) of the estimated listing expenses is directly attributable to the issue of new Shares to the public and will be account for as a deduction from equity upon completion of the Global Offering. The remaining estimated listing expenses of approximately RMB32.2 million (equivalent to approximately HK\$37.6 million) was or will be charged to profit or loss, of which nil, nil, and RMB19.5 million (equivalent to approximately HK\$22.8 million) were charged in the years ended December 31, 2019, 2020 and 2021, respectively. Approximately RMB12.7 million (equivalent to approximately HK\$14.8 million) is expected to be charged in profit or loss before or upon completion of the Global Offering. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

USE OF PROCEEDS

The table below sets forth the estimated net proceeds of the Global Offering which we will receive after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering (assuming the Over-allotment Option is not exercised):

Assuming an Offer Price of HK\$13.35 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	HK\$267.3 million
Assuming an Offer Price of HK\$13.85 per Offer Share (being the high end of the Offer Price range stated in this prospectus)	HK\$278.9 million
Assuming an Offer Price of HK\$12.85 per Offer Share (being the low end of the Offer Price range stated in this prospectus)	HK\$255.7 million

We intend to use the net proceeds over the next five years as follows (based on the mid-point of the Offer Price range stated in this prospectus):

- Approximately 75%, or HK\$200.5 million, will be used to further enhance our core technologies, optimize existing portfolio of solutions and develop complementary solutions with a goal to satisfy evolving client needs, provide more comprehensive solutions and improve our overall competitiveness in the market of customer contact solutions;
- Approximately 20%, or HK\$53.5 million, will be used over the next five years to further enhance our brand image in the market for customer contact solutions, expand our direct sales team, improve our sales capabilities and increase our marketing efforts;
- Approximately 5%, or HK\$13.4 million, will be used for working capital and general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro-rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated offer price range.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, we plan to invest the net proceeds in short-term demand deposits with licensed banks or authorized financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

We estimate the net proceeds to the Selling Shareholder from the sale of Sale Shares pursuant to the Global Offering to be approximately HK\$252.2 million (assuming an Offer Price of HK\$13.35 per Offer Share, being the mid-point of the indicative Offer Price range), after deducting the underwriting commission and estimated related expenses payable by the Selling Shareholders. We will not receive net proceeds from the sale of Sale Shares pursuant to the Global Offering.

For further details, see “Future Plans and Use of Proceeds.”

DEFINITIONS

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

“%”	per cent
“Academic AST Institutions”	institutions providing after-school tutoring services on academic subjects in China’s compulsory education system; when referred to as our clients, mean clients a majority of whose revenue are generated from after-school tutoring services on academic subjects
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on June 16, 2022 which shall become effective on the Listing Date and as amended from time to time, a summary of which is set out in the section headed “Summary of the Constitution of the Company and Company Laws of the Cayman Islands” in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Beijing Tianchuang Chuangrun”	Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)), a limited partnership established under the laws of the PRC on June 1, 2015
“Beijing Tiandi Rongchuang”	Beijing Tiandi Rongchuang Venture Capital Co., Ltd. (北京天地融創創業投資有限公司), a limited company incorporated under the laws of the PRC on February 21, 2006, being the general partner of Beijing Tianchuang Chuangrun
“Beijing Yunhao”	Beijing Yunhao Investment Center (Limited Partnership) (北京雲昊投資中心(有限合夥)), a limited partnership established under the laws of the PRC on May 12, 2015

DEFINITIONS

“Beijing Yunhao Industrial Investment Consulting”	Beijing Yunhao Industrial Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司), a limited Company established under the laws of the PRC on June 1, 2015, being the general partner of Beijing Yunhao, Beijing Yunjing and Beijing Yunyu
“Beijing Yunjing”	Beijing Yunjing Industrial Investment Center (Limited Partnership) (北京雲景興業投資中心(有限合夥)), a limited partnership established under the laws of the PRC on May 12, 2015
“Beijing Yunyu”	Beijing Yunyu Consulting Management Center (Limited Partnership) (北京雲昱諮詢管理中心(有限合夥)), a limited partnership established under the laws of the PRC on November 24, 2020
“Board”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAC”	Cyberspace Administration of China (國家互聯網信息辦公室)
“Cayman Companies Act” or “Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Cayman Registrar”	the Registrar of Companies of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant

DEFINITIONS

“CCASS EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System (https://ip.ccass.com) or through the CCASS Phone System (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC’s Customer Service Centre by completing an input request
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	People’s Republic of China, except where the context requires otherwise and only for the purposes of this prospectus, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“CIC” or “Industry Consultant”	China Insights Industry Consultancy Limited, an independent professional market research and consulting company
“CIC Report”	an independent market research report commissioned by us and prepared by CIC for the purpose of this prospectus
“client retention rate”	for a given period is calculated as the percentage of our existing clients in the immediately preceding period who remain our clients in the current period

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company,” “our Company,” or “the Company”	TI Cloud Inc. (天润云股份有限公司), an exempted company with limited liability incorporated in the Cayman Islands on March 31, 2021
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entities”	the entities that we control through the Contractual Arrangements, being T&I Net Communication and its subsidiaries
“Contractual Arrangement(s)”	the series of contractual arrangements entered into by, among others Tianrun Cloud (Beijing) Technology Co., Ltd., T&I Net Communication and the Registered Shareholders (as applicable), details of which are described in the section headed “Contractual Arrangements” in this prospectus
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Wu, Mr. Pan, Mr. Li and Mr. An, Hanyun Inc., Xinyun Inc., EastUp Holding Limited, Connect The Unconnected Limited, Flyflux Holding Limited, and Technolo-Jin CO., LTD. See the section headed “Relationship with the Controlling Shareholders” in this prospectus.
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of our Company

DEFINITIONS

“dollar-based net retention rate”	for a given period is calculated by (i) first identifying the clients who subscribed to our solutions in both the benchmark period and the period before and (ii) then using the total revenue attributable to the identified clients in the benchmark period as the numerator and the total revenue attributable to the same group of clients in the preceding period as the denominator
“Extreme Conditions”	Any extreme conditions or events, the occurrence of which will cause interruption to the ordinary course of business operations in Hong Kong and/or that may affect the Price Determination Date or the Listing Date
“FITE Regulations”	the Regulations for the Administration of Foreign Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) promulgated by the State Council on December 11, 2001, the latest amendment of which will become effective on May 1, 2022
“FRC”	Financial Reporting Council
“GAC”	the General Administration of Customs of the PRC (中華人民共和國海關總署)
“GDP”	Gross Domestic Product
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Governmental Authority”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company, Tricor Investor Services Limited

DEFINITIONS

“Group,” “our Group,” “we,” “us,” or “our”	our Company, its subsidiaries and Consolidated Affiliated Entities from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and Consolidated Affiliated Entities, such subsidiaries and Consolidated Affiliated Entities as if they were subsidiaries and Consolidated Affiliated Entities of our Company at the relevant time
“Guanxun Information Technology”	Nanjing Guanxun Information Technology Co., Ltd. (南京冠迅信息科技有限公司), a limited liability company established in Nanjing, the PRC on April 26, 2018, and is one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements
“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted through the IPO App or the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified in the IPO App and on the designated website at www.hkeipo.hk
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 4,353,200 New Shares initially being offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus)

DEFINITIONS

“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the GREEN Application Form, as further described in the section headed “Structure of the Global Offering – The Hong Kong Public Offering” in this prospectus
“Hong Kong Takeovers Code” or “Takeovers Code”	Code on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting – Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement, dated June 18, 2022, relating to the Hong Kong Public Offering, entered into by our Company, the Controlling Shareholders, the Selling Shareholder, the Joint Global Coordinators and the Hong Kong Underwriters as further described in the section headed “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering” in this prospectus
“IAS”	International Accounting Standards
“IASB”	International Accounting Standards Board
“IFRS”	International Financial Reporting Standards, amendments, and interpretations, as issued from time to time by the IASB
“Independent Third Party” or “Independent Third Parties”	any entity or person who is not a connected person of our Company or an associate of any such person within the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“International Offer Shares”	the 39,176,800 Shares, comprising 19,646,800 New Shares being initially offered for subscription by the Company and the 19,530,000 Sale Shares being initially offered for sale by the Selling Shareholder, at the Offer Price under the International Offering together, where relevant, with any additional Shares that may be allotted and issued by our Company, pursuant to any exercise of the Over-allotment Option, subject to adjustment and reallocation as described in the section headed “Structure of the Global Offering” in this prospectus
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act, as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering and expected to be entered into by our Company, the Controlling Shareholders, the Selling Shareholder, the Joint Global Coordinators and the International Underwriters on or about June 24, 2022, as further described in the section headed “Underwriting – Underwriting Arrangement and Expenses – International Offering” in this prospectus
“IPO App”	the mobile application for HK eIPO White Form service which can be downloaded by searching “IPO App” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp
“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors and Parties Involved in the Global Offering” of this prospectus
“Joint Global Coordinators”	China International Capital Corporation Hong Kong Securities Limited and Macquarie Capital Limited

DEFINITIONS

“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering” of this prospectus
“Key accounts”	clients with an annual purchase amount over RMB1.0 million
“Latest Practicable Date”	June 13, 2022, being the latest practicable date for ascertaining certain information in this prospectus before its publication
“Laws”	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees, or rulings of any Governmental Authority (including, without limitation, the Stock Exchange and the SFC) of all relevant jurisdictions
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about June 30, 2022, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company conditionally adopted on June 16, 2022 which shall become effective on the Listing Date and as amended from time to time, a summary of which is set out in the section headed “Summary of the Constitution of the Company and the Company Laws of the Cayman Islands” in Appendix III to this prospectus

DEFINITIONS

“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry)
“Ministry of Public Security”	the Ministry of Public Security of the PRC (中華人民共和國公安部)
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Wu” or “Mr. WU Qiang”	Mr. WU Qiang (吳強), an executive Director, Chairman of the Board, our Chief Executive Officer and one of our Controlling Shareholders
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“NEEQ”	the National Equities Exchange and Quotations, a PRC over-the-counter system for trading shares of public companies
“New Shares”	the Shares to be offered for subscription by the Company under the Global Offering
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy, FRC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in the section headed “Structure of the Global Offering – Pricing and Allocation” in this prospectus

DEFINITIONS

“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 6,529,400 Shares (representing in aggregate approximately 15% of the initial Offer Shares) to the International Underwriters to cover over-allocations in the International Offering, if any, details of which are described in the section headed “Structure of the Global Offering – The International Offering – Over-allotment Option” in this prospectus
“PBOC”	the People’s Bank of China
“PRC GAAP”	the PRC Accounting Standards and Accounting Regulations for Business Enterprises (《中國企業會計準則》) promulgated by the MOF on February 15, 2006 and its supplementary regulations, as amended, supplemented or otherwise modified from time to time
“PRC Legal Adviser”	Commerce & Finance Law Offices
“Price Determination Agreement”	the agreement to be entered into between our Company (for ourselves and on behalf of the Selling Shareholder) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) at or about the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about June 24, 2022 and in any event no later than June 25, 2022, on which the Offer Price is to be fixed by an agreement between our Company (for ourselves and on behalf of the Selling Shareholder) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters)
“Principal Share Registrar”	ICS Corporate Services (Cayman) Limited

DEFINITIONS

“ prospectus ”	this prospectus being issued in connection with the Hong Kong Public Offering
“ public cloud customer contact solutions ”	customer contact solutions deployed in public cloud computing environments
“ Registered Shareholder(s) ”	the current registered shareholders of T&I Net Communication, being Mr. Wu, Beijing Tianchuang Chuangrun, Beijing Yunjing, Beijing Yunhao, Mr. Li, Mr. Pan, Mr. An and Beijing Yunyu, details of which are set out in the section headed “Contractual Arrangements” in this prospectus
“ Regulation S ”	Regulation S under the U.S. Securities Act
“ Remuneration Committee ”	the remuneration committee of the Board
“ Reorganization ”	the reorganization arrangements undertaken by our Group in preparation for the Listing, details of which are set out in the section headed “History, Reorganization and Corporate Structure – Reorganization” in this prospectus
“ RMB ” or “ Renminbi ”	Renminbi, the lawful currency of China
“ RSU(s) ”	a restricted share unit award to be granted to a participant under the Share Incentive Plan
“ SAFE ”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“ SAIC ”	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which has been merged into the State Administration for Market Regulation of the PRC (中華人民共和國市場監督管理總局)
“ Sale Shares ”	the Shares to be offered for sale by the Selling Shareholder at the Offer Price under the Global Offering
“ SAMR ”	the State Administration for Market Regulation of the PRC (中華人民共和國市場監督管理總局)

DEFINITIONS

“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCNPC”	the Standing Committee of National People’s Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Selling Shareholder”	Fortune Ascend Holdings Ltd., a company incorporated in the British Virgin Islands on March 29, 2021, is ultimately controlled by Mr. TIAN
“SFC”	Securities and Futures Commission of Hong Kong
“Shanghai Tianrun Rongtong”	Shanghai Tianrun Rongtong Information Technology Co., Ltd. (上海天潤融通信息科技有限公司), a limited liability company established in Shanghai, the PRC on November 21, 2012, is one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements
“Share Incentive Plan”	the share incentive plan of our Company adopted by the Board on May 13, 2021, the principal terms of which are set out in the section headed “Statutory and General Information – D. Share Incentive Plan” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of our Share(s)
“Shares”	ordinary share(s) in the share capital our Company with a nominal value of US\$0.0001 each
“SOEs”	state-owned enterprises
“Sole Sponsor”	China International Capital Corporation Hong Kong Securities Limited
“Stabilizing Manager”	China International Capital Corporation Hong Kong Securities Limited

DEFINITIONS

“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between Xinyun Inc. and the Stabilizing Manager, pursuant to which the Stabilizing Manager may borrow up to an aggregate of 6,529,400 Shares to cover any over-allocations in the International Offering
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto it in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“T&I Net Communication”	Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司), a limited liability company established in Beijing, the PRC on February 23, 2006, and is one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements
“the Hong Kong Stock Exchange” or “the Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top 20 Players”	the top 20 players in terms of revenue for the first three quarters in 2021 from each of the China’s technology sector, education sector and insurance sector, compiled by CIC in the CIC Report
“Track Record Period”	the three financial years ended December 31, 2019, 2020 and 2021
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States,” “U.S.” or “US”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars,” “U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933, as amended

DEFINITIONS

“VAT”	value-added tax
“VAT License”	value-added telecommunication services operating license
“WFOE”	TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司), a limited liability company established in Beijing, the PRC on April 28, 2021, an indirect wholly-owned subsidiary of our Company
“Xinfeng Information Technology”	Shanghai Xinfeng Information Technology Co., Ltd. (上海欣峰信息科技有限公司), a limited liability company established in Shanghai, the PRC on April 24, 2012, is one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements
“Xunchuan Rongtong Technology”	Beijing Xunchuan Rongtong Technology Co., Ltd. (北京迅傳融通科技有限公司), a limited liability company established in Beijing, the PRC on October 22, 2007, is one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this prospectus are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

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

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this prospectus in connection with us and our business. These may not correspond to standard industry definitions, and may not be comparable to similarly terms adopted by other companies.

“ACD”	Automatic Call Distributor, a telephony system that receives incoming calls, categorizes those calls based on preset conditions, and transfers the call to the most qualified agent, or team, to handle the issue
“active-active dual-cloud architecture”	an architecture where services operate in parallel on two cloud computing platforms and data on the two different clouds are synchronized in real time
“AI”	Artificial Intelligence
“API”	Application Programming Interfaces, enables companies to open up their applications’ data and functionality to external third-party developers, business partners, and internal departments within their companies
“ASR”	Automatic Speech Recognition, a technology that uses machine-learning algorithms to convert spoken language to text
“app” or “application”	application software designed to run on smartphones and other mobile devices
“architecture”	the structure under which an information system’s hardware, software, data and communication capabilities are put together
“BERT”	Bidirectional Encoder Representations from Transformers, a machine learning technique for natural language processing
“BPMN”	Business Process Modeling Notation, a flow chart method that models the steps of a planned business process from end to end
“CAGR”	Compound Annual Growth Rate

GLOSSARY OF TECHNICAL TERMS

“cloud-based”	applications, services or resources made available to users on demand via the Internet from a cloud computing provider’s servers with access to shared pools of configurable resources
“COVID-19”	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
“CRM”	Customer Relationship Management, a strategy for managing an organization’s relationships and interactions with customers and potential customers
“CTI”	Computer Telephony Integration, a set of technologies for integrating and managing computers and telephone systems
“data analytics”	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences, and other useful information that can help organizations make more informed business decisions
“DDoS”	distributed denial-of-service attack, a cyberattack in which the perpetrator seeks to make a machine or network resource unavailable to its intended users by temporarily or indefinitely disrupting services of a host connected to the internet
“deep learning”	a subset of machine learning that has networks capable of learning unsupervised from data that is unstructured or unlabeled
“DevOps”	a model that combines software development and information system operations to shorten the cycle of building and delivering features, fixes and updates to users while keeping software solutions reliable, scalable and secure
“envelope encryption”	an encryption mechanism that encrypt data with a data key, and then encrypt the data key under another key

GLOSSARY OF TECHNICAL TERMS

“ERP”	Enterprise Resource Planning, a business process management software that allows an organization to use a system of integrated applications to manage the business and digitalize back-office functions relating to technology, services, and human resources
“grayscale release”	a technique to reduce the risk of introducing a new software version in production by slowly rolling out the change to a small subset of users before rolling it out to the entire infrastructure and making it available to everybody
“IaaS”	Infrastructure as a Service, a category of cloud computing service that provides virtualized computing resources over the Internet
“IDC”	internet data centers, physical facilities that house data servers and other IT infrastructure
“IVR”	Interactive Voice Response, an automated phone system technology to provide or gather information from incoming callers via a voice response system without having to speak to a human agent
“Kubernetes”	an open-source container-orchestration system for automating computer application deployment, scaling, and management
“machine learning”	an AI application that provides systems the ability to automatically learn and improve from experience without being explicitly programmed
“microservices”	an architectural style that structures an application as a collection of services that are loosely coupled and independently deployable
“MLPS”	Multi-Layer Protection Scheme (MLPS) Level III Certification, certified by the Ministry of Public Security of the PRC demonstrating the highest level achievable for non-financial institutions
“MTBF”	mean time between failures, the predicted elapsed time between inherent failures of a mechanical or electronic system, during normal system operation

GLOSSARY OF TECHNICAL TERMS

“NLP”	Natural Language Processing, AI-powered function to engage in text- and voice-based intelligent interactions
“PC”	Personal computer
“RNN”	Recurrent Neural Network, a type of artificial neural network which uses sequential data or time series data
“robotic process automation” or “RPA”	a software technology used to automate mundane rules-based business processes
“SaaS”	Software as a Service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
“serverless architecture”	a software design pattern where applications are hosted by a third-party services, eliminating the need for server software and hardware management by the developers
“SDK”	Software Development Kits, a set of tools used for developing applications provided by hardware and software providers
“SD-WAN”	software-defined wide area network, simplifies the management and operation of a WAN by decoupling the networking hardware from its control mechanism
“SLA”	Service Level Agreement, a documented agreement between a service provider and a customer that identifies both the services required and the expected level of service
“SMS”	Short Message Service, basic communications technology for mobile data transfer and is characterized by the exchange of short alphanumeric text messages between digital line and mobile devices
“softswitch”	software switch, a call-switching node in a telecommunications network based in software instead of specialized switching hardware

GLOSSARY OF TECHNICAL TERMS

“SQL”	SQL is a domain-specific language used in programming and designed for managing data held in a relational database management system, or for stream processing in a relational data stream management system
“TRUCS”	the Trusted Cloud Services Certification (TRUCS) (“可信雲服務認證”) from institutions accredited by the MIIT
“VPC”	as a special category of public cloud, is an isolated cloud hosted within a public cloud environment and accessed exclusively by one user
“WAN”	Wide Area Network, a telecommunications network that extends over a large geographic area for the primary purpose of computer networking

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events or performance (often, but not always, through the use of words or phrases such as “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “aim,” “aspire,” “objective,” “target,” “schedules,” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this prospectus), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our future business development, financial condition and results of operations;
- our business strategies and plans to carry out these strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our ability to identify and satisfy user demands and preferences;
- our ability to maintain good relationships with our clients and other business partners;
- general economic, political and business conditions in the industries and markets in which we operate;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- the actions and developments of our competitors; and
- all other risks and uncertainties described in the section in this headed “Risk Factors” in this prospectus.

FORWARD-LOOKING STATEMENTS

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

All forward-looking statements in this prospectus are expressly qualified by reference to this cautionary statement.

RISK FACTORS

An investment in our Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The market price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this prospectus.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks related to our business and industry; (ii) risks related to our regulatory compliance, (iii) risks related to our corporate structure; (iv) risks related to doing business in China; and (v) risks related to the Global Offering.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

Risks Related to Our Business and Industry

If we fail to manage the growth and expansion of our business and operations, such as failing to expand the features and capabilities of our solutions, attract new clients and retain existing ones, or provide satisfactory client services, our revenue growth may not increase to offset our future operating expenses, and our results of operations, financial condition and growth prospects may be materially and adversely affected.

We have been expanding the type and scale of our services since our inception and experienced steady growth in our revenue during the Track Record Period. Our total revenue increased at a CAGR of 9.6% from RMB334.8 million in 2019 to RMB401.9 million in 2021. Our gross profit increased at a CAGR of 8.3% from RMB155.9 million in 2019 to RMB182.7 million in 2021. We may continue to launch more business initiatives as we unearth more pressing client needs. Such expansion in business, while introducing more monetization opportunities, may increase the complexity of our operations and place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, business systems, operation procedures and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or to implement all these business systems, operation procedures and control measures successfully, neither can we guarantee that our new business initiatives will be as successful as expected or achieve profitability.

RISK FACTORS

While our business has grown in the past, we cannot assure you that we are able to sustain our historical growth rate for various reasons. We believe our revenue growth depends on a number of factors, including, but not limited to, our ability to:

- expand the features and capabilities of our solutions;
- attract new clients and retain existing ones;
- achieve widespread acceptance and use of our solutions;
- provide effective and timely client support;
- maintain the security and reliability of our software solutions;
- maintain or increase our dollar-based net retention rate, and expand usage with our solutions;
- adequately expand our sales force;
- price our software solutions effectively so that we are able to attract and retain paying clients without compromising our profitability;
- successfully compete against established companies and new market entrants;
- increase awareness of our brand;
- comply with existing and new applicable laws and regulations; and
- introduce our services and grow their adoption in new markets outside China.

If we are unable to accomplish any of these goals, our revenue growth may be harmed. If our revenue growth does not increase to offset our future operating expenses, our business, results of operations, and financial condition may be harmed, and we may not be able to achieve or maintain profitability. We have also encountered in the past, and expect to encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly evolving industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our growth rates may slow and our business would be materially and adversely affected.

RISK FACTORS

The market in which we participate is highly competitive, and if we do not compete effectively, our operating results could be harmed.

The market for cloud-based customer contact solutions is relatively new, rapidly evolving and competitive. We face competition in various aspects of our business, including, among others, the comprehensiveness and adaptability of solutions, brand recognition, ability to continuously innovate services and solutions, and vertical expertise in developing industry-specific solutions. In addition to other cloud-based customer contact solutions providers, we also compete with large legacy technology vendors that offer on-premise contact center systems. These legacy technology and software companies are increasingly supplementing their traditional on-premise contact center systems with competing cloud offerings, through a combination of acquisitions, partnerships and in-house development. Additionally, vendors that historically provided other services and technologies, such as cloud service providers and telecommunications companies, may expand to offer cloud-based customer contact solutions.

Some of our competitors can devote significantly greater resources than we can to the development, promotion and sales of their products and services and many have the ability to initiate or withstand substantial price competition. Current or potential competitors may also be acquired by third parties with significantly greater resources and therefore gain competitive advantages. Our competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their product offerings or resources and ability to compete. With the introduction of new technologies and entry of new market participants, we expect competition to continue to intensify in the future. If we fail to predict the right combination of market and technology and our competitors' products, services or technologies become more accepted than our solutions, if they are successful in bringing their products or services to market earlier than ours, or if their products or services are less expensive or more technologically capable than ours, our revenue could be harmed. Pricing pressures and increased competition could result in reduced sales and revenue, reduced margins and loss of, or a failure to maintain or improve, our competitive market position, any of which could harm our business.

If we fail to improve and enhance the functions, performance, reliability, design, security, and scalability of our solutions to meet our clients' evolving needs, we may lose our clients.

The market for cloud-based customer contact solutions in China where we operate and compete is constantly changing with innovations. Our ability to continue to attract and retain clients and increase sales depends largely on our ability to continue improving and enhancing the functions, performance, reliability, design, security, and scalability of our solutions. We may experience difficulties in developing new technologies as it is costly and time consuming, which in turn could delay or prevent the development, introduction or implementation of new products, services and enhancements. While we have invested a significant amount of time and money in research and development to date, we may not have sufficient resources to invest into the same level going forward. To the extent that we are unable to improve and enhance the functions, performance, reliability, design, security, and scalability of our solutions in a manner that timely responds to our clients' evolving needs, we may lose our clients and our business, financial condition, results of operations, and prospects may be materially and adversely affected. For example, we intend to integrate additional communication channels into our

RISK FACTORS

system and increase our compatibility with a variety of development platforms. We may not be successful in these enhancements or bringing them to market in a timely fashion. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could delay introduction of our solutions and increase our research and development expenses. Any failure of our solutions to operate effectively with future network platforms and technologies could reduce the demand for our solutions, result in client dissatisfaction and harm our business.

If we fail to attract new clients or retain existing ones, our business, results of operations and financial condition could be materially and adversely affected.

To increase our revenue, we must acquire new clients, encourage existing clients to renew their subscriptions on terms favorable to us and to add additional agent seats and sell additional functionality to existing clients. As a strategy to increase our penetration rate in our targeting industries, we rely on our business relationships with and recommendations from clients who are market leaders in their industries. As we enter into a new sector, our dedicated sales team will introduce our solutions to top-tier enterprises in the sector and we will invest abundant resources in meeting potential clients' requirements. With endorsement from top players, we have effectively increased our penetration rate in the relevant sector. While this strategy has been proven effective so far, we cannot assure you the outcome will always be in line with our expectation. We often need to spend more money and resources in acquiring key clients, but there can be no assurance that our efforts to acquire new clients will be successful. If this go-to-market strategy turn out to be less effective than we expected, we may not be able to maintain our existing level of revenue or profitability.

As our industry matures, or as competitors introduce lower-cost and/or differentiated products or services that are perceived to compete favorably with ours, our ability to add new clients and renew or upsell existing clients based on pricing, technology and functionality could be impaired. As a result, we may be unable to renew our agreements with existing clients, attract new clients or develop new business from existing clients, which could harm our revenue and growth. In particular, if we lose any of our key clients or if our clients reduce their purchase of our solutions, could have a significant impact on our revenue, reputation and our ability to obtain new clients.

In addition, certain factors beyond our control may also adversely affect our ability to retain clients. Historically, mergers and acquisitions between our clients led to cancellation of our contracts with those clients which were merged into or acquired by other companies, which reduced the number of our existing clients and had adverse impact on our results of operations. Our clients may not be able to sustain or grow their business operations and may as a result cancel or reduce their subscription for our solutions. Our revenue from clients in a particular industry may fluctuate due to different reasons, many of which are out of our control. Such reasons may include factors affecting our clients' industries such as market conditions, development in regulatory requirements and release of new government policies. If certain clients elect to or are mandated to terminate or reduce their operations due to changes in laws and regulations or interpretation of existing ones, our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

Recent regulatory changes have led to a significant decrease in our revenue from clients in the education industry.

During the Track Record Period, clients in education industry contributed to a significant portion of our revenue. In 2019, 2020 and 2021, revenue from these clients amounted to RMB89.5 million, RMB104.4 million and RMB107.8 million, respectively, accounting for 26.7%, 29.5% and 26.8% of our total revenue. The increases were primarily driven by the robust growth of the business of education companies prior to June 30, 2021. In July 2021, the General Office of the CPC Central Committee and the General Office of the State Council issued the Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education (the “**Opinion**”), which contains high-level policy directives about requirements and restrictions related to after-school tutoring services, including that, among others, (i) Academic AST Institutions, need to be registered as non-profit; (ii) changing the current registration-based regime for operating online Academic AST Institutions to a government approval-based regime, (iii) alleviating the amount of homework that students are required to complete, (iv) foreign ownership in Academic AST Institutions is prohibited, including through contractual arrangements, and companies with existing foreign ownership need to rectify the situation; (v) listed companies are prohibited from raising capital to invest in businesses that teach academic subjects in compulsory education; (vi) Academic AST Institutions are prohibited from providing tutoring services on academic subjects in compulsory education during public holidays, weekends and school breaks; and (vii) Academic AST Institutions must follow the fee standards to be established by relevant authorities. The Opinion also provides that institutions providing after-school tutoring services on academic subjects in high schools (which do not fall within China’s compulsory education system) shall take into consideration the Opinion when conducting activities. Subsequently, local education authorities started to promulgate implementation measures of the Opinion. In 2019, 2020 and 2021, we had 25, 26, and 34 clients who are Academic AST Institutions, respectively. Many of these clients also provide vocational and quality education services in addition to after-school tutoring services on academic subjects. During the same periods, these clients contributed to 16.2%, 18.9% and 16.9% of our total revenue, respectively. According to the CIC Report, the Opinion, related rules and regulations, and the accompanying enforcement measures have had a material adverse impact on the results of operations and prospects of Academic AST Institutions, including a significant number of our clients from the education industry. In the second half of 2021, Academic AST Institutions significantly reduced their business activities as well as their demand for customer contact solutions. In the medium to long term, some of these institutions will repurpose into institutions that provide vocational education and quality education, which are less affected by the Opinion. Since the release of the Opinion and the related implementation measures, we have observed a decrease in usage of our services by clients who are Academic AST Institutions. The total voice minutes used by such clients decreased by approximately 55.0% in the second half of 2021 as compared to the first half of 2021. In the second half of 2021, our revenue generated from such clients was approximately RMB24.1 million, accounting for 12.5% of our total revenue. In contrast, in the first half of 2021, our revenue generated from the same type of clients was approximately RMB43.8 million, accounting for 21.0% of our total revenue. As a result, we had a significant decrease in the revenue from education companies for the second half of 2021, and our total

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revenue and gross profit in 2021 was negatively impacted. In addition, prior to the issuance of the Opinion, we purchased a larger pool of telecommunication resources, including telephone numbers, dedicated leased lines and internet broadband, in anticipation of increasing client demand, which increased our cost of sales. Due to the regulatory development, client demand from the education industry did not grow as expected, while some of the telecommunication resources we purchased cannot be canceled within a short time. Therefore, the average utilization rate of such resources decreased in 2021, which negatively impacted our gross profit and gross margin.

Our business relies on the telecommunications and cloud infrastructure operated by third parties and any disruption of or interference with our use of such third-party services would adversely affect our business, results of operations and financial condition.

We rely on major telecommunications companies in China to provide our clients and their customers with telecommunications services. These telecommunications services include both fixed and mobile voice network services and data network services. We depend on these telecommunications companies to provide uninterrupted and error-free service through their telecommunications networks. We exercise little control over these third-party providers, which increases our vulnerability to problems with the services they provide. We also collaborate with telecommunications companies on sales and marketing initiatives. These telecommunications companies possess significant bargaining power and may change their service terms or other policies or change their interpretation of such terms and policies at discretion, which may adversely affect our operation plans. As a result, we may not be able to carry out our operations, sales and marketing activities as planned.

In addition, we cooperate with third-party cloud service providers to host our communications solutions. We are, therefore, vulnerable to problems experienced by these providers. We expect to experience interruptions, delays or outages with respect to our third-party cloud infrastructure in the future due to a variety of factors, including infrastructure changes, human, hardware or software errors, hosting disruptions and capacity constraints. Such issues could arise from a number of causes such as technical failures, natural disasters, fraud or security attacks. The level of service provided by these providers, or regular or prolonged interruptions in that service, could also affect the use of and our clients' satisfaction with our solutions and could harm our business and reputation. In addition, hosting costs will increase as our client base grows, which could harm our business if we are unable to grow our revenue sufficiently to offset such increase.

Our success depends in large part upon the capacity, stability and performance of our system. We have experienced interruptions in service, and may experience such interruptions in the future. When problems occur, it may be difficult to identify the source of the problem. Service disruption or outages, whether caused by our service, the products or services of our third party service providers, or our clients' or their customers' equipment and systems, may result in loss of market acceptance of our solutions and any necessary repairs or other remedial actions may force us to incur significant costs and expenses. Any failure on the part of third party service providers to achieve or maintain expected performance levels, stability and

RISK FACTORS

security could harm our relationships with our clients, cause us to lose clients, result in claims for credits or damages, increase our costs or the costs incurred by our clients, damage our reputation, significantly reduce clients' demand for our solutions and seriously harm our financial condition and operating results. During the Track Record Period and up to the Latest Practicable Date, we encountered one prolonged service interruption on June 2, 2019, due to disruption in the service provided by a third-party cloud service provider. The disruption was caused by a failure in the fiber optic cables of the third-party provider which was beyond our control. The third-party provider's service disruption lasted approximately 12 hours. Our services were unavailable for approximately one hour and were negatively impacted during the rest of the disruption. We did not experience any loss of clients, claim for damages or other material adverse impact as a result of the incident. We voluntarily reduced the service fees of certain clients who were impacted by the disruption, which amounted to RMB311,117.5. The incident motivated us to transition to our active-active dual cloud architecture, under which our services run simultaneously on two independent cloud computing platforms. The disruption of one platform will not affect the other and will not interrupt our services, which significantly improved our system's fault tolerance.

Furthermore, during the Track Record Period, we primarily collaborated with three cloud service providers. As of the Latest Practicable Date, we had worked with one of them for more than seven consecutive years and another for more than four consecutive years. However, we have not entered into any long-term service agreements with these cloud service providers. Our providers have broad discretion to change and interpret the terms of service and other policies with respect to us, and those actions may be unfavorable to our business operations. Our providers may also take actions beyond our control that could seriously harm our business, including discontinuing or limiting our access to one or more services, increasing pricing terms, terminating or seeking to terminate our contractual relationship altogether, or altering how we are able to process data in a way that is unfavorable or costly to us. Although we expect that we could obtain similar services from other third parties, if our arrangements with our current providers were terminated, we could incur additional expenses in arranging for alternative cloud infrastructure services.

As a result, we may incur additional costs, fail to attract or retain clients, or be subject to potential liability, any of which could have an adverse effect on our business, results of operations and financial condition.

Our business is subject to system and data security risks, and our security measures may be inadequate to address these risks, making our systems susceptible to compromise, which could materially adversely affect our business, financial condition, results of operations, and prospects.

Nowadays, cyberattacks, distributed denial of service attacks, hacking and phishing attacks, security breaches, computer malware, and other malicious internet-based activity continue to increase, and cloud-based platform providers of products and services have been and are expected to be targeted. Our business is at risk of similar attacks and breaches. While we have adopted and implemented security protocol, network protection mechanisms,

RISK FACTORS

applicable recovery system or other defense procedures, we cannot assure you that these measures are, or will be, adequate to prevent any of such attacks or breaches and protect us from any network or service interruptions, system failures or data losses. We may not be able to anticipate or prevent all techniques that could be used to obtain unauthorized access or to compromise our systems because such techniques change frequently and are generally not detected until after an incident has occurred. Additionally, we cannot be certain that we will be able to address any vulnerabilities in our software that we may become aware of in the future. Attacks or security breaches could delay or interrupt our services to our clients and their customers, damage our reputation and brand, expose us to risks of potential litigation and liabilities, and require us to expend significant capital and other resources to alleviate problems caused by such attacks or security breaches.

In addition, our clients store and transmit substantial amounts of data and information, including confidential information relating to our clients, on cloud computing platforms when using our solutions. We cannot assure you that third parties will not succeed in their attempts to obtain unauthorized access to any confidential information relating to our clients and their customers. If any security incident, human error or other malfeasance occurs in the future causing unauthorized access to our system, loss of, or unauthorized disclosure of such information, we may be subject to regulatory enforcement actions, litigation, indemnification obligations, and other potential liabilities, as well as negative publicity, which could materially adversely affect our business, reputation, financial condition, results of operations, and prospects. During the Track Record Period, our clients included Chinese SOEs. During the Track Record Period and up to the Latest Practicable Date, we had not received any notice from the relevant competent authorities stating that any of our operations or information obtained by us had been determined to involve state secrets. To the best knowledge of our Directors, we have not in the past worked with any entities that are concerned with state secrets and have no plan to do so in the future. Nevertheless, if the data and information our clients store and transmit while using our solutions involve state secrets, we may be subject to onerous compliance obligations.

Furthermore, security incidents experienced by us, or by others, such as our competitors or clients, may lead to public disclosures and widespread negative publicity for us, our clients, or the enterprise software industry generally and clients may lose confidence in the security of our cloud-based service model as a whole. Concerns regarding privacy, data protection, and information security may cause some of our clients to stop using our solutions and decline to renew their subscriptions, and make it harder to acquire new clients. To the extent we do not effectively address these risks, our business, financial condition, results of operations, and prospects could be materially adversely affected.

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Our business is subject to a variety of evolving laws and regulations regarding cybersecurity, data security and data privacy. Any failure of our platform to comply with applicable laws and regulations could harm our business, operating results and financial condition.

We and our clients may be subject to a variety of evolving laws and regulations regarding cybersecurity, data security and data privacy. In the PRC, governmental authorities have enacted a series of laws and regulations to enhance the protection of privacy and data. The PRC Constitution, the PRC Criminal Law, the Civil Code of the PRC and the PRC Cybersecurity Law and relevant regulations require network operators, which may include us, to: (i) ensure the security and stability of the services provided via network; (ii) protect individual privacy and the security of personal data in general by requiring the consent of internet users prior to the collection, use or disclosure of their personal data; and (iii) provide assistance and support in accordance with the law for public security and national security to protect national security or assist with criminal investigations. PRC regulators, including the MIIT and the Cyberspace Administration of China, have been increasingly focused on regulation in the areas of cybersecurity and data protection.

Regulatory requirements on cybersecurity, data security and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. For example, on June 10, 2021, the SCNPC promulgated the Data Security Law, which came into effect on September 1, 2021 and imposes a range of compliance obligations for enterprises conducting data processing activities. Further, the Personal Information Protection Law was passed by the SCNPC on August 20, 2021 and entered into effect on November 1, 2021, which aims to protect personal information and regulate the processing of personal information. On December 28, 2021, the CAC and other regulatory authorities jointly promulgated the Cybersecurity Review Measures, effective on February 15, 2022, seeking to further expand the applicable scope of cybersecurity review. The Cybersecurity Review Measures requires enterprises to apply for cybersecurity review under the following circumstances: (i) critical information infrastructure operators purchasing network products and services and internet platform operators carrying out data processing activities in a manner which affects or may affect national security; and (ii) internet platform operators holding personal information of more than one million users and seeking a listing overseas. In addition, the competent PRC government authority may initiate cybersecurity review if the authority believes that any network product, service or data processing activity affects or is likely to affect national security. On November 14, 2021, the CAC published the Draft Cybersecurity Regulation (together with the Cybersecurity Review Measures, the “Cybersecurity Regulations”), which governs the use of networks to carry out data processing activities, and the supervision and management of data security in the PRC. The Draft Cybersecurity Regulation mainly focuses on the data processing activities of data processors and provides that, if a data processor’s listing in Hong Kong affects or may affect national security, the data processor shall apply for cybersecurity review in accordance with relevant regulations. For more information, see “Regulations – Regulations Relating to Cyber Security, Data Security and Privacy Protection – Cyber Security.”

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As of the Latest Practicable Date, the Draft Cybersecurity Regulation had not come into effect, and some of the requirements in the Cybersecurity Regulations are subject to more specific implementation rules. Based on the current regulatory regime, our PRC Legal Adviser is of the view that we have not been classified as a critical information infrastructure operator by any relevant authorities and pursuant to currently effective laws and regulations, the likelihood that we will be classified as a critical information infrastructure operator in the near future after Listing is relatively remote. Therefore, our PRC Legal Adviser is of the view that we are currently not subject to cybersecurity review under the Cybersecurity Review Measures or the Draft Cybersecurity Regulation, assuming it is implemented in its current form. For a detailed analysis of the applicability of the Cybersecurity Regulations, please refer to “Business – Network, System and Data Security.” However, there can be no assurance that the relevant authorities will not take a view that is contrary to or otherwise different from the foregoing views of our PRC Legal Adviser. It also remains uncertain whether future regulatory changes would impose additional restrictions on companies like us. We may not accurately predict the impact of the Cybersecurity Regulations, if any, at this stage, and we will closely monitor and assess any development in the rule-making process. If we were required to apply for cybersecurity review, we face uncertainties as to whether such clearance can be timely obtained, or at all. If we are not able to comply with the cybersecurity and data privacy requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, or suspension of our non-compliant operations, among other sanctions, which could materially and adversely affect our business and results of operations.

Similarly, many other countries and governmental bodies, including the EU member states, have laws and regulations concerning the collection and use of personal data obtained from individuals located in the EU or by businesses operating within their jurisdiction. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of personal data that identifies or may be used to identify an individual, such as names, telephone numbers, email addresses and, in certain circumstances, IP addresses and other online identifiers. For example, the EU has adopted the General Data Protection Regulation, or the GDPR, which took full effect on May 25, 2018. The GDPR enhances data protection obligations for businesses and requires service providers (data processors) processing personal data on behalf of customers to cooperate with European data protection authorities, implement security measures and keep records of personal data processing activities. Noncompliance with the GDPR can trigger fines equal to or greater of €20 million or 4% of global annual revenues. Given the breadth and depth of its obligations, working to meet the requirements of the GDPR has required significant time and resources, including a review of our technology and systems currently in use against the requirements of the GDPR. There are also additional EU laws and regulations (and member states implementations thereof) which govern the protection of consumers and of electronic communications. We have taken measures to address certain obligations under the GDPR and to make us GDPR compliant, but we may be required to take additional steps in order to comply with the GDPR. If our efforts to comply with GDPR or other applicable EU laws and regulations are not successful, we may be subject to penalties and fines that would adversely impact our business and operating results, and our ability to conduct business in the EU could be significantly impaired.

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We also continue to see jurisdictions imposing data localization laws, which require personal information, or certain subcategories of personal information to be stored in the jurisdiction of origin. These regulations may inhibit our ability to expand into those markets or prohibit us from continuing to offer services in those markets without significant additional costs.

Additionally, although we endeavor to have our platform comply with applicable laws and regulations, these and other obligations may be modified, they may be interpreted and applied in an inconsistent manner from one jurisdiction to another, and they may conflict with one another, other regulatory requirements, contractual commitments or our practices. For details of our internal measures relating to data privacy and security and our compliance efforts with respect to applicable laws and regulations, see “Business – Network, System and Data Security – Data Privacy and Security.” We expect that there will continue to be new proposed laws, rules of self-regulatory bodies, regulations and industry standards concerning privacy, data protection and information security in the PRC, the EU and other jurisdictions, and we cannot yet determine the impact such future laws, rules, regulations and standards may have on our business. The uncertainty and changes in the requirements of multiple jurisdictions may increase the cost of compliance, delay or reduce demand for our services, restrict our ability to offer services in certain locations, impact our clients’ ability to deploy our solutions in certain jurisdictions, or subject us to claims and litigation from private actors and investigations, proceedings, and sanctions by data protection regulators, all of which could harm our business, financial condition and operating results.

Any failure or perceived failure by us, our products or our platform to comply with new or existing PRC, EU or other foreign privacy, cybersecurity or data protection laws, regulations, policies, industry standards or legal obligations, or any systems failure or security incident that results in the unauthorized access to, or acquisition, release or transfer of, personally identifiable information or other data relating to customers or individuals may result in governmental investigations, inquiries, enforcement actions and prosecutions, private claims and litigation, fines and penalties, adverse publicity or potential loss of business.

We are subject to many hazards and operational risks that can disrupt our business.

Our operations are subject to many hazards and other risks inherent in the business for cloud-based customer contact solutions, including:

- damage to third-party and our infrastructure and data centers, related equipment and surrounding properties caused by earthquakes, hurricanes, tornadoes, floods, fires and other natural disasters, explosions and acts of terrorism;
- employee’s misconducts, whether intentional or inadvertent;
- inadvertent damage from third parties; and
- other hazards that could also result in suspension of operations, personal injury and even loss of life.

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While our active-active dual cloud architecture is highly fault-tolerant, we cannot guarantee that these risks would not result in substantial losses and the curtailment or suspension of our operations. As a result, we may endure system and service interruptions, reputational harm, delays in product development, breaches of data security and loss of critical data, all of which could harm our operating results.

We are not insured against claims, events or accidents that might occur. If a significant accident or event occurs, or if we or our data center providers fail to reopen facilities damaged by such accidents or events, our operations and financial condition could be harmed.

We may have insufficient transmission bandwidth, which could result in disruptions to our solutions and loss of revenue.

Our operations are dependent in part upon transmission bandwidth provided by telecommunications companies. There can be no assurance that we are adequately prepared for unexpected increases in bandwidth demands by our clients. Enterprises are increasingly inclined to adopt cloud-based communications solutions, especially as a result of rising demand for remote collaboration caused by the COVID-19 outbreak, and we may experience spikes in usage from time to time. Although we believe we are able to quickly scale our network resources owing to our cloud-native architecture and automatic scaling mechanism, we cannot guarantee that we will always be able to augment capacity to meet growing traffic or security demands. Failure to put in place the capacity we require could result in a reduction in, or disruption of, service to our clients, damage our reputation, significantly reduce clients' demand for our solutions and seriously harm our financial condition and operating results.

The effects of the COVID-19 pandemic have materially affected how we and our clients are operating, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.

Since late 2019, the outbreak of a novel coronavirus disease known as COVID-19 has materially and adversely affected the global and Chinese economy.

The conditions caused by the COVID-19 pandemic, the extent of which depends upon its prolonged impact, have or may:

- harm our ability to renew and maintain our relationships with our existing clients;
- cause our existing clients to reduce the number of agent seats to which they subscribe, seek price concessions, or go out of business, which would harm our revenue;
- result in some of our clients failing to comply with the terms of their agreements, including payment terms, due to economic uncertainty, financial hardship, and even failure of their businesses, which could result in us being required to take action to collect payments, terminate their subscriptions for our solutions, and increase accounts receivable and bad debt, any of which would increase our expenses and harm our revenue and results of operations;

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- make it more difficult for us to sell increased services or functionality to our existing clients;
- reduce the rate of spending on customer contact systems or enterprise software solutions generally;
- delay prospective clients' decisions to subscribe to our solutions, increase the length of sales cycles, or slow the typical growth in the use of our solutions once clients have initially deployed our solutions;
- harm our ability to effectively market and sell our solutions, particularly during social distancing and office closure orders;
- change the mix and sizes or types of organizations that purchase our solutions;
- delay the introduction of enhancements to our solutions and market acceptance of any new features and products;
- harm our ability to grow our international sales and operations;
- harm our ability to recruit, onboard and successfully integrate new employees, including members of our direct sales force;
- impact the health and safety of our employees, including our senior management team, and their ability to perform services;
- cause our management team to continue to commit significant time, attention and resources to monitor the COVID-19 pandemic and seek to mitigate its effect on our business and workforce.

It is uncertain as to how long and how severely the COVID-19 pandemic may continue to impact us. There continue to be significant uncertainties associated with the coronavirus, including with respect to the availability of vaccines, the duration of the pandemic, and actions that may be taken by Chinese or other governmental authorities to contain the coronavirus or to treat its impact. The full impact of the coronavirus is unknown at this time. If the pandemic continues and lasts for a prolonged period in the regions where we operate, the economy could suffer substantially from the measures and restrictions taken to combat the virus, which would in turn have adverse impact on certain industries such as tourism, which may in turn adversely affect our business prospects. Any significant disruption resulting from this or similar epidemics on a large scale or over a prolonged period of time could cause significant interruption to our business until we would be able to resume normal business operations, negatively affecting our business, results of operations and financial condition. To the extent COVID-19 adversely affects our business, financial condition and results of operations, it may also heighten some of the other risks described in this "Risk Factors" section. For details of the impact of the COVID-19 pandemic on our business, results of operations and financial condition, see "Financial Information – Impact of COVID-19."

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If the cloud-based customer contact solutions market develops more slowly than we expect or declines, our business could be harmed.

The cloud-based customer contact solutions market is not as mature as the market for legacy on-premise contact center systems, and it is uncertain whether cloud-based customer contact solutions will achieve and sustain high levels of client demand and market acceptance. Our success will depend to a substantial extent on the widespread adoption of cloud-based customer contact solutions as a replacement for legacy on-premise systems. Many larger organizations have invested substantial technical, personnel and financial resources to integrate legacy on-premise contact center systems into their businesses and, therefore, may be reluctant or unwilling to migrate to cloud-based customer contact solutions such as ours. It is difficult to predict client adoption rates and demand for our solutions, the future growth rate and size of the market for cloud-based customer contact solutions, or the entry of competitive products and services. The expansion of the market for cloud-based customer contact solutions depends on a number of factors, including the refresh rate for legacy on-premise systems, cost, performance and perceived value associated with cloud-based customer contact solutions, as well as the ability of providers to address security, stability and privacy concerns. If other providers of cloud-based customer contact solutions experience security incidents, loss of client data, disruptions in delivery or other problems, the market for cloud-based customer contact solutions as a whole, including our solutions, may be harmed. If cloud-based customer contact solutions do not achieve widespread adoption, or there is a reduction in demand for such solutions caused by a lack of client acceptance, enhanced product offerings from on-premise providers, technological challenges, weakening economic conditions, security or privacy concerns, competing technologies and products, decreases in corporate spending or otherwise, it could result in decreased revenue and our business could be harmed.

Our ability to continue to enhance our solutions is dependent on adequate research and development resources. If we are not able to adequately fund our research and development efforts, we may not be able to compete effectively and our business and operating results may be harmed.

In order to remain competitive, we must continue to develop new solution offerings and enhancements to our existing offerings. Maintaining adequate research and development personnel and resources to meet the demands of the market is essential. If we are unable to develop products, applications or features internally due to certain constraints, such as high employee turnover, inability to hire sufficient research and development personnel or a lack of other research and development resources, we may miss market opportunities. Furthermore, many of our competitors expend a considerably greater amount of funds on their research and development programs, and those that do not may be acquired by larger companies that would allocate greater resources to our competitors' research and development programs. Our failure to devote adequate research and development resources or compete effectively with the research and development programs of our competitors could harm our business.

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Our initiatives to develop new solutions and introduce new technologies may not succeed, which may limit our future growth.

We have invested and plan to continue investing heavily in research and development of new products. In 2019, 2020 and 2021, our research and development expenses totaled RMB37.1 million, RMB38.5 million and RMB53.8 million, respectively, representing 11.1%, 10.9% and 13.4% of our total revenue during the same periods. However, positive research results may not lead to commercially successful products. The new solutions we develop may not be commercially viable and may not reach the industry standards or meet clients' needs. As a result, we cannot assure you that our efforts in research and development will translate into commercial success.

In addition, radical technological changes may not be well received by the market or lead to a long-term success. As early as 2015, we completed our migration to the cloud and started to offer cloud-based customer contact solutions. Despite our belief that cloud-based customer contact solutions are a superior alternative to the legacy on-premise customer contact systems, our clients may not be willing to undertake such technological changes, and as a result we may suffer a lag in client adoption. New products or features may initially suffer from performance and quality issues that may negatively impact our ability to market and sell such products to new and existing clients. There is no assurance that any enhancements to our platform or new products, features, or capabilities will be compelling to our clients or gain market acceptance. Additionally, we may experience difficulties with software development, or marketing that could delay or prevent our development, introduction, or implementation of new products, features, or capabilities. Any delays in releasing new products, features, or capabilities could result in adverse publicity, loss of revenue or market acceptance, or claims by clients brought against us, all of which could harm our business.

Development of our AI solutions to improve business efficiency and increase agent productivity may not be successful and may result in reputational harm and our future operating results could be materially harmed.

We plan to continue to expand and enhance our AI-powered applications. While we aim for our AI-powered applications to improve business efficiency and increase agent productivity, our AI models may not achieve sufficient levels of accuracy. In addition, we may not be able to acquire sufficient training data or our training data may contain biased or otherwise inaccurate information. Furthermore, the costs of AI technologies, such as automatic speech recognition and natural language processing, may currently be too high for broad market adoption. Our competitors or other organizations may incorporate AI features into their products more quickly or more successfully and their AI features may achieve higher market acceptance than ours, which may result in us failing to recoup our investments in developing AI-powered applications. Should any of these items or others occur, our ability to compete, our reputation and operating results may be materially and adversely affected.

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If we fail to maintain or improve the compatibility of our solutions across cloud computing platforms, devices, business systems, applications and physical infrastructure that we do not control, we may experience increased integration costs and lowered client satisfaction or encounter difficulties in acquiring new clients or retaining existing ones.

During the Track Record Period, we primarily worked with three cloud service providers, which support our active-active dual cloud deployment. We have been making efforts to increase the adaptability of our solutions to different cloud environments in response to clients' evolving needs. While we have successfully tested the compatibility of our platform with other major cloud computing platforms, there is no guarantee that we will achieve compatibility with all cloud computing platforms our clients request to use or do so at a reasonable cost. Further, the cloud services industry in the PRC is highly regulated. For example, as of the Latest Practicable Date, multiple municipal and provincial governments in the PRC had released plans or taken actions to establish State-Owned Public Cloud Platforms, which are public cloud computing platforms exclusively serving SOEs. SOEs in the relevant municipalities and provinces may be encouraged or required to migrate their IT infrastructure to State-Owned Public Cloud Platforms. They may even be prohibited from using Privately-Owned Public Cloud Platforms. For details, see "Business—Our Suppliers—Cloud Services." Such initiatives in general are still at a pilot stage and subject to uncertainties. Our efforts in acquiring more SOE clients may not be successful and we may be required to incur substantial costs, such as recruiting additional salespersons, for the unsuccessful venture. While we believe that we will not encounter material difficulties in integrating our platform with State-Owned Public Cloud Platforms, there is no guarantee that we will ultimately achieve such integration or do so at a reasonable cost. Further, SOEs primarily select their vendors through a public tender process. Even though we believe that we enjoy competitive edges when compared to other cloud-based customer contact solutions providers, we cannot guarantee that we will be successful in winning service contracts in the tenders we choose to participate in, and we may incur substantial costs in preparation for the tender. Any of the foregoing may cause us to encounter difficulties in acquiring new clients or retaining existing ones.

We intend to integrate additional communication channels into our system and increase our compatibility with different development platforms. In particular, we aim to enhance our integration with WeCom, the enterprise version of WeChat, which has become an increasingly popular communications platform for Chinese enterprises. In addition, our clients often integrate our solutions with their business applications, particularly third-party CRM and ERP solutions. These third-party platforms or providers could alter their products so that our solutions no longer integrate well with them, or they could delay or deny our access to technology releases that allow us to adapt our solutions to integrate with their products in a timely fashion. Such third-party providers could also favor integration of our competitors' products over our solutions, making our solutions less attractive to our clients. If we cannot adapt our solutions to changes in complementary technology deployed by our clients, it may significantly impair our ability to compete effectively.

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We may face competition from new market entrants, such as WeCom.

One of our key product strategies is to enhance our integration with WeCom, the enterprise version of WeChat, which has become an increasingly popular communications platform for Chinese enterprises. For details of our integration with WeCom, see “Business – Our Offerings – Key Modules and Functions – Integration with WeCom.” While as of the Latest Practicable Date, WeCom has not publicly announced its intention to expand to offer cloud-based customer contact solutions, we cannot guarantee that it or other communication platforms that are more resourceful and technologically advanced will not make such a move in the future, which may further intensify market competition. Companies such as WeCom can devote significantly greater resources than we can to the development, promotion and sales of their products and services and many have the ability to initiate or withstand substantial price competition. Pricing pressures and increased competition could result in reduced sales and revenue, reduced margins and loss of, or a failure to maintain or improve, our competitive market position, any of which could harm our business. In such circumstances, WeCom may alter their platform so that our solutions no longer integrate well with them, making our solutions less attractive to our clients.

If we fail to maintain and enhance our brand image and generate positive publicity, our business, results of operations and financial condition could be materially and adversely affected.

We believe that maintaining and enhancing our “Ti-Net (天潤融通)” brand and increasing market awareness of our company and solutions play an important role in achieving widespread acceptance of our solutions as well as strengthening our relationships with existing clients and our ability to attract new clients. As competition in our market intensifies, the importance of brand recognition will increase. Any unfavorable publicity or perception of our solutions or platform or the providers of similar software generally, could adversely affect our reputation and our ability to attract and retain clients.

The successful promotion of our brands will depend largely on our ability to continue to offer high-quality solutions, our ability to successfully differentiate our solutions from competing products and services, and our ability to maintain market leadership. In addition, the successful promotion of our brand will also depend on the effectiveness of our continued marketing efforts. We market our solutions mainly through our in-house direct sales force. We have conducted various online and offline branding and client acquisition activities. These activities, however, may not be successful or yield increased revenue. The promotion of our brand also requires us to make substantial expenditures. In 2019, 2020 and 2021, our selling and distribution expenses amounted to RMB44.2 million, RMB50.4 million and RMB71.3 million, respectively, representing 13.2%, 14.2% and 17.7% of our total revenue during the same periods. We anticipate these expenditures to increase as the markets we address become more competitive and as we expand into new markets. To the extent that these marketing activities lead to increased revenue, the additional revenue generated could nevertheless be insufficient to offset the increased expenses we incur. If we fail to maintain and enhance our brands, our pricing power may decline relative to competitors and we may lose existing or prospective clients, which could materially and adversely affect our business, results of operations and financial condition.

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In addition, our clients may, from time to time, complain about our solutions, such as complaints about our pricing and client support. If we fail to handle client complaints effectively, our brand and reputation may suffer, our clients may lose confidence in us, and they may reduce or cease their use of our solutions.

Our business could be harmed if our clients are not satisfied with the solutions, professional services and technical support provided by us.

Our business depends on our ability to satisfy our clients, not only with respect to our solutions but also with the professional services and technical support that are performed to enable our clients to implement and use our solutions to address their business needs. We enter into service-level agreements with our clients and, in the event that we fail to meet guaranteed service or performance levels, we could be subject compensation claims and our clients may choose to terminate our services. If the cost of meeting these service and performance requirements increases, our results of operations could be harmed. For details of our service-level agreements, see “Business—Client Service.” Further, we may be unable to respond quickly enough to accommodate short-term increases in client demand for support services. We also may be unable to modify the format of our support services to compete with changes in support services provided by our competitors. Increased client demand for these services, without corresponding revenues, could increase costs and harm our operating results. If a client is not satisfied with the deployment and ongoing services performed by us, we could lose clients, miss opportunities to expand our business with these clients, incur additional costs, or lose, or suffer reduced margins on, our service revenue, any of which could damage our ability to grow our business. In addition, negative publicity related to our professional services and technical support, regardless of its accuracy, may further damage our business by affecting our ability to compete for new business with current and prospective clients.

We may not be able to fulfill our obligations in respect of contract liabilities, which might have an adverse impact on our cash and liquidity position.

We require a majority of our SaaS clients, which are primarily small and medium-sized enterprises, to top up their business accounts with our platform before they can use our services. These clients may only use our services when their business accounts have outstanding balance and we settle payments with them on a monthly basis. Our contract liabilities primarily represent prepayments from our SaaS clients. As of December 31, 2019, 2020 and 2021, we had contract liabilities of RMB22.7 million, RMB18.1 million and RMB22.7 million, respectively. If these clients are not satisfied with our services and choose to cancel their subscriptions, we may be required to refund all or a portion of the prepayments we receive and experience adverse effects on our cash and liquidity position.

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Shifts over time or from period-to-period in the mix of sizes or types of organizations that purchase our solutions or changes in the components of our solutions purchased by our clients could affect our gross margins and operating results.

Our strategy is to sell our solutions to both large and small- and medium-sized enterprises. Sales to larger enterprises may entail longer sales cycles and more significant selling efforts and expenses. Large enterprises may have stronger bargaining power and higher service requirements. Selling to smaller clients may involve smaller contract sizes, fewer opportunities to offer additional services, a higher likelihood of contract terminations, lower returns on sales and marketing expenses and fewer potential agent seats. All of the foregoing may affect our gross margin.

Our gross margins may also vary depending on the number of agent seats purchased by our clients, the type of functions they choose and the level of usage they require. Solutions delivered under our VPC model generally have a higher profit margin than solutions delivered under our SaaS model while the revenue generated from our VPC model is project-based rather than recurring. If the mix of organizations that purchase our solutions, or the mix of solutions purchased by our clients, changes unfavorably, our revenue and gross margins could decrease and our operating results could be harmed.

If we fail to grow our sales and marketing capabilities, our business may suffer.

Our ability to increase our client base and achieve broader market acceptance of our cloud-based customer contact solutions will depend to a significant extent on our ability to expand our sales and marketing capabilities. We plan to strengthen our sales capabilities by expanding our direct sales teams, providing more training opportunities and upgrading our sales management system. To that end, we need to continue to retain key members of our direct sales force. We plan to expand our sales teams and establish new regional sales offices in Chengdu, Wuhan, Hangzhou and Xi'an. Identifying and recruiting qualified personnel and training them in the use and sale of our solutions requires significant time, expense and attention. It can take several months before our sales representatives are fully trained and productive. Our business may be harmed if we fail to retain key members of our direct sales force or if our efforts, and the expense incurred, to expand and train our direct sales force do not generate a corresponding increase in revenue. In particular, if we are unable to hire, develop and retain talented sales personnel or if new sales personnel are unable to achieve desired productivity levels in a reasonable period of time, we may not be able to realize the expected benefits of this investment or increase our revenue.

Additionally, we will continue to intensify our marketing efforts by increasing our online marketing spending, sponsoring industry conferences, and participating in exhibitions and trade shows related to the market for customer contact solutions. These activities will cause us to incur an increasing amount of marketing expenses. We cannot assure you that our marketing expenses will lead to increasing revenue, and even if they did, such increases in revenue might not be sufficient to offset the expenses incurred.

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We may fail to optimize the prices for our solutions, and any adverse trend in pricing will impact our revenue and results of operations.

We charge our clients on a combination of pricing methods, depending on the type of solutions they use. For details, see “Business – Our Business Model.” We may fail to optimize our pricing, which is predominantly determined by the competitive landscape and market conditions. As competitors introduce new products or services that compete with ours or reduce their prices, we may be unable to attract new clients or retain existing clients based on our historical pricing.

One of the challenges to our pricing is that the fees that we pay to telecommunications companies over whose networks we transmit communications can vary frequently and are affected by volume and other factors that may be beyond our control and difficult to predict. This can cause us to incur increased costs that we may be unable or unwilling to pass through to our clients, which could adversely affect our business, results of operations and financial condition. Moreover, large enterprises, which are a primary focus of our business, may demand substantial price concessions leveraging their significant bargaining power. In addition, if the mix of solutions sold changes, we may need to, or choose to, revise our pricing. In the past, we have sometimes reduced our prices either for individual clients in connection with long-term agreements or for a particular solution or project, and have also sometimes failed to increase our pricing levels to cover increased costs and expenses or to reach desirable profit margins. In the future we may fail to increase our pricing levels, or may even be required or choose to reduce our prices or change our pricing model, which could materially and adversely affect our business, results of operations and financial condition.

Our sales cycle can be lengthy and unpredictable and requires considerable time and expense when we seek to serve large enterprises, and we may encounter configuration, integration, implementation and client support challenges that could cause delays in revenue recognition.

We currently derive a significant portion of our revenue from sales of our solutions to large enterprises. We generated 74.5% of our total revenue in 2021 from our key accounts, each with an annual purchase amount exceeding RMB1 million. We believe that increasing our sales to these clients is key to our future growth. The length of our sales cycle, which is the time between initial contact with a potential client and the ultimate sale to that client, is approximately seven months on average and varies upon the size of potential client and project. Based on our experience, the sales cycle for large enterprises, which generally ranges from five months to one year, is often lengthy and unpredictable, especially when we serve them with our project-based VPC solutions. For clients which are SOEs, we are required to participate in public bidding process which may further prolong the process. Many of our prospective clients do not have prior experience with cloud-based customer contact solutions and, therefore, typically spend significant time and resources evaluating our solutions before they purchase from us. Similarly, we typically spend more time and effort determining their requirements and educating these clients about the benefits and uses of our solutions. Large enterprises also tend to demand more customizations, integrations and additional features than their smaller counterparts. As a result, we may be required to divert more sales and research and

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development resources to large enterprises and will have less personnel available to support other clients, or that we will need to hire additional personnel, which would increase our operating expenses. It is often difficult for us to forecast whether we will secure the contract, when a potential enterprise sale will close, the size of the client's initial service order and the period over which the implementation will occur, any of which may impact the amount of revenue we recognize or the timing of revenue recognition. Large enterprises may delay their purchases as they assess their budget constraints, negotiate early contract terminations with their existing providers or wait for us to develop new features. Any delay in closing, or failure to close, a large-enterprise sales opportunity in a particular period or year could significantly harm our projected growth rates and cause the amount of new sales we book to vary significantly from period to period.

In addition, we have experienced, and may continue to experience, challenges in configuring, integrating and implementing our solutions and providing ongoing support when serving large enterprises. Large enterprises' networks and operational systems are often more complex than those of smaller clients, and the configuration, integration and implementation of our solutions for these clients generally require more efforts as well as participation from the clients' IT team. There can be no assurance that the client will make available to us the necessary personnel and other resources for a successful configuration. The lack of local resources may prevent us from proper configurations, which can in turn adversely impact the quality of solutions that we deliver over our clients' networks, and/or may result in delays in the implementation of our solutions. This may create a public perception that we are unable to deliver high-quality solutions to our clients, which could harm our reputation and make it more difficult to attract new clients and retain existing clients. Moreover, large enterprises tend to require higher levels of client support and individual attention, including periodic business reviews and training sessions, which may increase our costs. If a client is unsatisfied with the quality of solutions and client support we provide, we may decide to incur costs beyond the scope of our contract with the client in order to address the situation and protect our reputation, which may in turn reduce or eliminate the profitability of our contract with the client. In addition, negative publicity related to our client relationships, regardless of its accuracy, could harm our reputation and make it more difficult for us to compete for new business with current and prospective clients.

If we fail to effectively execute the sale, configuration, integration, implementation and ongoing support of our solutions to large enterprises, our results of operations and our overall ability to grow our client base could be materially and adversely affected.

There can be no assurance that we will be able to maintain or increase our historical levels of profitability.

As of December 31, 2021, we had achieved profitability for seven consecutive years. Our gross margin, representing our gross profit divided by total revenue, was 46.6%, 49.6% and 45.5% in 2019, 2020 and 2021, respectively. Our net profit margin, representing our profit for the year divided by total revenue, was 17.7%, 19.8% and 4.4% in 2019, 2020 and 2021, respectively. Our net profit margin decreased significantly in 2021, primarily due to (i) a lower-than-expected revenue from education clients whose businesses were adversely affected

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by the recently promulgated regulations that crack down on after-school tutoring services on academic subjects in China's compulsory education system, coupled with an increased cost of sales, (ii) a significant increase in professional service fees in relation to the Proposed Listing on the ChiNext Board and the Global Offering, (iii) the increases in selling and distribution expenses and research and development expenses incurred in 2021 to implement our business plan, and (iv) an increase in employee benefit expenses as we were no longer exempt from making employer contribution to employee social security schemes in 2021. Our future profitability depends on a number of factors, including:

- whether we will effectively execute our growth strategy;
- whether we can strengthen our sales and marketing capabilities to drive growth;
- whether we can successfully control our costs and manage our research and development and other expenses;
- whether we will continue to charge a price premium for our solutions in the face of market competition; and
- whether our target clients will continue to have positive perceptions of our solutions.

As a result of these and other factors, the level of our profitability may fluctuate, and we cannot assure you that our future revenue will increase or that we will maintain historical level of our profitability or continue to be profitable at all. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance.

If we fail to collect accounts receivables from our clients in a timely manner, our business, results of operations and financial condition may be materially and adversely affected.

As of 2019, 2020 and 2021, we had trade receivables of RMB48.4 million, RMB75.2 million and RMB64.4 million, respectively, accounting for 20.9%, 28.2% and 22.5% of our total current assets. We are not subject to material credit risks associated with our SaaS model because clients for our SaaS solutions usually prepay for our services or settle payments with us on a monthly basis. For solutions delivered via our project-based VPC model, clients generally make milestone payments at agreed-upon deadlines, which may include the time the service agreement is signed, when our solutions are deployed and accepted by our clients, and a predetermined period after our solutions are deployed. If clients fail to pay us under the terms of our agreements, fail to comply with the terms of our agreements, or terminate their subscriptions for our solutions, we may lose revenue, be unable to collect amounts due to us, be subject to legal or regulatory action and incur costs in enforcing the terms of our contracts, including litigation. These risks increase the longer the term of our client arrangements. Some of our clients may seek bankruptcy protection or other similar relief and fail to pay amounts due to us, or pay those amounts more slowly, either of which could harm our operating results, financial position and cash flow.

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We may not be able to secure financing on favorable terms, or at all, to meet our future capital needs.

To date, we have financed our operations primarily through sales of our solutions. In the future, we may require additional capital to respond to research and development requirements, business opportunities, challenges, acquisitions, a decline in sales, increased regulatory obligations or unforeseen circumstances and may engage in equity or debt financings or enter into credit facilities. Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our market position and competitiveness in the industries in which we operate;
- our future profitability, overall financial condition, results of operations and cash flows;
- general market conditions for capital-raising activities in China;
- overall conditions of the market for cloud-based customer contact solutions in China; and
- economic, political and other conditions in China and internationally.

We may be unable to obtain additional capital in a timely manner or on acceptable terms, or at all. In addition, our future capital or other business needs could require us to sell additional equity or debt securities, or to obtain a credit facility. The sale of additional equity or equity-linked securities could dilute our shareholders' shareholdings. Any incurrence of indebtedness will also lead to increased debt service obligations, and could result in operating and financing covenants that may restrict our operations or our ability to pay dividends to our shareholders.

We have granted, and may continue to grant, share incentive awards, which may result in increased share-based compensation expenses and negatively impact our results of operations.

We operated a share award arrangement during the Track Record Period. In 2019, 2020 and 2021, we incurred equity-settled share-based compensation payment expense of RMB2.1 million, RMB1.3 million and RMB1.2 million, respectively. On May 13, 2021, we adopted the Share Incentive Plan in order to motivate, attract and encourage certain officers, managers, employees, directors and other eligible persons. The maximum aggregate number of shares that we are authorized to issue pursuant to the Share Incentive Plan is 26,550,000 Shares. Upon the adoption of the Share Incentive Plan, all the share awards that had been previously granted under our share award arrangement were transferred to the Share Incentive Plan as 22,459,299 restricted shares, among which 262,281 were subsequently canceled. In addition, we have granted 501,080 RSUs under the Share Incentive Plan, among which 60,000 were subsequently canceled. As a result, an aggregate of 22,638,098 awards, comprising 22,197,018 restricted

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shares and 441,080 RSUs, were granted and outstanding as of the Latest Practicable Date. See “History, Reorganization and Corporate Structure – Reorganization – V. Share Incentive Plan.” We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Any discontinuation, reduction or delay of any preferential tax treatments or government grants that may be available to us in the future could materially and adversely affect our business, financial condition and results of operations.

We have benefited from preferential tax treatments and government grants from the PRC government. For details, see “Financial Information – Description of Major Components of Our Results of Operations – Income Tax Expenses.” In 2019, 2020 and 2021, we received government grant of RMB3.6 million, RMB8.0 million and RMB4.7 million, respectively, which mainly represented financial assistance from local governments and preferential tax treatment. The government agencies may decide to reduce, eliminate or cancel our preferential tax treatments or government grants at any time. Therefore, we cannot assure you of the continued availability of such preferential tax treatments or government grants which we currently enjoy. For example, from February to December 2020, we enjoyed certain exemptions from making employer contribution to employee social security schemes as part of the alleviation measures for the COVID-19 pandemic. However, the exemption was no longer available since 2021. The discontinuation, reduction or delay such preferential tax treatments or government grants could adversely affect our financial condition and results of operations.

We are exposed to fair value changes of financial investments at fair value through profit or loss and valuation uncertainty due to the use of unobservable inputs that require judgment and assumptions which are inherently uncertain.

During the Track Record Period, our financial investments at fair value through profit or loss comprised (i) investments in certain wealth management products issued by major and reputable commercial banks in China, (ii) investments in certain structured deposits issued by major and reputable commercial banks in China, (iii) trust plan issued by licensed trust management companies in China, and (iv) investments in funds issued by licensed fund management companies operating in China. As of December 31, 2021, our financial investments at fair value through profit or loss amounted to RMB31.2 million, representing approximately 10.3% of our total assets. Our financial investments at fair value through profit or loss as at December 31, 2021 will be disposed of upon maturity.

Since the value of our financial investments depends on the investment performance of the underlying assets, our investments are subject to risks associated with those underlying assets, including the possibility of a default by, or bankruptcy of, the issuers of such assets. Any potential realized or unrealized losses in our financial investments in the future resulting from the changes in the value of the financial instruments we invested in may adversely affect our business, our results of operations and our financial condition.

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Further, the fair value of financial instruments that are not traded in an active market is determined using valuation techniques, which require judgment and assumptions and involve the use of unobservable inputs. Changes in the basis and assumptions used in the valuation could materially affect the fair value of these financial instruments. Factors beyond our control can significantly influence and cause adverse changes to the estimates and thereby affect the fair value. These factors include, but are not limited to, general economic conditions, changes in market interest rates and stability of the capital markets. The valuation may involve a significant degree of judgment and assumptions which are inherently uncertain, and may result in material adjustment, which in turn may materially and adversely affect our results of operations.

We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from any unauthorized use of our technologies.

Our trade secrets, trademarks, copyrights, patents, and other intellectual property rights are critical to our success. As of the Latest Practicable Date, we had registered 49 software copyrights, 11 issued patents, 56 trademarks and 37 domain names, including www.ti-net.com.cn. We rely, and expect to continue to rely on, on a combination of intellectual property laws, unfair competition laws, nondisclosure agreements and other protective measures to protect our intellectual property rights. However, the steps we take to secure, protect and enforce our intellectual property rights may be inadequate. We may not be able to obtain any further patents or trademarks, our current patents could be invalidated or our competitors could design their products around our patented technology, and our pending applications may not result in the issuance of patents or trademarks. Consequently, we may be unable to prevent our proprietary technology from being infringed or exploited abroad, which could require costly efforts to protect our technology.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time consuming and distracting to our management and could result in the impairment or loss of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Our failure to secure, protect and enforce our intellectual property rights could substantially harm the value of our technology, solutions, brand and business.

We may be subject to claims by third parties for intellectual property infringement.

We depend to a large extent on our ability to effectively develop and maintain intellectual property rights relating to our business. However, we cannot assure you that third parties will not put forward claims that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights which they hold, whether such claims are valid or otherwise. We may face allegations that we have infringed the trademarks, copyrights,

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patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. The validity, enforceability and scope of protection of intellectual property rights, particularly within China, are still evolving. As we face increasing competition and as litigation becomes a more commonly pursued method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

Defending against intellectual property claims is costly and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable final outcomes in all cases. Such intellectual property claims may harm our brand and reputation, even if they are vexatious or do not result in liability. Any resulting liability or expenses, or changes required to our products or services to reduce the risk of future liability, may have a material adverse effect on our business, results of operations, and prospects.

Our ability to offer services outside China is subject to different technical and regulatory requirements, which may be complicated and uncertain.

A key element of our growth strategy is to explore business opportunities in overseas markets, in particular Europe. Because of our limited experience with international sales efforts, our international expansion may not be successful and may not produce the return on investment we expect.

Operating in international markets requires significant resources and management attention and subjects us to intellectual property, regulatory, economic and political risks that are different from those in China. As we increase our international sales efforts, we will face risks in doing business internationally that could harm our business, including:

- the need to establish and protect our brand in international markets;
- the need to localize and adapt our solutions for specific countries, including translation into foreign languages and associated costs and expenses;
- difficulties in staffing and managing foreign operations, particularly hiring and training qualified sales and service personnel;
- different pricing environments, potentially longer sales and accounts receivable payment cycles and collections issues;
- new and different sources of competition;
- general economic conditions in international markets;
- fluctuations in the value of Renminbi and foreign currencies, which may make our solutions more expensive in other countries or may impact our operating results when translated into Renminbi;

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- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax and telecommunications laws and regulations;
- privacy and data protection laws and regulations that are complex, expensive to comply with and may require that client data be stored and processed in a designated territory;
- weaker protection for intellectual property and other legal rights than in China and practical difficulties in enforcing intellectual property and other rights outside of China;
- increased risk of international telecom fraud;
- laws and business practices favoring local competitors;
- increased financial accounting and reporting burdens and complexities;
- restrictions on the transfer of funds;
- adverse tax consequences; and
- unstable economic and political conditions.

The occurrence of any of these risks could harm our international operations, increase our operating costs and hinder our ability to grow our international business and, consequently, our overall business and results of operations.

We may acquire other companies or technologies. We may not be able to identify suitable acquisition targets or consummate acquisitions on acceptable terms, or we may be unable to successfully integrate acquisitions or achieve the anticipated benefits.

We may in the future conduct strategic acquisitions and investments that are complementary to our growth strategies, particularly those that can help us enrich our offerings, enhance our technologies, and expand our client base. Acquisitions involve certain known and unknown risks that could cause our actual growth or operating results to differ from our expectations. For example:

- we may not be able to identify suitable acquisition candidates or to consummate acquisitions on acceptable terms;
- we compete with others to acquire complementary businesses and technologies, which may result in decreased availability of, or increased price for, suitable acquisition candidates;

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- we may not be able to obtain the necessary financing, on favorable terms or at all, to finance any or all of our potential acquisitions;
- we may ultimately fail to consummate an acquisition even if we announce that we plan to acquire a business or technology;
- acquired technologies, products or businesses may not perform as we expect and we may fail to realize anticipated revenue and profits; and
- our acquisition activities may be subject to various regulations, including antitrust regulations.

In addition, our acquisition strategy may divert management's attention away from our existing business, resulting in the loss of key clients or employees, and expose us to unanticipated problems or legal liabilities, including responsibility as a successor for undisclosed or contingent liabilities of acquired businesses or assets.

To date, the growth in our business has been primarily organic, and we have limited experience in acquiring other businesses. In any future acquisitions, we may not be able to successfully integrate acquired personnel, operations and technologies, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from our future acquired businesses due to a number of factors, including:

- inability to integrate or benefit from acquisitions in a profitable manner;
- unanticipated costs or liabilities associated with the acquisition;
- incurrence of acquisition-related costs;
- difficulty converting the clients of the acquired business to our solutions and contract terms, including disparities in the revenues, licensing, support or professional services model of the acquired company;
- difficulty integrating the accounting systems, operations and personnel of the acquired business;
- difficulties and additional costs and expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- diversion of management's attention from other business concerns;
- harm to our existing relationships with our partners and clients as a result of the acquisition;
- the loss of our or the acquired business's key employees;

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- diversion of resources that could have been more effectively deployed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could harm our results of operations.

Acquisitions could also result in dilutive issuances of equity securities, the use of our available cash, or the incurrence of debt, which could harm our operating results. In addition, if an acquired business fails to meet our expectations, our operating results, business and financial condition may suffer.

We depend on our senior management team and the loss of one or more key employees or an inability to attract and retain highly skilled employees could harm our business.

Our success largely depends upon the continued services of our key executive officers, including Mr. Wu Qiang, our Chairman and Chief Executive Officer, and Mr. An Jingbo, our Vice President and Chief Technology Officer. We also rely on our leadership team in the areas of research and development, marketing, sales and other functions, and on mission-critical individual contributors. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. The loss of one or more of our executive officers or key employees could seriously harm our business. Furthermore, our key officers are granted with options when appointed. Once they are eligible to exercise their options and sell the shares, they may have less incentives to stay with us and the departure of any key employees may cause material adverse effects on our operations. We currently do not maintain key person life insurance policies on any of our employees.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for engineers with high levels of experience in designing and developing cloud software and for senior sales executives. We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached legal obligations, resulting in a diversion of our time and resources and, potentially, damages. In addition, we invest significant time and expense in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects would be harmed.

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We may be subject to legal proceedings or arbitration claims in the ordinary course of our business, and the court ruling or arbitration award may not be favorable to us.

We may be subject to disputes or claims of various types brought by our competitors, employees, associates, clients or others against us relating to contractual disputes, labor disputes, intellectual property infringements, or disputes involving misconducts of our employees. Such claims and disputes may evolve into litigations and damage our reputation and goodwill, thereby adversely affecting our client base. Litigation is distractive and expensive as it requires time and attention from our management team and employees. In addition, we may need to spend a significant amount to settle claims or pay damages if we lose a lawsuit, which could have a material and adverse effect on our business, financial condition, and results of operations.

Our business is subject to seasonality.

We have experienced, and expect to continue to experience in the future, seasonality in our business, results of operations and financial condition. We believe that our quarterly sales are affected by industry buying patterns. In 2019, 2020 and 2021, we derived a revenue of RMB325.3 million, RMB341.2 million and RMB370.7 million from our SaaS solutions, respectively, accounting for 97.2%, 96.5% and 92.2% of our total revenue during the corresponding periods. We offer three pricing options to our SaaS clients, and the clients may choose among the options at their discretion. For details, see “Business – Our Business Model.” We charge monthly subscription or package fees based on the number of agent seats used and we are able to charge full monthly subscription or package fees only if each licensed account is used in at least 15 days in a given month. In addition, we charge on-demand service fees based on the voice minutes used. Therefore, during periods when our clients’ business activities slow down and their demand for customer interactions are reduced, our revenues may be negatively impacted. As a result, we typically generate lower revenues in the first half because clients usually reduce their usage of our solutions during or around the Chinese New Year due to reduced business activities. We may also generate lower revenues during the labor day holiday and the national day holiday. Our revenues may also fluctuate due to other factors such as the general economic environment in China. Our financial condition and results of operations for future periods may continue to fluctuate due to seasonality.

We currently do not own the properties on which we carry out our business, and we are exposed to the risks associated with the commercial and industrial real estate rental market.

As of the Latest Practicable Date, the properties occupied by us for our business purposes were leased from Independent Third Parties, details of which are disclosed in the section headed “Business — Properties.” Accordingly, we are susceptible to the rental fluctuation from time to time. As most of our current operating leases in respect of rented premises will expire in or prior to November 2023, we have to negotiate the terms of renewal with the landlord prior to the expiry of the lease agreements. In the event that there is any increase in the rental expenses for our existing leased properties in the long run, our operating expenses and pressure on our operating cash flows will increase, thereby materially and adversely affecting our business, results of operations and prospects.

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In addition, there is no assurance that we will successfully renew the tenancy agreements for the relevant rented premises on commercially acceptable terms, or at all. There is also no assurance that such tenancy agreements will not be terminated before their expiration. Termination of our leases may occur beyond our control, such as breaches of agreements by the lessor or the tenant of the premises or invalidation of lease agreements due to the lessors' lack of title to lease the properties. If it happens, we need to relocate to other premises and incur additional costs due to relocation.

We may not have insurance coverage to protect us from potential losses.

Companies operating in China are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, complete related registration with the competent authorities and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. However, we face various risks in connection with our business, and do not have relevant insurance coverage. We do not maintain insurance policies covering damages to our network infrastructures, information technology systems or property. We also do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain product liability insurance or key-man insurance. Any uninsured occurrence may disrupt our business operations, expose us to liabilities, require us to incur substantial costs and divert our resources, which could have an adverse effect on our results of operations and financial condition.

A severe or prolonged downturn in the Chinese or global economy, any financial or economic crisis, or perceived threat of such a crisis, could materially and adversely affect our business and financial condition.

COVID-19 pandemic may continue to have a severe and prolonged negative impact on the Chinese and the global economy, including potential reductions in clients' budgets, which may affect our revenue and financial performance generally. Even before the outbreak of COVID-19, the global macroeconomic environment faced numerous challenges. The growth rate of the Chinese economy has gradually slowed in recent years and the trend may continue. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which have been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2020. The global financial markets experienced significant disruptions in 2008 and the United States, European and other economies went into recession. The recovery from the lows of 2008 and 2009 was uneven and the global financial markets are facing new challenges, including the escalation of the European sovereign debt crisis since 2011, the hostilities in the Ukraine, the economic slowdown in the Eurozone in 2014. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. It is unclear whether these challenges will be contained and what effects they each may have. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have negative economic effects. In particular, there is significant uncertainty about the future relationship between the United

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States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy might lead to tighter credit markets, increased market volatility, sudden drops in business and dramatic changes in business, and may materially and adversely affect our business, results of operations and financial condition.

Risks Related to Our Regulatory Compliance

Failure to comply with laws and regulations could harm our business and our reputation.

Our business is subject to various laws and regulation in the PRC. Noncompliance with applicable laws or regulations could subject us to investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties or injunctions. If any governmental sanctions, fines or penalties are imposed, or if we do not prevail in any civil or criminal litigation, our business, operating results, financial condition and reputation could be harmed. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could further harm our business, operating results, financial condition and reputation.

We are subject to extensive and evolving regulatory requirements. We may be adversely affected by the complexity, uncertainties and changes in PRC regulations related to internet-related business and companies.

We are operating an internet-related industry, which the PRC government extensively regulates. Foreign ownership of and the licensing and permit requirements pertaining companies in our industry are among areas that are subject to government scrutiny. These laws and regulations related to internet-related businesses are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. Issues, risks and uncertainties relating to PRC government regulation of internet-related industries include, but are not limited to, the following:

- We operate our business and hold licenses through T&I Net Communication and its affiliates due to restrictions on foreign investment in businesses providing value-added telecommunication services.
- Uncertainties relating to the regulation of cloud-based communications business and other internet-related businesses in China, including evolving licensing practices, give rise to the risk that some of our permits, licenses or operations may be subject to challenge, which may be disruptive to our business, subject us to sanctions or require us to increase capital, compromise the enforceability of relevant contractual arrangements, or have other adverse effects on us.

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- We have not received notice of violation or faced administrative actions in connection with our operation of business via T&I Net Communication and its affiliates. We cannot assure you, however, that the PRC government will not find such practice incompliant with PRC laws and regulations or the interpretation thereof, in which case we could be subject to severe penalties or be forced to relinquish our interests in those operations.

We cannot assure you that subsequent laws and regulations or interpretation of existing ones would not render our operations non-compliant or that we would always be in full compliance with applicable laws and regulations. In the event that we must remedy any violations, we may be required to modify our business models as well as solutions and service offerings in a manner that undermines our solutions' and services' attractiveness. We may also become subject to fines or other penalties and, if we determine that the requirements to operate in compliance are overly burdensome, we may elect to terminate the non-compliant operations. In each case, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to obtain and maintain the requisite licenses, permits and approvals applicable to our business, or fail to obtain additional licenses that become necessary as a result of new enactment or promulgation of laws and regulations or the expansion of our business, our business and results of operations may be materially and adversely affected.

We are required to obtain and maintain applicable licenses, permits and approvals from different regulatory authorities in order to conduct our existing or future business in connection with our provision of cloud-based customer contact solutions. T&I Net Communication and certain of its subsidiaries have obtained from the MIIT and/or its local counterparts VAT Licenses for engaging in, among others, internet resource collaboration business and domestic contact center business. For details of our material licenses and permits, see "Business – Compliance." As of the Latest Practicable Date, we have not been subject to any legal or regulatory sanction for failure to obtain, renew or update such licenses. The government authorities may continue to promulgate new rules regulating the industry in which we operate and we may expand into new business operations. They may require us to obtain additional licenses, permits or approvals so that we can continue to operate our existing or future businesses or otherwise prohibit our operation of the types of businesses to which the new requirements apply. However, we cannot assure you that T&I Net Communication and its subsidiaries can successfully obtain or maintain required licenses and permits in a timely manner or at all, and we may be subject to fines, confiscation of income and discontinuation of or restrictions on certain of our operations in China as a result. Moreover, if we fail to renew or update any of our current licenses and permits in a timely manner and on commercially reasonable terms or at all, our business, results of operations and financial condition could be materially and adversely affected. In addition, new regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering services and expose us to potential penalties and fines. Lastly, our existing licenses may expire without proper renewal or be revoked due to violations of relevant licensure maintenance requirements. If any of our entities is deemed by governmental authorities to be operating without appropriate permits and licenses or outside of their authorized scopes of business or otherwise fail to comply with relevant laws and regulations, we may be subject to penalties and our business, financial condition, and results of operation may be materially and adversely affected.

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Our brand image, business and results of operations may be adversely affected by third-party misconduct and misuse of our solutions, many of which are beyond our control.

We store, process and transmit a large amount of data and communications in the ordinary course of business, which may be subject to improper disclosure and misappropriation by our employees, business partners and other third parties. As a result, our business may suffer and our brand image, business, results of operations and financial condition may be materially and adversely affected. We are exposed to the risk of other types of employee misconduct, including intentionally failing to comply with government regulations, engaging in unauthorized activities and misrepresentation during marketing activities, which could harm our reputation. It is not always possible to deter third-party misconduct, and the precautions we take to prevent and detect misconduct may not be effective in controlling unknown or unmanaged risks or losses, which could harm our business, results of operations and financial condition.

In addition, our clients who deploy our solutions in their business communications may misuse them to make unauthorized calls. Such misuses may subject us to potential risks, including liabilities or claims relating to consumer rights protection laws. As a provider of cloud-based customer contact solutions, we are required to comply with relevant laws and regulations relating to internet information protections. For example, on May 19, 2015, the MIIT published the Provisions on the Administration of Short Message Services which took effect on June 30, 2015 and later the MIIT promulgated Notice of Ministry of Industry and Information Technology on Strengthening the Administration of Call Center Services on June 8, 2020, the Administrative Provisions on Short Messaging and Voice Call Services (Draft for Comment) on August 31, 2020, prohibiting the use of text messages and voice call in telemarketing or other commercial settings without consumers' proper request and consent. We are also required to comply with relevant laws and regulations regarding the control and management of unauthorized calls, including, among others, establishing forbidden call lists to prevent telemarketing calls from reaching potential customers who have formerly explicitly refused to be reached by telemarketing calls of a particular industry or business, and improving technological capability and risk precautions regarding the prevention and monitoring of unauthorized calls. The scope and interpretation of relevant laws and regulations that are or may be applicable to the delivery of text messages, calls and other content are continuously evolving. See "Regulations – Regulations Relating to Cyber Security, Data Security and Privacy Protection – Unauthorized calls and text messages." We have taken certain acts to reduce unauthorized text messages and calls. We stipulate contract restrictions in our agreements with clients. We have also put in place a monitoring system to identify potential violations and set up 'do not call' lists as preventative measures. However, as in practice we have little control over text messages, calls and other content delivered by our clients to their potential customers, we cannot assure you that our current systems and acts will be sufficient or effective under applicable laws and regulations. If we do not comply with relevant laws and regulations or if we become liable under these laws and regulations, we could face direct liability and loss of client confidence, which could materially harm our reputation, business, results of operations and financial condition.

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We used third-party agents to make contributions under various government-sponsored employee benefits plans, which may subject us to penalties.

Companies operating in China are required to complete related registration with the competent authorities and contribute to the government-sponsored employee benefits plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. We use third-party agents to make contributions under various government-sponsored employee benefits plans because we do not maintain branch offices in the relevant regions and are therefore not allowed to directly make contributions. As of the Latest Practicable Date, we had not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from the relevant governmental authorities for not contributing to government-sponsored employee benefits plans directly. However, if the relevant competent government authority is of the view that this third-party agency arrangement does not satisfy the requirements under the relevant PRC laws and regulations in respect of housing provident fund, we may be ordered to pay the outstanding balance to the relevant local authority within a prescribed period of time, failing which the government authority can apply to the People's Court for compulsory enforcement, but no penalties are provided under the relevant PRC laws and regulations; and in respect of social insurance, we might be ordered to pay the outstanding balance within a certain period of time and a late fee that equals to 0.05% of the total outstanding balance per day from the date of the failure to make payment, failing which we may be subject to a fine ranging from one to three times of the total outstanding balance. 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. As of the Latest Practicable Date, none of the relevant operating entities had received any administrative penalty or labor arbitration application from employees for its agency arrangement with third-party human resources agencies or for having not opened housing provident fund accounts. However, we cannot assure you that local authorities will not impose fees, pecuniary penalties or other administrative actions on us for our historical noncompliance. As a result, our financial condition and results of operations may be materially and adversely affected.

Under the agreements between the third-party human resources agencies and our relevant operating entities, the third-party human resources agencies have the obligations to pay social insurance premium and housing provident funds for our relevant employees. However, if the human resource agencies fail to pay the social insurance premium or housing provident fund contributions for and on behalf of our employees as required under applicable PRC laws and regulations, we may be ordered to rectify such failure or be subject to penalties. As of the Latest Practicable Date, none of the third-party human resources agencies that we cooperate with had failed to pay, or delayed in paying, any social insurance premium or housing provident fund contributions for our employees.

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Legal defects regarding some of our leased properties may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, we entered into nine lease agreements for our leased properties and eight of them had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. These properties are primarily used as our offices. We consider two leased properties in Beijing, with a GFA of 1,392.37 and 413.81 square meters, respectively, to be material to our business since they are where our headquarters are located. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Adviser has advised us that failure to complete the registration and filing of lease agreements will not affect the validity of such leases or impede our use of the relevant properties but could result in the imposition of fines up to RMB10,000 for each leased property that is unregistered if we fail to rectify the noncompliance within the time frame prescribed by the relevant authorities. As of the Latest Practicable Date, we were not aware of any notice or allegation of penalty from PRC government authorities for our failure on the registration of lease agreements.

Further, as of the Latest Practicable Date, the lessors of three of our leased properties, including the two leased properties in Beijing which we consider to be material to our business, failed to provide us with valid property ownership certificates, and our leased property interests under such properties may be defective. These properties are primarily used as our offices. If such lessors do not have the relevant property ownership certificates, the relevant rightful title holders or other third parties may challenge our use of such leased properties, and we may be forced to vacate these properties and be required to seek alternative properties for lease or choose to terminate the lease earlier while bearing the penalty of early termination under the lease. As of the Latest Practicable Date, the relevant lessors had provided us with authorization documents evidencing their rights to lease the properties to us, and we were not aware of any challenge made by a third party or competent government authority on the titles of any of these leased properties that might affect our current occupation.

Any failure to comply with anti-corruption and anti-bribery laws of China and other jurisdictions could subject us to penalties and other adverse effects.

We are exposed to potential risk of violation by our employees and agents of anti-corruption and anti-bribery laws of China and other jurisdictions. For example, under the Anti-Unfair Competition Law of the PRC, any commercial bribery committed by an employee of a given company will be deemed as conduct of such company unless it has evidence to rebut the presumption, and the offering of anything of value to employees, agents or representatives of any given transacting party or to any person with substantial influence over the decision making of the transacting party with an intent to obtain business opportunities or commercial advantages constitutes bribery. The scope of bribery includes not only kickbacks, gifts and other things of value or benefit transfer, but also rebates that are not properly recorded or evidenced in accounting. Therefore, any wrongdoings committed by our employees, even if committed without our knowledge or in violation of our policies, or any bad practice in terms of record keeping of the spending by our employees during the business development process, could subject us to anti-corruption and anti-bribery law liabilities.

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We cannot assure that each of our employees is able to strictly follow our guidance on compliance with anti-corruption and anti-bribery laws and regulations or, in situations not covered by the guidance, could use a good judgment as to the dos and don'ts. Any violations of these anti-corruption laws by our employees, or even allegations of such violations, can lead to an investigation and/or enforcement action, which could disrupt our operations, involve significant management distraction, and lead to significant costs and expenses, including legal fees. If we, or our employees or agents acting on our behalf, are found to have engaged in practices that violate these laws and regulations, we could suffer severe fines and penalties, profit disgorgement, injunctions on future conduct, securities litigation, bans on transacting government business, and other consequences that may have a material adverse effect on our business, financial condition and results of operations. In addition, our brand and reputation, our sales activities or our stock price could be adversely affected if we become the subject of any negative publicity related to actual or potential violations of anti-corruption and anti-bribery laws and regulations.

We serve various levels and types of SOEs in China. Conducting business with SOEs can involve complexity that requires extra outlay of financial and managerial resources in order to comply with related laws and regulations.

We have targeted and will continue to target more sales efforts on China's SOEs, particularly those in the insurance and banking industry. The procurement process for SOEs is in many ways more challenging than contracting in the private sector. We must comply with laws and regulations relating to the formation, administration, performance and pricing of contracts with SOEs. These laws and regulations may impose additional costs on our business or prolong or complicate our sales efforts, and failure to comply with these laws and regulations or other applicable requirements could lead to claims for damages from our clients, penalties, termination of contracts and other adverse consequences. Any such damages, penalties, disruptions or limitations in our ability to do business with SOEs could have a material adverse effect on our business, results of operations and financial condition. In addition, sales to Chinese SOEs often involve open tendering processes, where we face intense competition and pricing pressure and may thus suffer increased operating expenses and lowered profit margins. Furthermore, if we cannot succeed in our competitive tenders, our client base may decrease, and our brand image and reputation may be adversely affected.

SOEs often require highly specialized contract terms that may differ from our standard arrangements, and often impose compliance requirements that are complicated, require preferential pricing, terms and conditions, or are otherwise time-consuming and expensive to satisfy. Compliance with these special standards or satisfaction of such requirements could complicate our efforts to obtain business or increase the costs of doing so. Even if we do meet these special standards or requirements, the increased costs associated with providing our solutions to SOEs could harm our margins.

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Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating our operations in China do not comply with applicable PRC regulations, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe consequences, including the nullification of the contractual arrangements and being forced to relinquish our interests in those operations.

Current PRC laws and regulations impose certain restrictions and prohibitions on foreign ownership of companies that engage in the Internet and other related businesses, including the value-added telecommunication services.

We are an exempted company incorporated under the laws of the Cayman Islands, and WFOE, our PRC subsidiary, is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we conduct our business in China through T&I Net Communication and its subsidiaries incorporated in China. We have entered into contractual arrangements with T&I Net Communication and its shareholders and subsidiaries, through which we obtain effective control over T&I Net Communication and its subsidiaries and substantially all of the economic benefits arising from T&I Net Communication and its subsidiaries. Meanwhile, we are able to consolidate the financial results of T&I Net Communication and its subsidiaries in our results of operations. See “Contractual Arrangements.”

Our PRC Legal Adviser, Commerce & Finance Law Offices, has advised us that the corporate structure of T&I Net Communication and its subsidiaries in China are not in violation with applicable PRC laws and regulations. However, as there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, we cannot assure you that the PRC government would agree that our corporate structure or any of the above contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. PRC laws and regulations governing the validity of these contractual arrangements are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations. Thus, we cannot assure you that the PRC government will not ultimately take a view contrary to the opinion of our PRC Legal Adviser. If we are found in violation of any PRC laws or regulations or if the contractual arrangements among our WFOE, T&I Net Communication and its shareholders and subsidiaries are determined as illegal or invalid by any PRC court, arbitral tribunal or regulatory authorities, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- imposing conditions or requirements with which we may not be able to comply;
- imposing fines or confiscating any of our income that they deem to have been obtained through illegal operations;
- revoking our business and operating licenses;

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- restricting or requiring us to discontinue our operations;
- revoking the agreements constituting the contractual arrangements;
- requiring us or our PRC subsidiaries and T&I Net Communication to restructure the relevant ownership structure or operations;
- restricting or prohibiting our use of the proceeds from the initial public offering or other of our financing activities to finance the business and operations of T&I Net Communication and its subsidiaries; or
- shutting down all or part of our websites or services;
- taking other regulatory or enforcement actions that could be harmful to our business.

Furthermore, any of the assets under the name of any shareholder of T&I Net Communication, including such equity interest, may be put under court custody in connection with litigation, arbitration or other judicial or dispute resolution proceedings against that shareholder. We cannot assure you that the equity interest will be disposed of in accordance with the contractual arrangements. In addition, new PRC laws, rules and regulations may be introduced to impose additional requirements bringing additional challenges to our corporate structure and contractual arrangements. The occurrence of any of these events or the imposition of any of these penalties may result in a material and adverse effect on our ability to conduct internet-related businesses. Furthermore, if the imposition of any of these fines causes us to be unable to direct the activities of T&I Net Communication and its subsidiaries or the right to receive their economic benefits, we would no longer be able to consolidate T&I Net Communication or its subsidiaries into our financial statements, which could materially and adversely affect our financial condition and results of operations. In this case, we may also face the risk that the Stock Exchange may consider our Company to be no longer suitable for listing and consequently delist our Shares.

Our contractual arrangements may not be as effective in providing operational control as direct ownership.

We operate substantially all of our business in China through T&I Net Communication, in which we have no ownership interest and rely on a series of contractual arrangements with T&I Net Communication and its shareholders to control and operate these businesses. A majority of our revenue and cash flow from our business are attributed to T&I Net Communication and its subsidiaries. The contractual arrangements may not be as effective as direct ownership in providing us with control over T&I Net Communication. Direct ownership would allow us, for example, to directly or indirectly exercise our rights as a shareholder to effect changes in the board of directors of T&I Net Communication, which, in turn, could affect corporate governance and operational performances, subject to any applicable fiduciary obligations at the management level. However, under the contractual arrangements, as a legal matter, if T&I Net Communication or its shareholders fail to perform their respective obligations under the contractual arrangements, we may experience substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal

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remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you the sufficiency and effectiveness under PRC law. For example, in the event that shareholders in T&I Net Communication were to refuse to transfer their equity interests in T&I Net Communication to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may refer to immediate legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. See “– Risks Related to Doing Business in China – Uncertainties in interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.” Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated affiliated entities should be interpreted or enforced under PRC law. In respect of the ultimate outcome of such proceeding, significant uncertainties remain if legal action becomes necessary. In addition, under PRC law, although rulings by arbitrators are final, if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only resort to PRC courts for enforcement of the arbitration awards through arbitration award recognition proceedings, which would require additional expenses and delay. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over T&I Net Communication or its subsidiaries, and our ability to conduct our business may be negatively affected.

In addition, the shareholders in T&I Net Communication may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in T&I Net Communication and the validity or enforceability of our contractual arrangements with T&I Net Communication and its shareholders. For example, if any of the shareholders of T&I Net Communication divorces his or her spouse, the spouse may claim that the equity interest of in T&I Net Communication held by such shareholder is part of their community property and should be divided between such shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder’s spouse. While we have obtained the consent letter from the spouse of each individual shareholder of T&I Net Communication, under which such spouse has undertaken to honor the contractual arrangements among us, T&I Net Communication and its shareholders, we cannot assure you that such undertakings will be fulfilled should the relevant equity interest in T&I Net Communication be obtained by the spouse. In addition, the relevant equity interest may also be obtained by another third party who is not subject to obligations under our contractual arrangements, which could result in our loss of the effective control over T&I Net Communication. Similarly, if any of the equity interests of T&I Net Communication is inherited by a third party with whom the current contractual arrangements are not binding, we could lose our control over T&I Net Communication or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

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We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by T&I Net Communication if T&I Net Communication petition for bankruptcy or becomes subject to a dissolution or liquidation proceeding.

T&I Net Communication and its subsidiaries have contributed to the majority of our revenue, and held the majority of our operational assets and licenses, approvals and assets that are necessary for the going concern of our business. The contractual arrangements contain terms that specifically obligate the shareholders of T&I Net Communication to ensure the valid existence of T&I Net Communication and restrict the disposition of material assets or any equity interest of T&I Net Communication. However, in the event that the shareholders of T&I Net Communication breach the terms of these contractual arrangements and voluntarily liquidate T&I Net Communication, or T&I Net Communication petition for bankruptcy and all or part of its assets are under the control of the court-appointed bankruptcy administrator, or are otherwise disposed of without our consent, we may be unable to operate some or all of our business or otherwise benefit from the assets held by T&I Net Communication, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, if T&I Net Communication undergoes a voluntary or involuntary liquidation proceeding, equity holders or unrelated third-party creditors may claim rights to some or all of the assets in T&I Net Communication, thereby thwarting our ability to operate our business as well as constraining our growth.

The shareholders of T&I Net Communication may have potential conflicts of interest with us.

The shareholders in T&I Net Communication may have actual or potential conflicts of interest with us. These shareholders may breach, or cause T&I Net Communication to breach, or refuse to renew, the existing contractual arrangements we have with them and T&I Net Communication, which may lead to a material and adverse effect on our ability to effectively control T&I Net Communication and receive economic benefits from it. In addition, some of the shareholders of T&I Net Communication are limited partnerships (the “**Partnership Shareholders**”), which are controlled by their respective general partner and/or ultimate beneficial owner (the “**Indirect Shareholders**”). While currently the general partners of all the Partnership Shareholders and Mr. TIAN Suning (田溯寧) (“**Mr. Tian**”) are parties to the contractual arrangements, we can not assure that these Indirect Shareholders will abide by the terms of the contractual arrangements. The Indirect Shareholders may breach, or cause the Partnership Shareholders to breach, or refuse to renew the existing contractual arrangements. For example, the shareholders of T&I Net Communication or the Indirect Shareholders may be able to cause our agreements with T&I Net Communication to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise, any or all of these shareholders and Indirect Shareholders will act in the best interests of our Company or such conflicts will be resolved in our favor.

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Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our Company, except that we could exercise our purchase option under the exclusive option agreements with these shareholders to request them to transfer all of their equity interests in T&I Net Communication to a PRC entity or individual designated by us, to the extent permitted by PRC law. For individuals who are also our directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that directors and officers owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. The shareholders in T&I Net Communication have executed powers of attorney to appoint our WFOE or a person designated by such WFOE to vote on their behalf and exercise voting rights as shareholders in T&I Net Communication. If we cannot resolve any conflict of interest or dispute between us and the shareholders in T&I Net Communication, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

Contractual arrangements we have entered into with T&I Net Communication may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.

As a result of the contractual arrangements among our WFOE, our VIE, its shareholders and us, we are effectively subject to the PRC value-added tax at a rate of 6% and related surcharges on revenues generated by our subsidiary from our contractual arrangements with our VIE. No additional value-added tax or related surcharges are triggered due to the adoption of the contractual arrangement.

The PRC Corporate Income Tax Law and its Implementing Rules require resident enterprise to submit its annual CIT return together with a report on its related party transactions to the in-charge tax authority. According to the Implementing Rules of the Corporate Income Tax Law, related party transactions should be subject to review by the PRC tax authority within ten years after the taxable year during which the transactions are conducted. We may be subject to adverse tax consequences if the PRC tax authorities were to determine that the contracts between us and our VIE were not on an arm's length basis and therefore raise a transfer pricing adjustment. If this occurs, the PRC tax authorities could request that our VIE and any of its subsidiaries adjust their taxable income upward for PRC tax purpose. Such an adjustment could adversely affect us by reducing expense deductions recorded by such VIE and thereby increasing the VIE's tax liabilities, which could trigger late payment interest and other penalties for the underpayment of taxes. Our results of operations may be materially and adversely affected if our VIE's tax liabilities increase or if either of them becomes subject to late payment interest or other penalties.

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Our current corporate structure and business operations may be affected by the Foreign Investment Law.

On March 15, 2019, the National People’s Congress promulgated the Foreign Investment Law, which took effect on January 1, 2020. Since it is relatively new, there are uncertainties on interpretation and implementation. On December 26, 2019, the State Council issued the Regulations on Implementing the Foreign Investment Law of the PRC, which came into effect on January 1, 2020. The Foreign Investment Law, the Regulations on Implementing the Foreign Investment Law of the PRC, and the then laws, do not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately “controlled” by foreign investors. However, in the Foreign Investment Law, it has a catch-all provision under definition of “foreign investment” that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment, until when it remains uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment in the PRC and if yes, how our contractual arrangements should be dealt with.

The Foreign Investment Law grants national treatment to foreign-invested entities, except for the industries specified as “restricted” or “prohibited” from foreign investment in the Special Administrative Measures (Negative List) for Foreign Investment Access jointly promulgated by Ministry of Commerce, or MOFCOM, and the National Development and Reform Commission, or the NDRC, and took effect in January 2022. The Foreign Investment Law provides that foreign-invested entities are not allowed to operate in “prohibited” industries and their operation in “restricted” industries shall satisfy certain conditions and will require market entry clearance and other approvals from relevant PRC government authorities. On December 26, 2019, the Supreme People’s Court issued the Interpretations on Certain Issues Regarding the Application of Foreign Investment Law, or the FIL Interpretations, which came into effect on January 1, 2020. In accordance with the FIL Interpretations, any claim to invalidate an investment agreement will be supported by courts if such agreement is found to be entered into for purposes of making investments in the “prohibited industries” in the negative list or for purposes of investing in “restricted industries” while failing to satisfy the conditions set out in the negative list. If our control over T&I Net Communication through contractual arrangements are deemed as foreign investment in the future, and any business of T&I Net Communication is “restricted” or “prohibited” from foreign investment in the “negative list” effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the contractual arrangements allowing us to take control over T&I Net Communication may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operations.

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Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

Risks Related to Doing Business in China

Uncertainties in interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

Unlike common law systems, the PRC legal system is based on written statutes, in which legal cases have limited binding value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly increased the protections on various forms of foreign or private-sector investment in China. Our PRC subsidiaries are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new, and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform, and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and judicial authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to predict the outcome of administrative and judicial proceedings and the level of legal protection we are entitled to than in more developed legal systems. Moreover, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such unpredictability towards our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China, could materially and adversely affect our business and impede our ability to continue our operations, and may further affect the legal remedies and protections available to investors, which may, in turn, adversely affect the value of your investment.

PRC laws and regulations concerning the Internet information service industry are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations, and to avoid conducting any non-compliant activities under the applicable laws and regulations, the PRC government authorities may promulgate new laws and regulations regulating the Internet information service industry in the future. We cannot assure you that our practice would not be deemed to violate any new PRC laws or regulations relating to Internet information service. Moreover, developments in the Internet information service industry may lead to changes in PRC laws, regulations and policies, or in the interpretation and application of existing laws, regulations and policies that may limit or restrict Internet information service platforms like ours, which could materially and adversely affect our business and operations.

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Adverse changes in economic and political policies of the PRC government could have a material and adverse effect on overall economic growth in China, which could materially and adversely affect our business.

Substantially all of our assets and operations are located in China. Therefore, our business, financial condition, results of operations and prospects may be influenced to a significant degree by economic, political and social conditions in China generally. The PRC economy differs from the economies of most developed countries in many respects, including the level of development, growth rate, degree of government involvement and foreign exchange controls and resource allocation.

Although the PRC economy has been transitioning from a planned economy to a more market-oriented economy for the past four decades, growth has been uneven, both geographically and among various sectors of the economy. In addition, the rate of growth has been slowing since 2012, and the impact of COVID-19 pandemic on the Chinese and global economies in 2020 is likely to be severe. The PRC government still owns a substantial portion of productive assets in the PRC and exercises significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance practices in business enterprises. Some of these measures benefit the overall PRC economy, but may adversely affect us. For example, our financial condition and results of operations may be adversely affected by government policies on the Internet service industry in China or changes in tax regulations applicable to us. If the business environment in the PRC deteriorates, our business in the PRC may also be materially and adversely affected.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other established regulations and rules concerning mergers and acquisitions, as well as additional procedures and requirements, could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements, in some instances, that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the SAMR shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns, and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns, are subject to strict review by the

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MOFCOM, and the rules prohibit any activities attempting to bypass a security review. Furthermore, the latest security review rules jointly issued by the MOFCOM and NDRC that became effective on January 18, 2021 stipulates that mergers and acquisitions or other patterns of investments by foreign investors that influence or may influence national security are subject to strict review. Foreign investors whose investments fall within the statutory scope shall take initiative to report to designated agency about the investment plan, the impact on national security and other issues required by the agency which will decide whether to go through a national security review.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM, SAMR or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

We may be classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our Shareholders and have a material adverse effect on our results of operations and the value of your investment.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a “resident enterprise” and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over, and overall and substantial management of the business, productions, personnel, accounts and properties of an enterprise. In 2009, the STA issued a circular, known as STA Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to STA Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location where senior management personnel and departments that are responsible for the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

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We believe that neither us nor any of our offshore subsidiaries is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that we and/or our offshore subsidiaries are a PRC resident enterprise for enterprise income tax purposes, we and/or our offshore subsidiaries will be subject to the uniform 25% enterprise income tax on our world-wide income, which could materially reduce our net income. In addition, we and/or our offshore subsidiaries will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our Shares may be subject to PRC tax, and dividends we pay may be subject to PRC withholding tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty). It is unclear whether non-PRC Shareholders of our Company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

There are uncertainties with respect to value-added tax rates relating to our tax liabilities.

Taking effect on May 1, 2016, the State started to fully implement the pilot change from business tax to value-added tax. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business. However, the Ministry of Finance and the STA in the PRC usually will issue detailed circulars to enforce tax laws more specifically. It is unclear whether we can still enjoy current tax credits after the Global Offering and whether the tax rates will be adjusted by the legislature. Any such tax credits or adjustments on tax rates may substantially influence our net profits as well as the returns on your investment in our Shares.

Fluctuation in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.

The value of the RMB against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government’s policies, and depends, to a large extent, on domestic and international economic and political developments, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the People’s Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates, and to achieve policy goals. We are subject to the risk of volatility in future exchange rates and to the PRC government’s controls on currency conversion.

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The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in a foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Moreover, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into RMB. All of these factors could materially and adversely affect our business, financial condition, and results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our net revenue in RMB. Under our current corporate structure, our Company in the Cayman Islands relies on dividend payments, indirectly from our PRC subsidiaries, to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE by complying with certain procedures under PRC foreign exchange regulation. However, approval from, or registration with, appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies.

In light of the flood of capital outflows from China in 2016 due to the weakening of RMB, the PRC government has imposed more restrictive foreign exchange policies, and stepped up scrutiny of major outbound capital movement. More restrictions and a substantial vetting process are in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC government may, at its discretion, further restrict access to foreign currencies in the future for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

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PRC regulation of loans to, and direct investments in, PRC entities by offshore holding companies may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan, or as an increase in registered capital, are subject to approval by, filing with, or registration with, relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the approval of, or filing with, the MOFCOM or its local branch, and registration with other governmental authorities in China. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local branches or designated banks, and (ii) each of our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount. Any medium- or long-term loan to be provided by us to our PRC subsidiaries must be recorded and registered by the NDRC and the SAFE or its local branches or designated banks. We may not be able to complete such filing or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such filing or registration, our ability to use the proceeds of this offering, and to capitalize our PRC operations, may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19, taking effect as of June 1, 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises, which allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using the RMB fund converted from their foreign exchange capitals for expenditures beyond their business scopes. On June 9, 2016, the SAFE promulgated the Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange, or SAFE Circular 16. SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capitals for expenditure beyond their business scope, investment in securities or investments other than banks' principal-secured products, providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use, except for real estate enterprises. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to, and use in, China the net proceeds from this offering, which may adversely affect our business, financial condition and results of operations.

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There is uncertainty with respect to the indirect transfers of equity interests in our PRC resident enterprises through transfers made by our Shareholders or our non-PRC holding companies.

On February 3, 2015, the STA promulgated the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告), or STA Circular 7, which replaces certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on Equity Transfers of Non-resident Enterprises (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知), or STA Circular 698. STA Circular 7 provides comprehensive guidelines relating to, and has also heightened the Chinese tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a Chinese resident enterprise (the “**Chinese Taxable Assets**”). For example, STA Circular 7 states that where a non-resident enterprise transfers Chinese Taxable Assets indirectly, by disposing of equity interests in an overseas holding company directly or indirectly holding such Chinese Taxable Assets, and such transfer is deemed to be, for the purpose of avoiding EIT payment obligations, and without any other bona fide commercial purpose, the transfer may be reclassified by the Chinese tax authorities as a direct transfer of Chinese Taxable Assets. On October 17, 2017, the STA promulgated the Announcement on Matters Concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source (國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告), or STA Circular 37, which came into force and replaced STA Circular 698 and certain other rules or regulations on December 1, 2017. STA Circular 37, among other things, simplifies the procedures of withholding and payment of income tax levied on non-resident enterprises.

Although STA Circular 7 contains certain exemptions, it is unclear whether any exemptions under it will be applicable to the transfer of our Shares, such as purchasing our Shares in the open market, and selling them in a private transaction, or vice versa, or to any future acquisition by us outside of China involving Chinese Taxable Assets, or whether the Chinese tax authorities classify such transactions by applying STA Circular 7. Therefore, the Chinese tax authorities may deem any transfer of our Shares by those of our Shareholders that are non-resident enterprises, or any future acquisitions by us outside of China involving Chinese Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional Chinese tax reporting obligations or tax liabilities. And, if we fail to comply with STA Circular 7 and STA Circular 37, the Chinese tax authorities may take action, including requesting us to provide assistance in their investigation, or may impose a penalty on us, which could have a negative impact on our business operations.

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We may be subject to penalties, including restriction on our ability to inject capital into our PRC subsidiaries, and on our PRC subsidiaries' ability to distribute profits to us, if our PRC resident shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with, and obtain approval from, local branches of the SAFE in connection with their direct or indirect offshore investment activities. The Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, was promulgated by the SAFE in July 2014, requiring PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our shareholders who are PRC residents, and may apply to any offshore acquisitions that we make in the future.

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

We are committed to complying with, and to ensuring that our Shareholders who are subject to the regulations will comply with, the relevant SAFE rules and regulations. However, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be able to compel them to comply with SAFE Circular 37 or other related regulations. We cannot assure you that the SAFE or its local branches will release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such Shareholders to comply with SAFE Circular 37 or other related regulations could subject us to fines or legal sanctions, restrict our investment

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activities in the PRC and overseas, or our cross-border investment activities, limit our subsidiaries' ability to make distributions, pay dividends or make other payments to us, or affect our ownership structure, which could adversely affect our business and prospects. As of the Latest Practicable Date, all of our ultimately beneficial owners who are PRC citizens, have completed their registration under SAFE Circular 37. However, we may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC residents, and we cannot assure you that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update, any applicable registrations, or comply with other requirements under SAFE Circular 37 or other related rules in a timely manner.

As there is uncertainty concerning the reconciliation of these foreign exchange regulations with other approval requirements, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant governmental authorities. We cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we, or the owners of such company, as the case may be, will be able to obtain the necessary approvals, or complete the necessary filings and registrations, required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy, and could adversely affect our business and prospects.

Any requirement to obtain approval from the MOFCOM or the CSRC could delay the Global Offering, and any failure to obtain such approval, if required, could materially and adversely affect our business, operating results, and reputation, as well as the trading price of our Shares.

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”) jointly issued by the MOFCOM, the SASAC, the STA, the CSRC, SAIC, and the SAFE on August 8, 2006, effective on September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise, (ii) subscribes for the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise, (iii) establishes a foreign-invested enterprise to purchase the assets of a domestic enterprise and operate those assets, or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. Where a domestic company or enterprise, or a domestic natural person, through an offshore entity established or controlled by it or him, acquires a domestic company which is related to or connected with it or him, approval from MOFCOM is required. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such

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special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of, or equity in, the PRC companies in exchange for the shares of offshore companies. Our PRC Legal Adviser has advised that, given that (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether the Global Offering of our Company is subject to this regulation, (ii) our WFOE were established by foreign direct investment, rather than through a merger or acquisition of a domestic company as defined under the M&A Rules, and (iii) no explicit provision in the M&A Rules classifies the Contractual Arrangements among our WFOE, a variable interest entity, its subsidiaries, and its shareholders as a type of acquisition transaction under the M&A Rules, they advise that the establishment of our WFOE and the Reorganization are not subject to the M&A Rules, and the Global Offering of our Company does not require approvals from the CSRC and MOFCOM under the M&A Rules. However, we cannot assure you that the relevant PRC government agency, including the MOFCOM and CSRC, would reach the same conclusion as our PRC Legal Adviser. If the MOFCOM, the CSRC or other PRC regulatory agencies subsequently determine that we need to obtain necessary approval for this offering, or if MOFCOM, CSRC or any other PRC government authorities promulgates interpretation or implementing rules before our listing that would require any necessary governmental approvals for this offering, we may face sanctions by the MOFCOM, the CSRC or other PRC regulatory agencies. In such event, these regulatory agencies may impose fines and penalties on our operations in China, limit our operating privileges in China, delay or restrict the repatriation of proceeds from this offering into the PRC, or take other actions that could have a material adverse effect on our business, financial condition, results of operations, and prospects, as well as the trading price of our Shares. The MOFCOM, the CSRC or other PRC regulatory agencies may also take actions requiring us to halt this offering before settlement and delivery of the Shares offered by this prospectus.

PRC laws and regulations establish more complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations, including the M&A Rules, the Anti-monopoly Law promulgated by the SCNPC in August 2007, the Notice of the General Office of State Council on Establishment of Security Review System Pertaining to Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by the General Office of the State Council in February 2011, the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by MOFCOM in August 2011, and the Rules of Foreign Investment Security Review jointly released by the NDRC and the MOFCOM on December 19, 2020 taking effect on January 18, 2021, have established procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex. These include requirements in some instances that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review.

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We may also develop our business by acquiring complementary businesses in addition to via organic growth. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises “national defense and security” or “national security” concerns. However, MOFCOM or other government agencies may publish interpretations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

The heightened scrutiny over acquisition transactions by PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.

Pursuant to the Notice on Strengthening the Administration of Enterprise Income Tax Concerning Proceeds from Equity Transfers by Non-Resident Enterprises, or STA Circular 698, issued by the STA in December 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5% or (ii) does not impose income tax on the foreign income of its residents, the non-resident enterprise, being the transferor, must report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax.

On February 3, 2015, the STA issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises, or STA Circular 7, which abolished certain provisions in STA Circular 698, as well as certain other rules providing clarification on STA Circular 698. STA Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities’ scrutiny over, indirect transfers by a non-resident enterprise of PRC taxable assets. Under STA Circular 7, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC taxable assets, when a non-resident enterprise transfers PRC taxable assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC taxable assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC enterprise without any other reasonable commercial purpose. However, STA Circular 7 contains certain exemptions, including (i) where a non-resident enterprise derives income from the indirect transfer of PRC taxable assets by acquiring and selling shares of an overseas listed company which holds such PRC taxable assets on a public market; and (ii) where there is an indirect transfer of PRC taxable assets, but if the non-resident enterprise had directly held and disposed of such PRC taxable assets, the income from the transfer would have been exempted from PRC enterprise income tax under an applicable tax treaty or arrangement.

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On October 17, 2017, the STA issued the Announcement on Matters Concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source, or STA Circular 37, which became effective on December 1, 2017 and abolished STA Circular 698 as well as certain provisions in STA Circular 7. STA Circular 37 further clarifies the practice and procedure of withholding non-resident enterprise income tax. Pursuant to STA Circular 37, where the party responsible for deducting such income tax did not or was unable to make such deduction, or the non-resident enterprise receiving such income failed to declare and pay the taxes that should have been deducted to the relevant tax authority, both parties may be subject to penalties.

We may conduct acquisitions or sales involving changes in offshore corporate structures, and historically our Shares were transferred by certain then Shareholders to our current Shareholders. We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, including transfer of our Shares by non-PRC resident enterprise Shareholders unless such Shareholders acquire and sell such Shares on the public market after we are listed. We may be subject to filing obligations or taxed or subject to withholding obligations in such transactions under STA Circular 7 and STA Circular 37. For transfer of Shares in us by Shareholders that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under STA Circular 7 and STA Circular 37. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our Shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our Shares.

Under the EIT Law and its implementation rules, PRC withholding tax at the rate of 10% is generally applicable to dividends from PRC sources paid to investors that are resident enterprises outside of China, which do not have an establishment or place of business in China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% PRC income tax if such gain is regarded as income derived from sources within China. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax. Any such PRC tax liability may be reduced by the provisions of an applicable tax treaty.

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As discussed above under “– We may be classified as a ‘PRC resident enterprise’ for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our Shareholders and have a material adverse effect on our results of operations and the value of your investment,” we may be considered a PRC resident enterprise. As substantially all of our business operations are in China, it is unclear whether dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, would be treated as income derived from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

In addition, pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income, or the Double Tax Avoidance Arrangement and the Notice of the State Taxation Administration on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009 by STA, if a Hong Kong resident enterprise owns more than 25% of the equity interest in a PRC company at all times during the twelve-month period immediately prior to obtaining a dividend from such company, the 10% withholding tax on dividends is reduced to 5% provided certain other conditions and requirements under the Double Tax Avoidance Arrangement and other applicable PRC laws are satisfied at the discretion of the relevant PRC tax authority. However, based on the Notice of the State Taxation Administration on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, the PRC tax authorities may adjust the preferential tax treatment. Based on the Notice of the State Taxation Administration on the Recognition of Beneficial Owners in Tax Treaties, or Circular 9, issued on February 3, 2018 by STA and effective from April 1, 2018, when determining the applicant’s status of the “beneficial owner” regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in a third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levies tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. If our Hong Kong subsidiaries are determined by PRC government authorities as receiving benefits from reduced income tax rates due to a structure or arrangement that is primarily tax-driven, it would materially and adversely affect the amount of dividends.

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We principally rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business or our financial condition.

We are a holding company, and we principally rely on dividends and other distributions on equity that may be paid by our PRC subsidiaries and remittances from T&I Net Communication, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of our Shares and service any debt we may incur. If our PRC subsidiaries or T&I Net Communication incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, wholly foreign-owned enterprises in China may pay dividends only out of their retained earnings as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. Our PRC subsidiaries may also allocate a portion of their respective after-tax profits based on PRC accounting standards to discretionary reserve funds. These reserve funds are not distributable as cash dividends. Any limitation on the ability of T&I Net Communication to make remittance to our wholly-owned PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

It may be difficult for overseas regulators to conduct investigation or collect evidence within China.

Shareholder claims or regulatory investigation that are common in jurisdictions outside China are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in Hong Kong or other jurisdictions may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC, and without the consent by the Chinese securities regulatory authorities and the other competent governmental agencies, no entity or individual may provide documents or materials related to securities business to any foreign party. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China and the potential obstacles for information provision may further increase difficulties faced by you in protecting your interests.

RISK FACTORS

Risks Related to the Global Offering

There has been no prior public market for the Shares and the liquidity and market price of our Shares may be volatile.

Prior to completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations among our Company, the Selling Shareholder and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering. We have applied for listing of and permission to deal in our Shares on the Stock Exchange. There is no assurance that the Global Offering will result in the development of an active, liquid public trading market for our Shares. Factors such as variations in our revenue, earnings and cash flows or any other developments of our Company may affect the volume and price at which our Shares will be traded.

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

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, mainland China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in mainland China that have listed their securities in Hong Kong may affect the volatility of the price of, and trading volumes of our Shares. The trading performances of the securities of these companies at the time of, or after, their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong, and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

You will experience immediate dilution and may experience further dilution in the future.

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

In addition, we may grant options, RSUs or any other share-based compensations in the future, which may result in an increase in our issued share capital and in turn may result in a dilution of our shareholders' shareholding interest in our Company and a reduction in earnings per Share.

RISK FACTORS

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and Controlling Shareholders, could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and Controlling Shareholders, or the perception or anticipation of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our Controlling Shareholders are subject to certain lock-up arrangements. While we are currently not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they own now or in the future.

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

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

Our historical level of dividend payment is not indicative of our future dividend payment and we may not be able to pay any dividends on our Shares.

Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will depend on the dividends, loans or advances that we receive from our subsidiaries, T&I Net Communication and its subsidiaries. No dividends have been paid or declared by our Cayman holding company since its incorporation. T&I Net Communication, our variable interest entity in the PRC, had declared dividends of RMB20,664,000, RMB30,996,000 and RMB25,830,000 to its then shareholders in 2019, 2020 and 2021, respectively. The dividends were fully paid in cash in July 2019, November 2020 and May 2021, respectively. However, our historical level of dividend payment is not indicative of our future dividend payment. We cannot guarantee when and in what form dividends will be paid on our Shares following the Global Offering. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, such as our business and financial performance, capital and regulatory requirements and general business and operation conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

RISK FACTORS

Investors may experience difficulties in enforcing Shareholder rights.

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

We cannot assure you the accuracy or completeness of certain facts, forecasts and other statistics obtained from various independent third-party sources, including the CIC Report, contained in this prospectus.

This document, particularly the sections headed “Business” and “Industry Overview,” contains information and statistics relating to the market of customer contact solutions in China. Such information and statistics have been derived from the CIC Report, a third-party report commissioned by us, and official government publications. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, the information derived from official government publications has not been independently verified by us, the Sole Sponsor, the Underwriters, any of our or their respective directors, officers or representatives, or any other party involved in the Global Offering and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this prospectus being inaccurate or not comparable to statistics produced for other economies. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

RISK FACTORS

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to or after the publication of this document, there could be press and media coverage regarding us and the Global Offering. Such press and media coverage, if any, may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.

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

Our Controlling Shareholders have substantial influence over our business and operations, including matters relating to management and policies, decisions in relation to acquisitions, expansion plans, business consolidation, the sale of all or substantially all of our assets, nomination of directors, dividends or other distributions, as well as other significant corporate actions. Following the completion of the Global Offering, our Controlling Shareholders will collectively beneficially own approximately 49.72% equity interest in our Company. The concentration of voting power and the substantial influence of our Controlling Shareholders over our Company may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reduce the price of our Shares. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Subject to the Listing Rules, our Articles of Association and other applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise substantial influence over us and to cause us to enter into transactions or take, or fail to take, actions or make decisions which conflict with the best interests of our other Shareholders.

There will be a time gap of several business days between pricing and trading of our Shares offered in the Global Offering. Holders of our Shares are subject to the risk that trading prices of our Shares could fall during the period before trading of our Shares begins.

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

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

- a member of The Hong Kong Chartered Governance Institute;
- a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and
- a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules provides that, in assessing “relevant experience,” the Stock Exchange will consider the individual’s:

- (i) length of employment with the issuer and other issuers and the roles he/she played;
- (ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and The Codes on Takeovers and Mergers and Share Buy-backs;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Our Company has appointed Mr. WANG Huan (王歡) (“**Mr. Wang**”), the head of our Securities Legal Department (證券法務部), as one of the joint company secretaries. He has extensive experience in board, legal and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. LUI Wing Yat Christopher (“**Mr. Lui**”), an Associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and Associate of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators), who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

assistance to Mr. Wang for an initial period of three years from the Listing Date to enable Mr. Wang to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Mr. Lui will work closely with Mr. Wang to jointly discharge the duties and responsibilities as company secretaries and assist Mr. Wang in acquiring the relevant experience as required under Rule 3.28 and 8.17 of the Listing Rules. Mr. Wang will also be assisted by (a) the Compliance Advisor (as defined below) for the first full financial year from the Listing Date, particularly in relation to Hong Kong corporate governance practices and compliance issues; and (b) the Hong Kong legal advisor of our Company, on matters concerning our Company’s ongoing compliance with the Listing Rules and the applicable Hong Kong laws and regulations. In addition, Mr. Wang will endeavor to attend relevant trainings and familiarize himself with the Listing Rules and duties required of a company secretary of an issuer listed on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. Pursuant to the Guidance Letter HKEX-GL108-20, the waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that we engage Mr. Lui, who possesses all the requisite qualifications under Rule 3.28 of the Listing Rules, to assist Mr. Wang in discharging his duties as a joint company secretary and in gaining the “relevant experience” as required under Note 2 to Rule 3.28 of the Listing Rules. Such waiver will be revoked immediately if there are material breaches of the Listing Rules.

Before the expiration of the initial three-year period, the qualifications of Mr. Wang will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for on-going assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Mr. Wang, having benefited from the assistance of Mr. Lui for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and, under normal circumstances, at least two of the new applicant’s executive directors must be ordinarily resident in Hong Kong.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and all of the executive Directors of our Company ordinarily reside outside Hong Kong, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Our Company does not have and does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed Mr. Wu, our executive director and chief executive officer, and Mr. Lui, our joint company secretary, as authorized representatives of our Company, to be the principal channel of communication with the Stock Exchange. Each of them has confirmed that he can be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matters on short notice. As and when the Stock Exchange wishes to contact the Directors on any matters, each of the authorized representatives will have means to contact all of the Directors promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any change in the authorized representatives;
- (b) in addition to the appointment of the authorized representatives, to facilitate communication with the Stock Exchange, the contact details of each Director, including his mobile phone number, office phone number, facsimile number and email address have been provided to each of the authorized representatives, our joint company secretaries, the Compliance Adviser (as defined below) who have means for contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters, and the Stock Exchange. Furthermore, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period as and when required;
- (c) pursuant to Rule 3A.19 of the Listing Rules, our Company has appointed Fortune Financial Capital Limited as our compliance advisor (the “**Compliance Advisor**”) for the period commencing from the date of our Listing until the date on which our Company announces our financial results and distributes our annual report for the first full financial year after the date of our Listing. The Compliance Advisor will act as our Company’s additional and alternative channel of communication with the Stock Exchange, and its representatives will be readily available to answer enquiries from the Stock Exchange. Our Company will ensure that there are adequate and efficient means of communication between us, our authorized representatives,

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Directors and other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between us and the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in the Compliance Advisor. Meetings with the Stock Exchange and the Directors can be arranged through our Company's authorized representatives or the Compliance Advisor, or directly with the Directors with reasonable notice; and

- (d) in addition to the Compliance Advisor's role and responsibilities after the Listing (i) to inform our Company on a timely basis of any amendment or supplement to the Listing Rules and any new or amended law, regulations or codes in Hong Kong applicable to our Company, and (ii) to provide advice to our Company on the continuing requirements under the Listing Rules and applicable laws and regulations, our Company will retain a Hong Kong legal advisor to advise it on the compliance with the Listing Rules and other applicable Hong Kong laws and regulations relating to securities after the Listing.

CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions that will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver in relation to certain continuing connected transactions between us and our connected persons under Chapter 14A of the Listing Rules. For further details in this respect, see the section headed "Connected Transactions" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this prospectus misleading.

GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contain the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein and therein must not be relied upon as having been authorized by (i) our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Underwriters, (ii) any of the respective directors, agents, employees or advisers, or (iii) any other party involved in the Global Offering.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Joint Global Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

The Offer Price is expected to be fixed among the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, June 24, 2022 and, in any event, not later than Saturday, June 25, 2022 (unless otherwise determined between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

of the Selling Shareholder). If, for whatever reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on or before Saturday, June 25, 2022, the Global Offering will not become unconditional and will lapse immediately.

Further information regarding the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus, and the procedures for applying for our Shares are set out in the section headed “How to apply for Hong Kong Offer Shares” in this prospectus. See the section headed “Underwriting” in this prospectus for further information about the Underwriters and the underwriting arrangements.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed “Structure of the Global Offering” in this prospectus.

SELLING RESTRICTIONS ON OFFERS AND SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, June 30, 2022. No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All the Offer Shares will be registered on the Hong Kong Branch Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and Stabilization are set out in the section headed “Structure of the Global Offering” in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our Principal Share Registrar, ICS Corporate Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong.

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Hong Kong register of members of our Company in Hong Kong. Dealings in the Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF SHARES

We have instructed our Hong Kong Branch Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any Shares in the name of any particular holder unless and until the holder delivers a signed form to our Hong Kong Branch Share Registrar in respect of those Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Cayman Companies Act and our Memorandum and Articles;
- agrees with us and each of our Shareholders that the Shares are freely transferable by the holders thereof; and
- authorizes us to enter into a contract on his or her behalf with each of our Directors, managers and officers whereby such Directors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding and dealing in the Shares or exercising any rights attached to them. It is emphasized that none of us, the Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the any amounts could actually be converted into another currency at the rates indicated, or at all. Unless otherwise indicated: (i) the translation between Renminbi and Hong Kong dollars was based on the rate of RMB0.8558 to HK\$1, the exchange rate prevailing on June 13, 2022 published by the PBOC for foreign exchange transactions, (ii) the translation between Renminbi and U.S. dollars was based on the rate of RMB6.7182 to US\$1, the exchange rate prevailing on June 13, 2022 published by the PBOC for foreign exchange transactions and (iii) the translation between Hong Kong dollars and U.S. dollars was based on the rate of HK\$7.8502 to US\$1.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

TRANSLATION

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in this English prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

Any discrepancies in any table in this prospectus between total and sum of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. WU Qiang (吳強)	Apt 2-404, No. 36 Fuxing Road, Haidian District, Beijing, PRC	Chinese
Mr. PAN Wei (潘威)	45-402, Guiyuan East Li, Yizhuang, Daxing District, Beijing, PRC	Chinese
Mr. LI Jin (李晉)	Apt 9-11H, 6th Block of Yuanda Yuan, Shijicheng, Haidian District, Beijing, PRC	Chinese
Mr. AN Jingbo (安靜波)	Apt 10-3-901, Xishuijing Hutong, Dongcheng District, Beijing, PRC	Chinese
Independent Non-Executive Directors		
Ms. WENG Yang (翁陽)	Apt 1-2-1101, Xianghaiyuan, Fanghai Guoji, Chaoyang District, Beijing, PRC	Chinese
Mr. LI Pengtao (李鵬濤)	Apt 308-5-1101, Shangjing Xinhangxian Neighborhoods, Chaoyang District, Beijing, PRC	Chinese
Mr. LI Zhiyong (李志勇)	Apt 1502, 15/F, No. 39-2 Nong, Yinxiao Road, Pudong New Area, Shanghai, PRC	Chinese

Further information is disclosed in the section headed “Directors and Senior Management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor

China International Capital Corporation
Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Joint Global Coordinators

China International Capital Corporation
Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Macquarie Capital Limited
Level 22, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Joint Bookrunners

China International Capital Corporation
Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Macquarie Capital Limited
Level 22, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

BOCI Asia Limited

26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

Shenwan Hongyuan Securities (H.K.) Limited

Level 19
28 Hennessy Road
Hong Kong

Tiger Brokers (HK) Global Limited

18th Floor, Central 88
88-98 Des Voeux Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited

Unit C1-2 13/F United Centre
No. 95 Queensway
Admiralty
Hong Kong

Joint Lead Managers**China International Capital Corporation****Hong Kong Securities Limited**

29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Macquarie Capital Limited

Level 22, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

CMB International Capital Limited

45/F, Champion Tower
3 Garden Road
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

BOCI Asia Limited

26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

Shenwan Hongyuan Securities (H.K.) Limited

Level 19
28 Hennessy Road
Hong Kong

Tiger Brokers (HK) Global Limited

18th Floor, Central 88
88-98 Des Voeux Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited

Unit C1-2 13/F United Centre
No. 95 Queensway
Admiralty
Hong Kong

Livermore Holdings Limited

Unit 1214A, 12/F, Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road Kowloon
Hong Kong

Silverbricks Securities Company Limited

Rooms 1005-1006, 10/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Legal Advisers to our Company *As to Hong Kong law:*

CYL & Partners in Association with Cooley HK

Suites 3501-3505, 35/F
Two Exchange Square
8 Connaught Place
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to PRC law:

Commerce & Finance Law Offices
12-14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing, China

As to Cayman Islands law:

Harney Westwood & Riegels
3501 The Center
99 Queen's Road Central
Hong Kong

**Legal Advisers to the Sole
Sponsor and the
Underwriters**

As to Hong Kong law:

Paul Hastings
22/F, Bank of China Tower
1 Garden Road, Central
Hong Kong

As to PRC law:

CM Law Firm
Rm 2805, Plaza 66 Tower 2
1366 West Nanjing Rd
Shanghai
PRC

**Reporting Accountant
and Auditor**

Ernst & Young
*Certified Public Accountants and Registered
Public Interest Entity Auditor*
27/F, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Receiving Bank**Bank of China (Hong Kong) Limited**

1 Garden Road

Hong Kong

Industry Consultant**China Insights Industry Consultancy Limited**

10F, Block B, Jing'an International Center

88 Puji Road

Jing'an District

Shanghai, PRC

CORPORATE INFORMATION

Registered Office in the Cayman Islands	3-212 Governors Square 23 Lime Tree Bay Avenue P.O. Box 30746, Seven Mile Beach Grand Cayman KY1-1203 Cayman Islands
Headquarters and Principal Place of Business in the PRC	28-29/F, No.1 Building, 2nd Compound Ronghua South Road Beijing Economic and Technological Development Zone Beijing, PRC
Principal Place of Business in Hong Kong	Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Company Website	https://www.ti-net.com.cn (the information contained on this website does not form part of this prospectus)
Joint Company Secretaries	Mr. WANG Huan (王歡) Apt 20-4-402, Beijing Renjia Neighborhood Changping District Beijing, PRC Mr. Lui Wing Yat Christopher (呂穎一) (ACG, HKACG) Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorized Representatives	Mr. WU Qiang (吳強) Apt 2-404 No. 36 Fuxing Road Haidian District Beijing, PRC Mr. Lui Wing Yat Christopher (呂穎一) (ACG, HKACG) Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Audit Committee	Mr. LI Zhiyong (李志勇) (Chairperson) Mr. LI Pengtao (李鵬濤) Ms. WENG Yang (翁陽)

CORPORATE INFORMATION

Remuneration Committee	Mr. LI Pengtao (李鵬濤) (<i>Chairperson</i>) Mr. LI Zhiyong (李志勇) Mr. WU Qiang (吳強)
Nomination Committee	Mr. WU Qiang (吳強) (<i>Chairperson</i>) Mr. LI Pengtao (李鵬濤) Ms. WENG Yang (翁陽)
Principal Share Registrar and Transfer Office	ICS Corporate Services (Cayman) Limited 3-212 Governors Square 23 Lime Tree Bay Avenue P.O. Box 30746, Seven Mile Beach Grand Cayman KY1-1203 Cayman Islands
Hong Kong Branch Share Registrar	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Compliance Advisor	Fortune Financial Capital Limited 4102-06, 41/F, Cosco Tower 183 Queen's Road Central Hong Kong
Principal Banks	Citibank N.A., Hong Kong Branch 3 Garden Road Central, Hong Kong China Merchants Bank Co., Ltd. Jianguo Rd. Branch 1/F China Merchants Building No.116 Jianguo Road Chaoyang District Beijing, PRC

INDUSTRY OVERVIEW

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

SOURCES OF THE INDUSTRY INFORMATION

In connection with the Global Offering, we have engaged China Insights Industry Consultancy Limited (“CIC”), an independent market research consulting firm, to conduct a detailed analysis and prepare an industry report (“CIC Report”) on the market in China for (i) cloud-based customer contact solutions and (ii) public cloud customer contact solutions. CIC is an independent investment consulting company originally established in Hong Kong. Its services include industry consulting services, commercial due diligence and strategic consulting services for a variety of industries. We incurred a total of RMB800,000 in fees and expenses in connection with the preparation of the CIC Report. The payment of such amount was not contingent on our successful Global Offering or on the results of the CIC Report. Except for the CIC Report, we did not commission any other industry report in connection with the Global Offering.

We have extracted certain information from the CIC Report in this section and elsewhere in this prospectus to provide a comprehensive presentation of the market in which we operate. We believe such information facilitates an understanding of such market for potential investors. The market projections in the commissioned report are based on the following key assumptions: (i) that the overall global social, economic, and political environment is expected to maintain a stable trend over the next decade; (ii) that related key industry drivers are likely to continue driving growth in China’s cloud-based customer contact solutions industry during the forecast period, including improvements in infrastructure, increasing willingness to migrate to the cloud, prevalence of mobile communications and favorable policies and regulations; and (iii) that there is no extreme force majeure or set of industry regulations in which the market situation may be affected either dramatically or fundamentally. All the information about the Company is sourced from its own audited reports or management interviews. Historical market information contained in this section covers the five years ended December 31, 2021 as such information for the period thereafter was not available as at the Latest Practicable Date. On this basis, our Directors confirm that, after taking reasonable care, there is no material adverse change in the overall market information since the date of the CIC Report that would materially qualify, contradict or have an adverse impact on such information. For the avoid of doubt, impacts of the COVID-19 outbreak have been taken into account when compiling information in the CIC Report.

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The original source of data for all market information throughout this section is the CIC Report. During the preparation of the CIC Report, CIC performed both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, including the National Bureau of Statistics of the PRC, Chinese government releases, the MIIT, annual reports published by relevant industry participants, industry associations and CIC's own internal database.

OVERVIEW OF CHINA'S CLOUD-BASED CUSTOMER CONTACT SOLUTIONS INDUSTRY

Advancements in mobile technology and proliferation of smart devices are creating a new era of customer interaction. The traditional solutions, typically involving operation of labor-intensive customer contact centers that manage inbound and outbound calls, are no longer able to meet today's needs. Nowadays, customer contacts may be carried out by personnel from various functional departments and take place anywhere through multiple channels across a variety of devices. Such development is calling for modernized customer contact solutions that can serve unserved needs by legacy on-premise solutions. With fundamental advances in internet and cloud technologies, cloud-based customer contact solutions have emerged and continue to be increasingly adopted.

Compared to traditional, on-premise systems, cloud-based customer contact solutions enjoy enhanced mobility, scalability and technology integration. It holds great promise to enable unified communications across different channels and seamlessly integrate with other collaboration tools, thereby greatly improving business efficiency and productivity. Empowered by AI, big data and 5G technologies, cloud-based solutions have the potential to be applied in a broad range of business scenarios. Key advantages offered by cloud-based customer contact solutions over traditional, on-premise systems include:

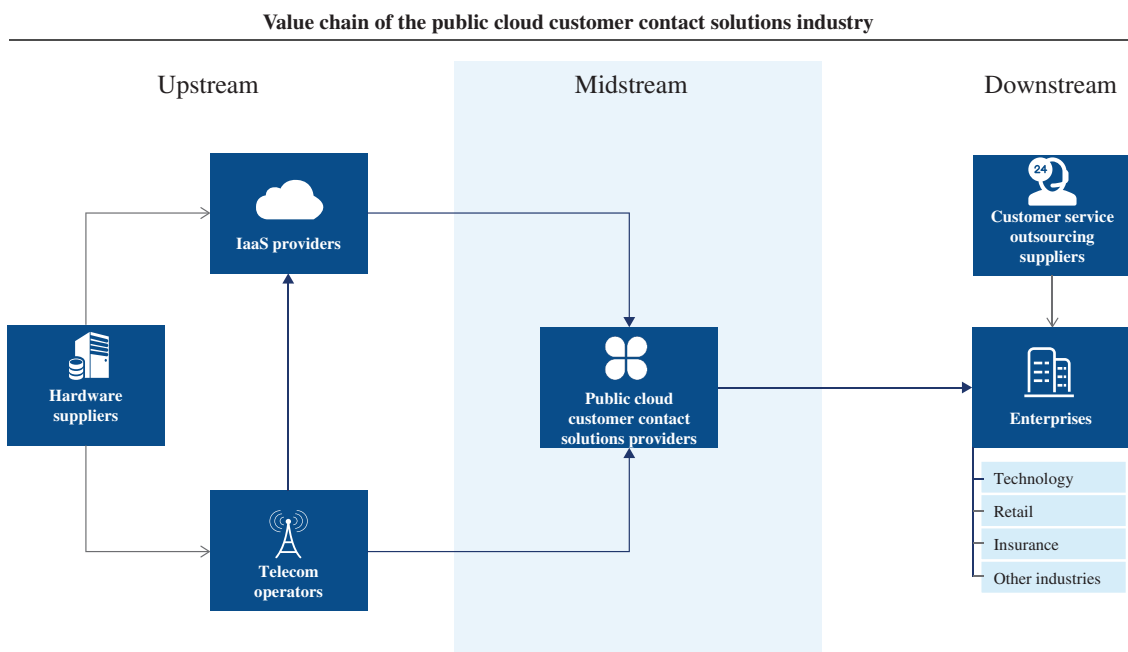
- *Multi-channel.* Many legacy systems operate on traditional technologies that cannot support new channels of communication, such as social media, mobile app chats, and videos. Cloud-based solutions integrate interactions across a wide variety of channels, including emails, phone calls, web forms, live web chat, web calling, video chat, proprietary mobile apps, messenger apps and social media apps. Customer data collected in different channels can be centrally stored and managed.
- *Intelligent.* AI-powered and data-driven functionalities embedded in cloud-based solutions help enterprises save labor costs, improve communication efficiency and achieve higher customer service satisfaction.
- *Scalable.* Cloud-based customer contact solutions offer higher scalability and availability, enabling enterprises to rapidly adjust the amount of resources required to meet changing communication volumes.

INDUSTRY OVERVIEW

- *Cost-effective.* Cloud-based solutions allow for easy deployment and management across multiple locations and on multiple devices without substantial upfront investment in hardware, infrastructure or in-house IT support. Deployments and upgrades can be managed quickly and remotely with less disruption to business operations.

Compared to on-premise systems, cloud-based solutions are gaining popularity as a result of their enhanced mobility, cost-efficiency and advanced technology capabilities.

The following diagram illustrates the value chain of the public cloud customer contact solutions industry:



Source: CIC Report

DRIVERS AND FUTURE TRENDS FOR CHINA'S CLOUD-BASED CUSTOMER CONTACT SOLUTIONS INDUSTRY

The following factors are expected to drive the growth of China's cloud-based customer contact solutions industry.

- *Improvements in infrastructure.* Technology is driving significant improvements of both the network and cloud infrastructure. 5G technology and its growing application are expected to reshape the world with an unprecedented data transfer speed. At the same time, improvements in Infrastructure as a Service (IaaS) continues to enhance the stability and security of the cloud computing environment. The acceleration of 5G commercial application and the maturity of the upstream IaaS industry form a solid foundation for the development of China's cloud-based

INDUSTRY OVERVIEW

customer contact solution industry. In particular, 5G technology will greatly enhance high-definition audio and video communications, which are highly data-intensive. With strengthened audio and video capabilities, cloud-based customer contact solutions can be applied in a wider range of scenarios.

- *Increasing willingness to migrate to the cloud.* Cloud computing has become the new standard for IT infrastructure as businesses seek to benefit from the flexibility, scalability and reliability of the cloud and enjoy the faster, cheaper and easier deployment of their solutions. The increasing willingness to migrate to the cloud among Chinese enterprises, which are still in their early stage of digital transformation, is expected to drive the needs in the coming decade to replace legacy on-premise customer contact center systems with cloud-based solutions.
- *Prevalence of mobile communications.* Mobile internet penetration and advances in mobile devices make it increasingly frequent for agents to contact customers using mobile devices anywhere at any time. In comparison to legacy on-premise systems, cloud-based solutions support remote connectivity and are easier to be deployed as mobile applications. It is expected that the prevalence of mobile communications will increase the attractiveness of cloud-based customer contact solutions.
- *Favorable policies and regulations.* The Chinese government has put forward policies and regulations to promote the development of cloud services, to propel the digitalization and cloudification of communications services, and to encourage the adoption of AI and big data technologies such as the Three-Year Action Plan for the Development of The Cloud Industry (《雲計劃發展三年行動計劃》) issued by the MIIT in 2017, the Implementation Guidelines to Promote Cloud Migration of Enterprises (2018-2020) (《推動企業上雲實施指南(2018-2020年)》) issued by the MIIT in 2018 and the Action Plan for Digital Empowerment of Small and Medium Enterprises (《中小企業數字化賦能專項行動方案》) issued by the General Office of the MIIT in 2020. In particular, according to the Three-Year Action Plan for the Development of The Cloud Industry, the Chinese government aims to, among others, support the research and development of cloud computing technologies, establish service standards and evaluation mechanism, and encourage software companies to move their solutions to the cloud. Also, the Implementation Guidelines to Promote Cloud Migration of Enterprises (2018-2020) promised to promote the application of clouding computing technologies in business activities and help one million enterprises to migrate their businesses to the cloud. The Action Plan for Digital Empowerment of the Action Plan for Digital Empowerment of Small and Medium Enterprises proposes to encourage digital service providers to offer cloud services for small and medium-sized enterprises, and to support the migration of their IT infrastructure and business systems to the cloud. In 2020, the SASAC publicized one hundred representative cases of the digitization of SOEs, which are intended to serve an exemplary role for digitization of Chinese enterprises. The favorable regulatory environment will encourage increasingly more enterprises to adopt digitalization, which will in turn drive the demand for cloud-based customer contact solutions. The

INDUSTRY OVERVIEW

market for public cloud services in China has increased from RMB28.0 billion in 2017 to RMB197.6 billion in 2021, and is expected to reach RMB737.0 billion in 2026 at a CAGR of 30.1% from 2021 to 2026.

The future development of China's cloud-based customer contact solutions industry will be affected by the following trends:

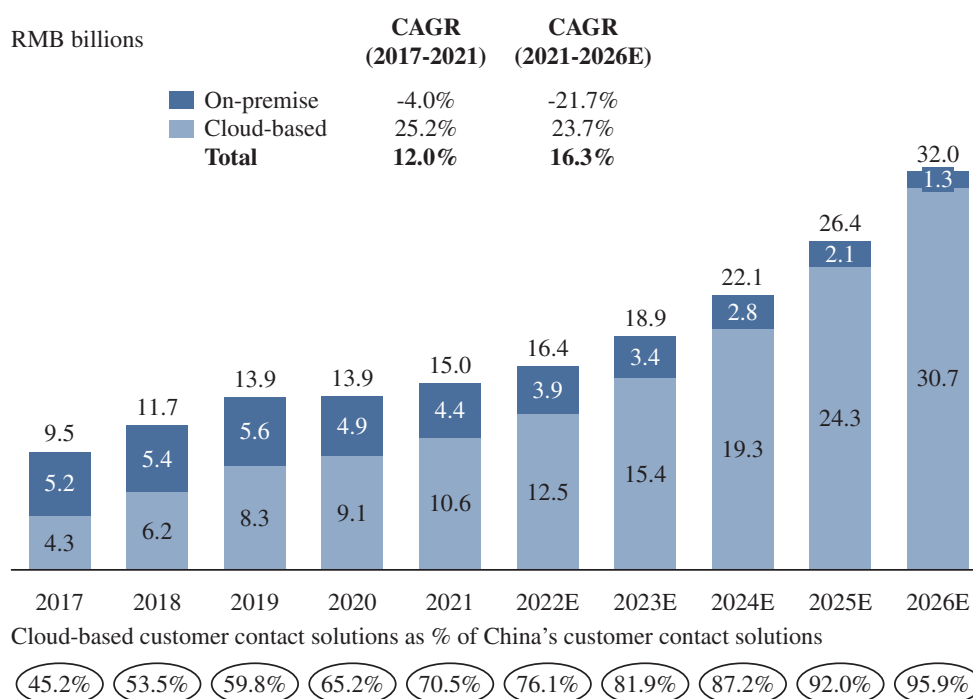
- *Expanding application scenarios.* Customer interactions take place in a wider array of scenarios, involving not only customer service agents in traditional cubicle offices, but also employees from other departments performing sales, logistics, design, technical support, and maintenance functions, who may be located anywhere in the world. In contrast with traditional on-premise customer contact center systems that are either unable or inefficient to address such needs, cloud-based solutions provide enterprises with innovative options to monitor customer service activities and support decision-making with data-based business analytics, and thus are increasingly embraced by businesses to carry out their sales, marketing, customer services and other business functions.
- *Higher requirement of data security.* Concerns over data security have become heightened during digital transformation. Large enterprises, such as SOEs in China, tend to hold a higher bar to ensure protection of data security and privacy. Deployment on virtual private cloud provides the benefit of cloud scalability while easing enterprises' concerns over data security. As a result, virtual private cloud is expected to be increasingly adopted by organizations with particular data security requirements.
- *Proliferation of AI technologies.* Advancements in AI technologies, such as technologies for virtual agents, make it possible to liberate workers from routine and repetitive tasks and helps reallocate human capital towards cognitive, higher-value activities while ensuring high quality of customer services. Today, text-based contactbots, supported by technologies for natural language process (NLP) and knowledge graphs, have been widely used in providing digital customer services. Voice-based contactbots are expected to be more prevalent as technologies for speech recognition and semantic understanding continue to advance. Empowering workers to automate their workflows drives business value, increases efficiency, lowers cost of skilled human capital and creates greater employee engagement. With such enormous benefits, an increasing number of enterprises seek to automate a significant number of use cases, from individual tasks to enterprise-wide processes.

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MARKET SIZE OF CHINA'S CLOUD-BASED CUSTOMER CONTACT SOLUTIONS

According to the CIC Report, the market size of the customer contact solutions industry in China in terms of revenue increased from RMB9.5 billion in 2017 to RMB15.0 billion in 2021 at a CAGR of 12.0%, and is expected to reach RMB32.0 billion in 2026, representing a CAGR of 16.3% from 2021 to 2026. The revenue contribution of cloud-based customer contact solutions increased from 45.2% in 2017 to 70.5% in 2021, and is expected to reach 95.9% in 2026. The following diagram illustrates the breakdown of the historical and projected market size of China's customer contact solutions industry in terms of revenue by deployment model for the years indicated.

Market size of China's customer contact solutions, 2017-2026E



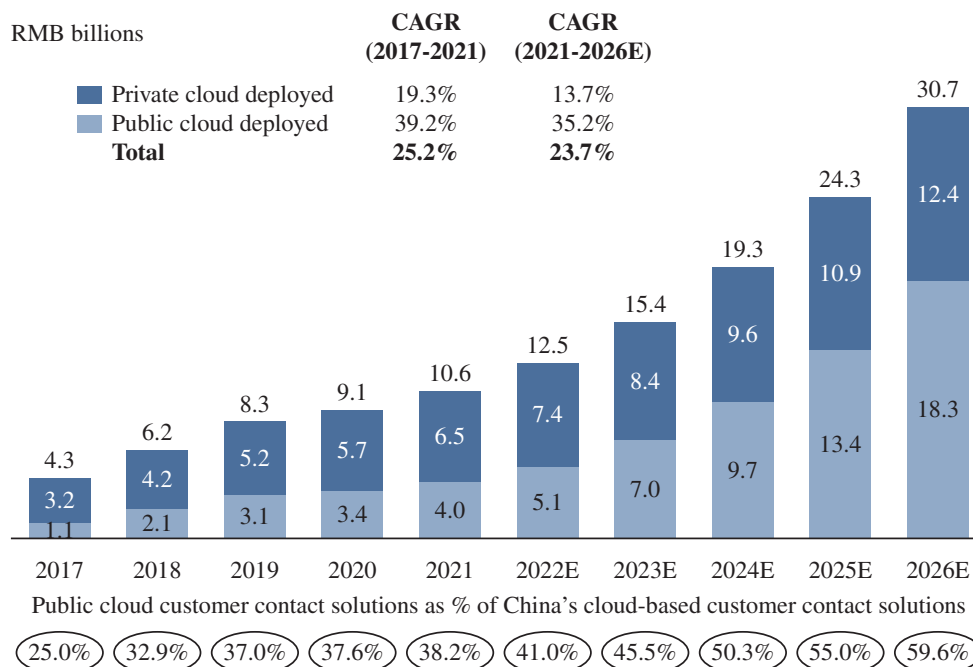
Source: CIC Report

The cloud-based customer contact solutions industry in China has experienced tremendous growth in recent years. According to the CIC Report, its market size in terms of revenue increased from RMB4.3 billion in 2017 to RMB10.6 billion in 2021 at a CAGR of 25.2%, and is expected to reach RMB30.7 billion in 2026, representing a CAGR of 23.7% from 2021 to 2026.

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Clients may choose to deploy customer contact solutions in public or private clouds. According to the CIC Report, revenues derived from public cloud customer contact solutions in China have increased from RMB1.1 billion in 2017 to RMB4.0 billion in 2021 at a CAGR of 39.2%, and are expected to reach RMB18.3 billion in 2026, representing a CAGR of 35.2% from 2021 to 2026. The following diagram illustrates the breakdown of the historical and projected market size of China’s cloud-based customer contact solutions industry in terms of revenue by deployment model for the years indicated.

Market size of China’s cloud-based customer contact solutions, 2017-2026E



Source: CIC Report

Public clouds are offered by third-party cloud service providers and shared by multiple end users owing to its multi-tenant architecture. With public clouds, the cloud service provider owns and is responsible for maintaining the computing resources, and end users pay for what they consume. A private cloud is a set of cloud computing services available on a private network and used by a single organization. Private cloud applications are hosted on-premise, behind the firewall, and essentially pool the organization’s computing resources to better leverage existing, internal capabilities.

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Customer contact solutions deployed in public clouds offer high scalability, cost efficiency and easy deployment. Private clouds offer a high degree of control and are considered more secure. However, solutions deployed in private clouds entail hardware, software, and development costs and additional IT support for implementation and ongoing management. While private clouds provide the perception of being more secure, today, reputable public cloud providers dedicate substantial resources to data security and can provide environments that meet most organizations' security requirements. For these reasons, deployment in public clouds are growing into the dominant deployment method for customer contact solutions.

Competitors in China's customer contact solutions industry can be categorized into two groups, namely (i) project-based providers, which primarily consist of on-premise providers and private cloud providers, and (ii) public cloud providers, which primarily comprise providers of SaaS solutions deployed in the public cloud. A small percentage of public cloud solutions are delivered in virtual private clouds, which may be project-based. Major differences between project-based providers and public cloud providers are as follows:

- *Product strategy.* Project-based solutions are highly customized to meet each client's specific needs. In contrast, public cloud solutions primarily consist of standardized functions delivered via SaaS model. SaaS providers focus on improving the adaptability of their solutions in a wide array of application scenarios, and make considerable research and development investments.
- *Revenue strategy.* Project-based providers generate a large amount of one-off revenue for each project, but have limited recurring revenue streams since maintenance service fees are relatively low. To generate more revenue from existing clients, project-based providers need to substantially enhance their solutions in order to persuade their existing clients to pay for product upgrade. In contrast, public cloud providers usually receive recurring revenues from SaaS subscriptions, while software upgrades are free of charge. They retain clients by continuously improving their solutions and creating consistent value.
- *Costs.* Project-based providers generally employ a large number of implementation personnel to develop and deploy project-specific systems. In comparison, SaaS providers have high fixed R&D costs, while their marginal cost for each additional client is relatively low.

There exist significant differences between project-based providers and public cloud providers. Different enterprises have diverse requirements in terms of customization, privacy and security and are at different stages of digitalization. They usually have a clear preference toward the solutions that satisfy their needs at a particular stage. Therefore, project-based providers and public cloud providers rarely compete directly.

INDUSTRY OVERVIEW

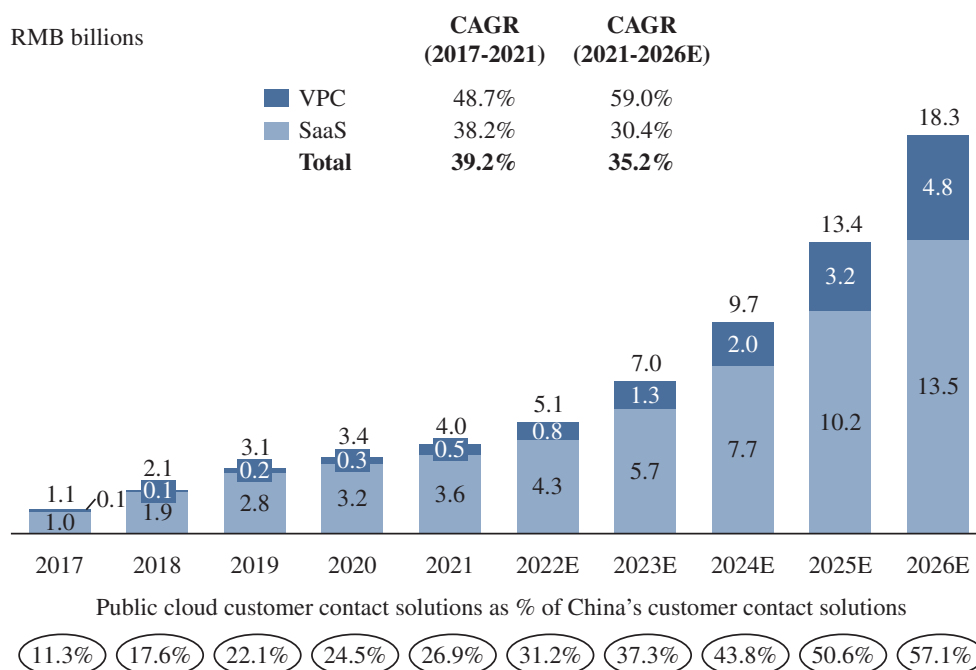
CATEGORIZATION OF CHINA'S PUBLIC CLOUD CUSTOMER CONTACT SOLUTIONS INDUSTRY

SaaS model is the most commonly used way to deliver public cloud customer contact solutions. It is selected by clients of all sizes and types and is particularly popular among small- and medium- sized enterprises for its fast deployment and low initial investments.

VPC is an isolated virtual private cloud hosted within a public cloud. VPC operates with a particular level of isolation between cloud platform users, which is accomplished via a private IP subnet on a per user basis, instead of sharing resources and space in public infrastructure. By storing data within the secured boundary, deployment in VPC is perceived to be more secure. VPC model emerges in response to the demand for higher security requirement, typically from large enterprises that handle a high volume of sensitive data. As it provides the benefit of cloud scalability while easing enterprises' concerns over data security, VPC model is expected to be increasingly adopted by large enterprises, such as Chinese SOEs and companies in the insurance and banking industries.

According to the CIC Report, among public cloud customer contact solutions in China, revenues derived from the SaaS model have increased from RMB1.0 billion in 2017 to RMB3.6 billion in 2021 at a CAGR of 38.2%, and are expected to reach RMB13.5 billion in 2026, representing a CAGR of 30.4% from 2021 to 2026. Revenues derived from the VPC model have increased from RMB0.1 billion in 2017 to RMB0.5 billion in 2021 at a CAGR of 48.7%, and are expected to reach RMB4.8 billion in 2026, representing a CAGR of 59.0% from 2021 to 2026. The following diagram illustrates the breakdown of the historical and projected market size of China's public cloud customer contact solutions industry in terms of revenue for the years indicated.

Market size of China's public cloud customer contact solutions, 2021-2026E



Source: CIC Report

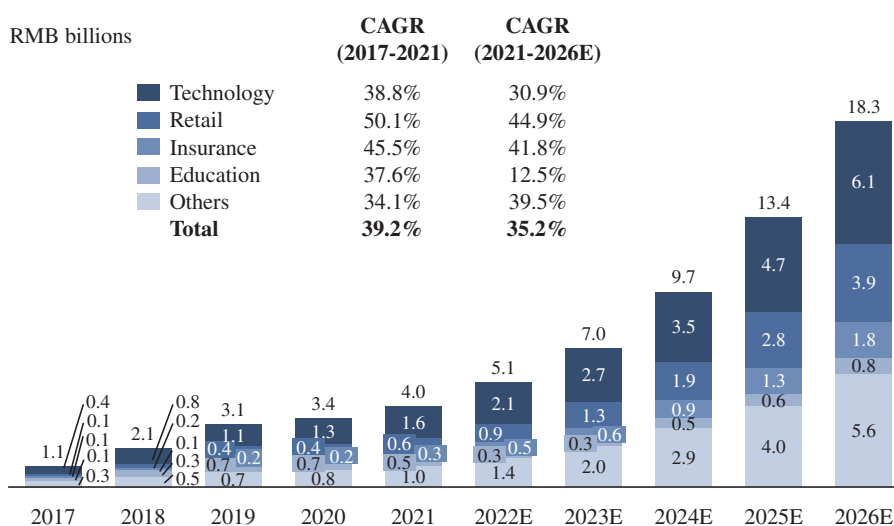
INDUSTRY OVERVIEW

VERTICAL SECTORS IN CHINA'S PUBLIC CLOUD CUSTOMER CONTACT SOLUTIONS INDUSTRY

Enterprises from the technology, retail and insurance sectors account for a significant share of revenue generated by China's cloud-based customer contact solutions providers.

The following diagram illustrates the breakdown of historical and projected market size of China's public cloud customer contact solutions industry in terms of revenue by vertical sectors for the years indicated.

Market size of China's public cloud customer contact solutions, by industries, 2017-2026E



Note: Others include banking, professional services, manufacturing, healthcare, telecommunications, real estate, logistics, and agriculture.

Source: CIC Report

Being the first sector to undergo digital transformation and having achieved an advanced digitalization level, the technology sector is the largest vertical covered by China's public cloud customer contact solutions industry. Facing intensified competition, technology enterprises are expected to increase their investments in customer contact solutions to improve customer experience and differentiate themselves from their competitors. According to the CIC Report, revenues generated from the technology sector have increased from RMB0.4 billion in 2017 to RMB1.6 billion in 2021, representing a CAGR of 38.8%, and are expected to reach RMB6.1 billion in 2026 at a CAGR of 30.9%.

INDUSTRY OVERVIEW

Public cloud customer contact solutions also see significant growth potentials in traditional sectors, such as insurance and retail, as enterprise in these sectors are increasingly willing to accept deployment in public clouds as cloud service providers keep reinforcing their security measures. Insurance companies have a high demand for customer contact solutions that enable innovative applications. For example, they may use auto-generated text and voice reminders to assist with debt collection, overdue payment reminder, and insurance claim processing. In addition, the retail sector has been undergoing a transformation driven by the expansion of digital channels. Retailers increasingly rely on cloud-based customer contact solutions to deliver omni-channel customer engagement and increase lead generation and conversion.

COMPETITIVE LANDSCAPE OF CHINA'S PUBLIC CLOUD CUSTOMER CONTACT SOLUTIONS INDUSTRY

The public cloud customer contact solutions industry in China is highly fragmented and competitive. According to the CIC Report, it is estimated that there were approximately 1,500 players in the customer contact solutions industry in China in 2021. The Company is the largest provider of public cloud customer contact solutions in China as measured by revenue in 2021, with a market share of approximately 10.3%.

The table below sets forth the market shares of the top five players in China's industry for public cloud customer contact solutions in terms of revenue in 2021.

	Total revenue (inclusive of VAT) derived from public cloud customer contact solutions in 2021	Market Share
	(RMB in millions)	(%)
1. The Company	416.0	10.3%
2. ChannelSoft (Beijing) Technology Co., Ltd. , a privately-owned company headquartered in China with approximately 600 employees, primarily providing communication solutions for customer services and intelligent marketing	~370.0	9.1%
3. Cloopen Group Holding Limited , a US-listed company headquartered in China with more than 1,000 employees, primarily providing cloud communication solutions, including cloud-based customer contact solutions, Communications Platform as a Service (CPaaS) solutions, and Unified Communications and Collaboration (UC&C) solutions	~320.0	7.9%

INDUSTRY OVERVIEW

	Total revenue (inclusive of VAT) derived from public cloud customer contact solutions in 2021	Market Share
	(RMB in millions)	(%)
<p>4. Beijing Wofeng Times Data Technology Co., Ltd., a privately-owned company headquartered in China with more than 500 employees, primarily providing communication solutions for customer services, sales and marketing and customer relationship management</p>	~195.0	4.8%
<p>5. Beijing Sobot Technologies Co., Ltd., a privately-owned company headquartered in China with approximately 400 employees, primarily developing AI and robot technology solutions for customer service applications.</p>	~150.0	3.7%

Source: CIC Report

Success in China’s public cloud customer contact solutions industry depends primarily on the following factors.

- *Comprehensive and adaptable solutions.* Enterprises’ demands for integrated customer contact solutions are rapidly increasing. The ability of an industry participant to respond to changing client demands and emerging business functions is critical to its business success. One of the hallmarks of superior cloud-based customer contact solutions is its adaptability to various business scenarios, including customer service, sales, marketing, collection, to recruitment, technical support and customer notification, without requiring substantial investments in new hardware or software. Industry participants with comprehensive solution portfolios are well-positioned to capture market opportunity and outperform other competitors. In addition, comprehensive offerings serving diverse customer contact needs is essential for growing client base and cross-selling to existing clients.

- *System stability and security.* The success of a cloud-based customer contact solutions provider depends in large part upon the capacity, stability and performance of its solutions. The ability to achieve expected performance levels free from major service disruptions is critical to retain and attract clients. Further, clients use cloud-based customer contact solutions to transmit, store and analyze a significant amount of confidential data. Having robust security measures in place to preempt unauthorized access, security breaches or other cyberattacks is key in earning client trust.

INDUSTRY OVERVIEW

- *Strong brand recognition.* Strong brand recognition, built from a proven track record of high-quality solutions and services, plays an important role in attracting new clients and retaining existing ones. When selecting cloud-based customer contact solutions, enterprises usually compare between three to five providers. Providers with strong brand awareness are more likely to be shortlisted for the selection pool.
- *Ability to continuously innovate services and solutions.* The cloud-based customer contact solutions industry is evolving at a rapid pace. New technologies, such as SD-WAN and AI, continue to emerge to enhance the stability, availability and security of cloud-based communications. Cloud-based customer contact solutions providers with the ability to continuously achieve new technological advances are expected to achieve sustained success.
- *Vertical expertise in developing industry-specific solutions.* Experience of serving clients from a specific industry contributes to the accumulation of industry-specific knowledge and insights and the development of tailored solutions. Enterprises with vertical expertise can gain competitive advantages and develop strong commercial awareness necessary to penetrate expediently into various industries and fields.

The major entry barriers of China's public cloud customer contact solutions industry are as follows:

- *Technology.* Delivering high-quality cloud-based customer contact solutions require advanced software development, communication, networking, cloud computing technologies, which takes significant time, financial and talent resources to accumulate. In addition to theoretical knowledge and IP, practical experience and relevant technical professionals are also critical in applying such technologies to satisfy clients' needs. Continuously evolving technologies have built a high barrier for new entrants.
- *Client base.* New entrants face challenges in establishing a sufficiently large client base and continuing to acquire new clients, which requires effective sales and marketing channel, a proven track record, a broad geographical coverage, a well-trained sales team and extensive market research. New entrants may not have such resources and have to compete with established players who enjoy significant first-mover advantages.
- *Industry know-how.* To compete effectively, cloud-based customer contact solution providers are expected to provide diverse, sophisticated functions to meet the varying needs of clients in different industries and with different business needs. Further, the use of customer contact solutions in different scenarios and network environments poses divergent challenges for system stability and security, which usually require considerable industry experience. Players that are well versed in industry know-how can bring greater value to clients, the accumulation of which takes considerable time and resources. Compared to new entrants, established players have accumulated extensive experience while serving clients of different sizes in different industries and formed deep insights into the operations process and business characteristics of different industries.

INDUSTRY OVERVIEW

- *Talent.* Talents are a key competitive differentiator of cloud-based customer contact solutions. Developing and delivering cloud-based customer contact solutions require a combination of advanced technologies. Cross-disciplinary professionals who mastered these core technologies and possess practical experience in technological application are highly sought-after. Further, designing industry-tailored solutions often requires industry-specific know-how and familiarity with clients' business process and business needs. Professional talents meeting these requirements are relatively scarce. Compared to new entrants, established players usually have more comprehensive training programs to cultivate talent from within.

Cloud-based customer contact solutions providers integrate communication channels such as WeCom into their platforms, so their clients can interact with customers across multiple channels on one integrated software. These communication platforms generally do not offer the key functions of customer contact solutions, such as interactive voice response (IVR), automatic call distributor (ACD), computer telephony integration (CTI), predictive dialer, intelligent agent assistance, speech analytics and reporting tools. According to the CIC Report, communication platforms in general focus on building an ecosystem where third-party vendors can offer services such as customer contact solutions via their open protocol. According to the same source, they currently do not offer the key functions of customer contact solutions, such as interactive voice response (IVR), automatic call distributor (ACD), computer telephony integration (CTI), predictive dialer, intelligent agent assistance, speech analytics and reporting tools, and the major platforms have not publicly disclosed any plans to develop such key technologies in their short-term investment strategies. Therefore, CIC believes the likelihood that communication platforms such as WeCom will expand to offer cloud-based customer contact solutions is relatively low.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We offer a broad array of cloud-native customer contact solutions, which are communication solutions that enable enterprises to engage in multi-channel customer interactions. We are China's largest provider of customer contact solutions deployed in public clouds as measured by revenue in 2021, with a market share of 10.3%, according to the CIC Report. In 2021, the market size of customer contact solutions deployed in public clouds in terms of revenue amounted to RMB4.0 billion, accounting for 38.2% of the cloud-based customer contact solutions market and 26.9% of the customer contact solutions market, respectively, according to the same source. Our scenario-tailored solutions, rooted in our cloud-native, secure and reliable platforms, empower businesses to create exceptional customer communication experience and intelligize their way of conducting sales, marketing, customer service and other business functions.

Our history traces back to 2006 when T&I Net Communication, one of our operating entities, was founded by Mr. Wu, our chief executive officer, chairman of the Board and our Controlling Shareholder. For details of Mr. Wu's biography, see the section headed "Directors and Senior Management" of this prospectus. Before migrating our platform to public clouds in 2015, the Group mainly provided customer contact solutions deployed on physical servers, which were located either on clients' premises or in the Group's leased data centers.

In preparation for the Global Offering and in order to streamline our corporate structure, we implemented the Reorganization to consolidate our interests in T&I Net Communication. For details of the Reorganization, see the sub-section headed "Reorganization" in this section.

KEY MILESTONES

The following table summarizes the key milestones in our operational history.

<u>Year</u>	<u>Milestone</u>
2006	Established T&I Net Communication, one of our operating entities
2015	Migrated our solutions to the cloud
	First customer contact solution provider to receive the Trusted Cloud Services Certification (TRUCS) (“可信雲服務認證”)
2017	Launched speech analytics function
2018	Established Guanxun Information Technology, one of our operating subsidiaries
	Adopted Kubernetes to orchestrate the container deployments of our solutions
2019	Achieved the Multi-Layer Protection Scheme (MLPS) Level III Certification
	First customer contact solution provider in China that has fully integrated our platforms with SD-WAN

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR OPERATING ENTITIES

Our business is substantially operated through our operating entities in the PRC, which are controlled by us through the Contractual Arrangements. The corporate details of these operating entities are set forth below:

<u>Name of company</u>	<u>Place of establishment</u>	<u>Principal business activities</u>	<u>Date of establishment and commencement of business</u>
T&I Net Communication	PRC	research and development, product sales and provide technology support	February 2006
Xunchuan Rongtong Technology.	PRC	product sales and provide technology support	October 2007
Shanghai Tianrun Rongtong	PRC	product sales and provide technology support	November 2012
Xinfeng Information Technology.	PRC	product sales and provide technology support	April 2012
Guanxun Information Technology.	PRC	research and development	April 2018

ATTEMPT FOR LISTING IN THE PRC AND LISTING ON AND DELISTING FROM NEEQ

On January 18, 2016, shares of T&I Net Communication was listed on the NEEQ under the stock code of 835653 (the “**NEEQ Listing**”).

On September 21, 2018, having considered that the trading activity, equity liquidity and brand awareness on the NEEQ may not be able to meet our expectation, the board of T&I Net Communication resolved to voluntarily delist T&I Net Communication’s shares from NEEQ, which was approved by shareholders holding 100% of T&I Net Communication’s total shares entitled to vote on such matter on October 15, 2018.

On November 29, 2018, T&I Net Communication was delisted from NEEQ (the “**NEEQ Delisting,**” together with the NEEQ Listing, the “**NEEQ Listing and Delisting**”) by way of its voluntary application for delisting. The Directors were of the view that the decision to delist from NEEQ was a commercial and strategic decision made by T&I Net Communication’s directors and in line with the development needs and the long-term strategic planning T&I Net Communication in the equity market. There was no monetary or other consideration offered to the then shareholders of T&I Net Communication in connection with the NEEQ Delisting.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Following the continued growth in our scale of business and with a view to tap into capital markets with boarder investor base given the market condition of NEEQ, we decided to explore the option of listing on growth enterprise board of the Shenzhen Stock Exchange (ChiNext board) (the “**Proposed Listing on the ChiNext Board**”). On October 28, 2020, T&I Net Communication made a pre-listing tutoring filing to the Beijing Bureau of the CSRC (中國證券監督管理委員會北京證監局) in connection with the Proposed Listing on the ChiNext Board.

Subsequently, in February 2021, the Directors considered that international investors are relatively more familiar with the industry that our Company operates in and our business, so that the fair value of our Group can be identified and established by seeking the Listing on the Stock Exchange, and having taken into account our long-term business development plan, financing needs for our further expansion and familiarity of the international investors with our industry, our Directors considered the Stock Exchange, as an internationally recognized and reputable stock exchange, to be a more appropriate listing venue that provides us with a good platform to access the international equity market and expand our business. The Directors believe that listing on the Stock Exchange will enable our Company to have better access to investors on the international market who are more familiar with the industry that our Company operates in and our business model.

Having considered the aforesaid benefits of listing on the Stock Exchange and due to the prolonged and uncertain listing timetable in light of the overall A share vetting process, T&I Net Communication determined not to pursue the Proposed Listing on the ChiNext Board in February 2021, and voluntarily terminated the pre-listing tutoring in April 2021.

The Directors believe that the decision to delist from NEEQ and not to pursue the Proposed Listing on the ChiNext Board was commercially sensible and in the interest of the long-term development of T&I Net Communication.

Our Directors have confirmed, and the PRC Legal Adviser is of the view, that (i) during the period when T&I Net Communication was listed on NEEQ, it was compliant with applicable laws and regulations in all material respects, and (ii) T&I Net Communication was not subject to any investigations or disciplinary actions in connection with T&I Net Communication by any regulatory authority or breached the relevant rules governing the listing of T&I Net Communication on NEEQ in any material respects.

Our Directors have further confirmed that, (i) T&I Net Communication did not submit any formal listing application in relation to the proposed listing on the ChiNext Board to any regulatory authority in the PRC; (ii) The CSRC did not raise any questions in respect of the Proposed Listing on the ChiNext Board, including, without limitation, the suitability for the listing of the business and assets of T&I Net Communication; and (iii) T&I Net Communication did not have any major disagreements with any professional parties engaged for the Proposed Listing on the ChiNext Board.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Save as disclosed in this section, there is no other material matter in relation to the NEEQ Listing and Delisting and the Proposed Listing on the ChiNext Board that needs to be brought to the attention of the Stock Exchange.

Based on the due diligence work conducted by the Sole Sponsor, nothing has come to its attention that would cause it to disagree with our Directors' views in the preceding paragraph in relation to the NEEQ Listing and Delisting and the Proposed Listing on the ChiNext Board.

After the NEEQ Delisting and immediately prior to the commencement of the Reorganization, the shareholders of T&I Net Communication and their respective shareholding are set out in the table below.

Shareholders of T&I Net Communication	No. of shares	Approximate Shareholding
Mr. Wu	18,135,684	35.11%
Beijing Tianchuang Chuangrun ⁽¹⁾	12,721,800	24.63%
Beijing Yunjing ⁽²⁾	6,098,400	11.80%
Beijing Yunhao ⁽³⁾	6,056,400	11.72%
Mr. Li	2,883,468	5.58%
Mr. Pan	2,618,700	5.07%
Mr. An	1,595,748	3.09%
Beijing Yunyu ⁽⁴⁾	1,549,800	3.00%
Total	51,660,000	100.00%

Notes:

- (1) Beijing Tianchuang Chuangrun is an investment holding limited partnership established under the laws of the PRC. The general partner of Beijing Tianchuang Chuangrun is Beijing Tiandi Rongchuang, which is ultimately controlled and owned as to 98% by Mr. Tian. Beijing Tianchuang Chuangrun is also indirectly held as to 33.33%, 16.67%, 16.67% and 16.67% by Mr. Tian, Ms. NG Man (“**Ms. Ng**”), Mr. E Lixin (“**Mr. E**”) and Mr. YANG Li (“**Mr. Yang**”) as limited partners, respectively.

Mr. Tian is the co-founder, chairman and an executive director of the board of AsiaInfo Technologies Limited (a company listed on the Stock Exchange, Stock Code: 1675). Mr. Tian was an independent non-executive director of each of (i) Lenovo Group Limited (a company listed on the Stock Exchange, Stock Code: 0992) from August 2007 to July 2019, (ii) China Minsheng Banking Corp. Ltd. (a company listed on the Stock Exchange, Stock Code: 1988, and Shanghai Stock Exchange, Stock Code: 600016) from June 2018 to October 2020, (iii) Huayi Tencent Entertainment Company Limited (a company listed on the Stock Exchange, Stock Code: 0419) from January 2008 to February 2016, and (iv) Mastercard Incorporated (a company listed on the New York Stock Exchange, Ticker: MA) from March 2006 to June 2016, respectively. Mr. Tian is also the founder and chairman of China Broadband Capital Partners, L.P. (“**CBC Capital**”), a China-based private equity firm focusing on investments in the TMT sector.

Mr. E currently serves as the chief financial officer of CBC Capital. Mr. Yang and Ms. Ng used to be the colleagues of Mr. Tian. Mr. Tian and Mr. Wu were once colleagues before Mr. Wu founded the Group. Through Mr. Tian, Mr. Wu became acquainted with Ms. Ng, Mr. E and Mr. Yang. Mr. Tian and Mr. E have not served any roles within the Group since its establishment. Ms. Ng and Mr. Yang, as the representatives of Beijing Tianchuang Chuangrun, served as a director of T&I Net Communication from July 2010 to September 2015, and from September 2015 to November 2017, respectively. During their terms with the T&I Net Communication, Ms. Ng and Mr. Yang provided professional advice and recommendations on financial management and business development, and did not participate in the day-to-day management and operation of the Group. Each of Mr. Tian, Ms. Ng, Mr. E and Mr. Yang is independent from the Group, Directors, members of senior management and their respective close associates.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (2) Beijing Yunjing is our employee shareholding platform established under the laws of the PRC. The general partner of Beijing Yunjing is Beijing Yunhao Industrial Investment Consulting, which is controlled and wholly owned by Mr. Wu. The limited partners of Beijing Yunjing are our senior management, employees and former employees, including certain minority interest held by Mr. Wu.
- (3) Beijing Yunhao is our employee shareholding platform established under the laws of the PRC. The general partner of Beijing Yunhao is Beijing Yunhao Industrial Investment Consulting, which is controlled and wholly owned by Mr. Wu. The limited partners of Beijing Yunhao are our senior management, employees, former employees and their associates, including certain interests held by Mr. Wu and Mr. Pan.
- (4) Beijing Yunyu is our employee shareholding platform established under the laws of the PRC. The general partner of Beijing Yunyu is Beijing Yunhao Industrial Investment Consulting, which is controlled and wholly owned by Mr. Wu. The limited partners of Beijing Yunyu include certain of our employees and Beijing Tianchuang Chuangrun (which holds the interest for the benefit of our employees).

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY AND OUR CONSOLIDATED AFFILIATED ENTITIES

Shareholding changes of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on March 31, 2021 as the ultimate holding company of our Group. The authorized share capital of our Company is US\$50,000.00 divided into 500,000,000 shares with a par value of US\$0.0001 each upon incorporation. For details of the shareholding of each of the Shareholders of our Company upon incorporation, please see the sub-section headed “– Reorganization – I. Incorporation of our Company” in this section.

For subsequent shareholding changes of our Company as part of the Reorganization, see the sub-section headed “– Reorganization” in this section.

Shareholding changes of our Consolidated Affiliated Entities

T&I Net Communication was established in the PRC on February 23, 2006, with an initial registered share capital of RMB10,000,000. Thereafter, T&I Net Communication underwent several rounds of major changes in shareholdings.

1. Share transfers in June 2006 and May 2015

On June 21, 2006, Beijing Tiandi Rongchuang acquired RMB8,000,000 registered share capital of T&I Net Communication and became one of its shareholders. Pursuant to share transfer agreements dated May 29, 2015, Beijing Tiandi Rongchuang transferred all of its interests in T&I Net Communication to Beijing Tianchuang Chuangrun and Beijing Yunhao at a consideration of RMB6,061,167 and RMB869,400, respectively. Such considerations were determined by the parties after arm’s length negotiations.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Set forth below is a table showing shareholding structure of T&I Net Communication upon completion of the transactions abovementioned:

<u>Shareholders of T&I Net Communication</u>	<u>Registered Share Capital</u>	<u>Approximate Shareholding</u>
	(RMB)	
Beijing Tianchuang Chuangrun	4,810,450	41.83%
Mr. Wu	3,361,450	29.23%
Beijing Yunjing	1,669,800	14.52%
Beijing Yunhao	1,658,300	14.42%
Total	<u>11,500,000</u>	<u>100.00%</u>

2. *Restructuring in September 2015*

On September 10, 2015, upon approval by Haidian Branch of Beijing Administration for Industry and Commerce, T&I Net Communication was converted from a limited liability company into a joint stock company with limited liability. Upon completion of the conversion, the registered share capital of T&I Net Communication was RMB20,000,000 divided into 20,000,000 shares with a nominal value of RMB1.0 each.

Set forth below is a table showing shareholding structure of T&I Net Communication upon completion of the conversion:

<u>Shareholders of T&I Net Communication</u>	<u>No. of shares</u>	<u>Approximate Shareholding</u>
Beijing Tianchuang Chuangrun	8,366,000	41.83%
Mr. Wu	5,846,000	29.23%
Beijing Yunjing	2,904,000	14.52%
Beijing Yunhao	2,884,000	14.42%
Total	<u>20,000,000</u>	<u>100.00%</u>

3. *Capital injection by directors and senior management in December 2016*

On December 2, 2016, upon approval at a shareholders' general meeting, registered share capital of T&I Net Communication was increased to RMB24,600,000 by issuing (i) 1,830,040 shares to Mr. Wu, (ii) 1,225,080 shares to Mr. Li, (iii) 984,000 shares to Mr. Pan, and (iv) 560,880 shares to Mr. An, at a total consideration of RMB7,912,000. Such consideration was determined by the parties after arm's length negotiations with reference to the valuation of T&I Net Communication as of December 31, 2015 conducted by an independent appraiser.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Set forth below is a table showing shareholding structure of T&I Net Communication upon completion of the transactions abovementioned:

Shareholders of T&I Net Communication	No. of shares	Approximate Shareholding
Beijing Tianchuang Chuangrun	8,366,000	34.01%
Mr. Wu	7,676,040	31.20%
Beijing Yunjing	2,904,000	11.81%
Beijing Yunhao	2,884,000	11.72%
Mr. Li	1,225,080	4.98%
Mr. Pan	984,000	4.00%
Mr. An	560,880	2.28%
Total	24,600,000	100.00%

4. *Share transfer in June 2018*

On June 15, 2018, Beijing Tianchuang Chuangrun transferred 960,000 shares in T&I Net Communication to Mr. Wu through NEEQ at a consideration of RMB5,760,000.

Set forth below is a table showing shareholding structure of T&I Net Communication upon completion of the transactions abovementioned:

Shareholders of T&I Net Communication	No. of shares	Approximate Shareholding
Mr. Wu	8,636,040	35.11%
Beijing Tianchuang Chuangrun	6,796,000	27.63%
Beijing Yunjing	2,904,000	11.80%
Beijing Yunhao	2,884,000	11.72%
Mr. Li	1,373,080	5.58%
Mr. Pan	1,247,000	5.07%
Mr. An	759,880	3.09%
Total	24,600,000	100.00%

5. *Increase in share capital in September 2018*

On September 17, 2018, upon approval at a shareholders' general meeting, registered share capital of T&I Net Communication was further increased to RMB51,660,000 through capitalization of capital reserves.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Set forth below is a table showing shareholding structure of T&I Net Communication upon completion of the transactions abovementioned:

Shareholders of T&I Net Communication	No. of shares	Approximate Shareholding
Mr. Wu	18,135,684	35.11%
Beijing Tianchuang Chuangrun.	14,271,600	27.63%
Beijing Yunjing	6,098,400	11.80%
Beijing Yunhao	6,056,400	11.72%
Mr. Li.	2,883,468	5.58%
Mr. Pan.	2,618,700	5.07%
Mr. An	1,595,748	3.09%
Total	51,660,000	100.00%

6. Share transfer in December 2020

On December 18, 2020, pursuant to a share transfer agreement dated December 8, 2020, Beijing Tianchuang Chuangrun transferred 1,549,800 shares in T&I Net Communication to Beijing Yunyu at a consideration of RMB7,750,000. Such consideration was determined by the parties after arm's length negotiations with reference to the valuation of T&I Net Communication as of November 29, 2020 conducted by an independent appraiser.

Set forth below is a table showing shareholding structure of T&I Net Communication upon completion of the transactions abovementioned:

Shareholders of T&I Net Communication	No. of shares	Approximate Shareholding
Mr. Wu	18,135,684	35.11%
Beijing Tianchuang Chuangrun.	12,721,800	24.63%
Beijing Yunjing	6,098,400	11.80%
Beijing Yunhao	6,056,400	11.72%
Mr. Li.	2,883,468	5.58%
Mr. Pan.	2,618,700	5.07%
Mr. An	1,595,748	3.09%
Beijing Yunyu	1,549,800	3.00%
Total	51,660,000	100.00%

For further details of the changes in shareholding in our Consolidated Affiliated Entities, see the section headed "Appendix IV. Statutory and General Information – A. Further Information about our Group – 5. Changes in the Capital of our Subsidiaries and our Consolidated Affiliated Entities" of this prospectus.

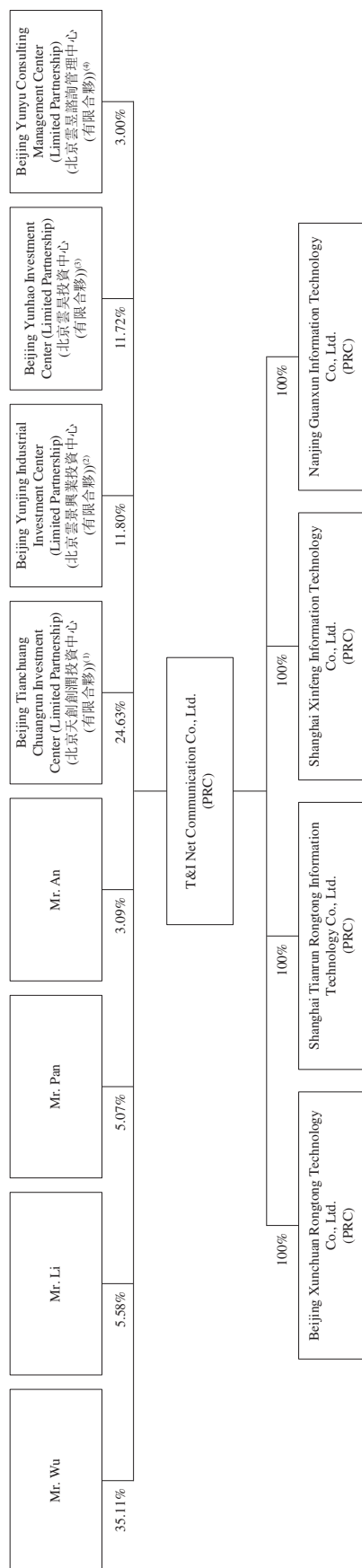
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Pursuant to an equity transfer agreement entered into between T&I Net Communication and Mr. Wu, and an equity transfer agreement entered into between T&I Net Communication and Mr. Pan, both dated July 14, 2015, T&I Net Communication acquired RMB2,550,000 and RMB450,000 registered share capital of Xunchuan Rongtong Technology at a consideration of RMB6,757,500 and RMB1,192,500, respectively. The consideration was determined by the parties after arm's length negotiation with reference to the net asset value of Xunchuan Rongtong Technology.

REORGANIZATION

The following chart sets forth our Group’s corporate and shareholding structure immediately prior to the commencement of the Reorganization.



Notes:

(1)-(4): Please refer to the notes below the chart contained under the subsection headed “Attempt for Listing in the PRC and Listing and Delisting from NEEQ”.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

In preparation for the Global Offering, we underwent the Reorganization which consists of the following material steps:

I. Incorporation of our Company

On March 31, 2021, our Company was incorporated in the Cayman Islands as an exempted company with limited liability and the ultimate holding company of our Group, as part of the Reorganization. Upon incorporation, the authorized share capital of our Company was US\$50,000.00 divided into 500,000,000 Shares with a par value of US\$0.0001 each, and were allotted the following shareholders at par value at the percentages set out in the table below:

Shareholder	No. of Shares	Shareholding
Xinyun Inc. ⁽¹⁾	37,500,000	30.38%
EastUp Holding Limited ⁽¹⁾	22,500,000	18.23%
Connect The Unconnected Limited ⁽²⁾	13,500,000	10.94%
Flyflux Holding Limited ⁽³⁾	4,635,000	3.75%
Technolo-Jin CO., LTD ⁽⁴⁾	8,370,000	6.78%
Fortune Ascend Holdings Ltd. ⁽⁵⁾	36,945,000	29.93%
Total	123,450,000	100%

Notes:

- (1) Xinyun Inc. and EastUp Holding Limited are wholly owned by Hanyun Inc., which is in turn wholly owned by Mr. Wu.
- (2) Connect The Unconnected Limited is wholly owned by Mr. Pan.
- (3) Flyflux Holding Limited is wholly owned by Mr. An.
- (4) Technolo-Jin CO., LTD is wholly owned by Mr. Li.
- (5) Fortune Ascend Holdings Ltd. is held as to 94%, 2%, 2% and 2% by Wisdom Extra Limited, UPWARD Investment Holdings Limited, Yangli Limited and Ms. Ng, respectively. Wisdom Extra Limited is wholly owned by Mr. Tian. UPWARD Investment Holdings Limited is wholly owned by Mr. E. Yangli Limited is wholly owned by Mr. Yang.

II. Incorporation of TI Cloud (HK) Limited

On April 16, 2021, TI Cloud (HK) Limited was incorporated as a limited liability company in Hong Kong. It issued and allotted one share to our Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

III. Incorporation of WFOE

On April 28, 2021, our WFOE was incorporated as a limited liability company in the PRC with TI Cloud (HK) Limited as the sole shareholder. The authorized share capital of our WFOE is US\$50 million.

IV. Contractual Arrangements in respect of T&I Net Communication and its Subsidiaries

We have adopted a series of Contractual Arrangements among our WFOE, T&I Net Communication, its Registered Shareholders, its subsidiaries (where applicable), and certain other parties in order to exercise and maintain control over the operation of T&I Net Communication and its subsidiaries and to obtain economic benefits from T&I Net Communication and its subsidiaries. For further details, please refer to the section headed “Contractual Arrangements.”

V. Share Incentive Plan

On May 13, 2021, our Company adopted the Share Incentive Plan in order to motivate, attract and encourage certain officers, managers, employees, directors and other eligible persons. The principal terms of the Share Incentive Plan are set out in the section headed “Appendix IV. Statutory and General Information – D. Share Incentive Plan.” Pursuant to the Share Incentive Plan, the maximum number of Shares in respect of which awards may be granted shall not exceed 26,550,000 Shares. On May 19, 2021, 26,550,000 Shares were issued to TI YUN Limited as reserve for grant or vesting of awards under the Share Incentive Plan. TI YUN Limited is a special purpose vehicle established as a nominee to hold in trust for the Shares underlying the Share Incentive Plan. As of the Latest Practicable Date, an aggregate of 441,080 RSUs and 22,197,018 restricted shares, in respect of 22,638,098 Shares have been granted to 71 eligible participants pursuant to the Share Incentive Plan. All the restricted shares granted represent the interests of respective eligible participant in T&I Net Communication held through our onshore employee shareholding platforms, which were transferred to the Share Incentive Plan as a result of the Reorganization.

TI YUN Limited will not exercise any voting rights in respect of the Shares underlying the share awards. TI YUN Limited is entitled to the same dividend rights as other shareholders of the Company. For further details, please refer to the section headed “Appendix IV. Statutory and General Information – D. Share Incentive Plan.”

DEEDS OF VOTING PROXY

On June 6, 2021, each of Connect The Unconnected Limited, Flyflux Holding Limited and Technolo-Jin CO., LTD (each, a “**Principal Shareholder**”) entered into a deed of voting proxy with Mr. Wu respectively (collectively, the “**Deeds of Voting Proxy**” and each of them, the “**Deed of Voting Proxy**”). Mr. Wu has been leading the business direction and day-to-day management of the Group since its establishment. By entrusting their voting rights to Mr. Wu, the Principal Shareholders believe that the consistent leadership and management supported with stronger control will be beneficial to the overall strategic planning and decision-making process of the Company. General terms of the Deed of Voting Proxy are set out as below:

Pursuant to the Deeds of Voting Proxy, each of Connect The Unconnected Limited, Flyflux Holding Limited and Technolo-Jin CO., LTD granted Mr. Wu, as its true and lawful attorney, a voting proxy over all the Shares held by it (including any Shares to be acquired during the term of each Deed of Voting Proxy, collectively, the “**Proxy Shares**”), as a result of which Mr. Wu and Principal Shareholders are in substance parties acting in concert.

Pursuant to the Deeds of Voting Proxy, during the term of the deeds, Mr. Wu shall have the right to vote the Shares, in his sole discretion, on all matters submitted to a meeting of Shareholders or on written resolutions to be voted on by Shareholders except for (i) matters in respect of which Mr. Wu or the Principal Shareholder is required to abstain from voting pursuant to the Listing Rules or any other applicable laws and rules; or (ii) matters otherwise provided in the Deeds of Voting Proxy.

The Deeds of Voting Proxy shall become effective from the Listing Date for a term of five years and shall be terminated automatically at the time the respective Principal Shareholder ceases to hold any Shares.

Pursuant to the Deeds of Voting Proxy, each of the Principal Shareholders shall not, among others, (i) exercise or transfer the voting rights attached to the Shares without the prior written consent of Mr. Wu; (ii) acquire any additional Shares in any form without prior written notice to Mr. Wu; further if as a result of such acquisition the concert parties may become obligated to extend a mandatory general offer in respect of all the Shares not held by them pursuant to Rule 26 of the Takeovers Code, without the prior written approval from Mr. Wu.

Subject to the applicable regulatory requirements, during the term of the Deed of Voting Proxy, the Principal Shareholder can transfer all or part of their proxy shares, with prior notice to Mr. Wu. Each of the Principal Shareholders undertakes that, if the proxy shares are transferred to its affiliated entity(ies), the Principal Shareholders shall procure the transferee to enter into the Deed of Voting Proxy. Transferees not affiliated with the Principal Shareholders will not be obligated to enter into or bound by the Deed of Voting Proxy.

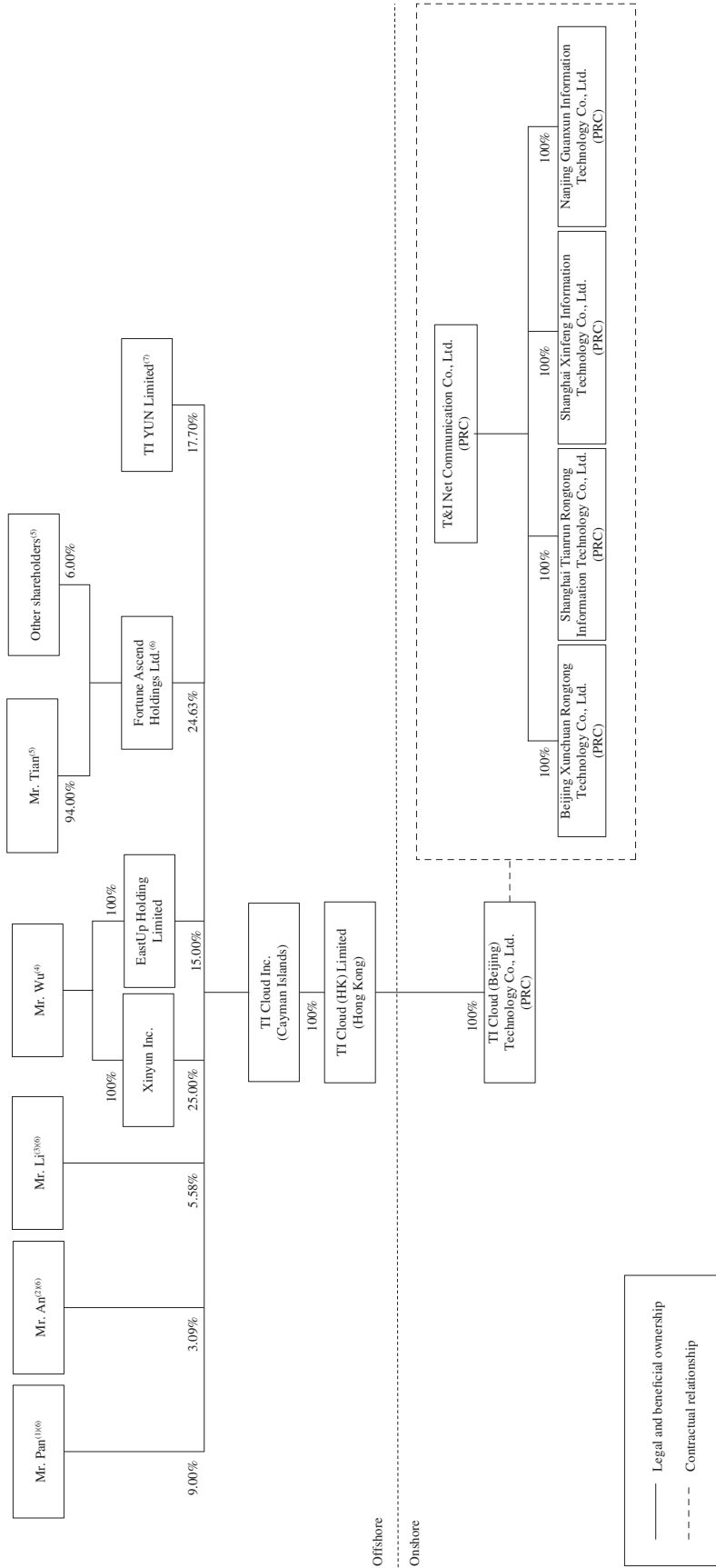
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The Deeds of Voting Proxy further provided that, in each case other than any matter relating to hostile takeover, Mr. Wu shall have no right to vote on (i) proposals in relation to privatization or delisting proposed by Mr. Wu or any of his affiliates; (ii) matters in respect of which Mr. Wu is required to abstain from voting pursuant to the Articles of Association of the Company or any other applicable laws and regulations; and (iii) matters relating to any connected transactions under Chapter 14A of the Listing Rules which require the approval of Shareholders and where Mr. Wu is required to abstain from voting pursuant to the Listing Rules, in which cases the Principal Shareholders will be entitled to exercise their voting rights in respect of the Proxy Shares on such matters.

Pursuant to the Deeds of Voting Proxy, each Principal Shareholder reserves the right to withdraw from such voting arrangement if any such vote in the manner proposed by Mr. Wu would be expected to (i) violate or materially conflict with any laws, rules and regulations; (ii) abolish or limit or materially conflict with the Principal Shareholder's rights conferred by relevant laws and Articles of Association; or (iii) result in conflict of interests which could lead to material damages to Principal Shareholders.

OUR STRUCTURE IMMEDIATELY PRIOR TO THE GLOBAL OFFERING

The following chart sets forth our Group’s corporate and shareholding structure immediately after completion of the Reorganization but prior to the Global Offering.



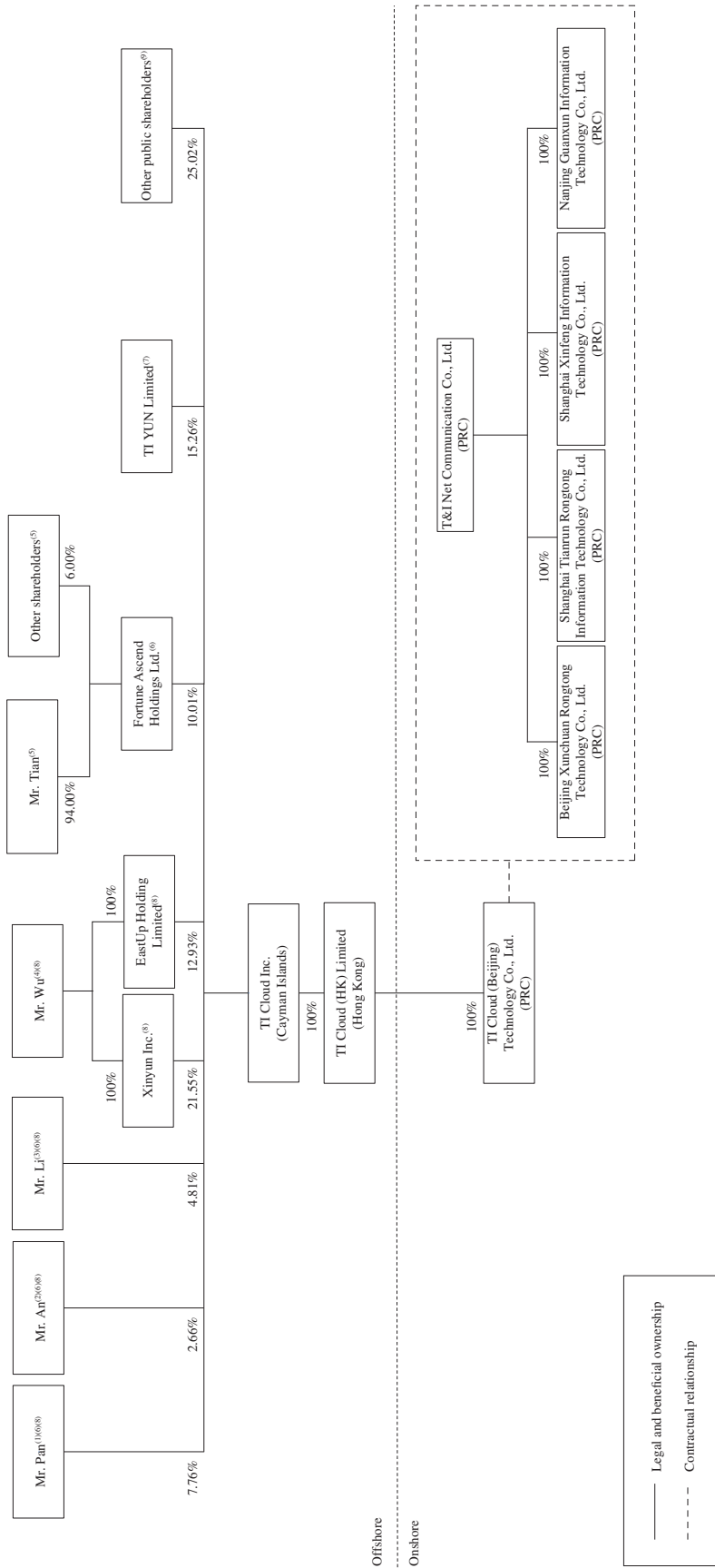
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) Mr. Pan's interest in our Company is held through Connect The Unconnected Limited, which is the direct beneficial owner of the Shares. Connect The Unconnected Limited is directly wholly owned by Mr. Pan. Mr. Pan's equity interest in the Company mirrors his direct equity interest in T&I Net Communication, as well as part of his interest in T&I Net Communication held through an employee shareholding platform (being Beijing Yunhao).
- (2) Mr. An's interest in our Company is held through Flyflux Holding Limited, which is the direct beneficial owner of the Shares. Flyflux Holding Limited is directly wholly owned by Mr. An.
- (3) Mr. Li's interest in our Company is held through Technolo-Jin CO., LTD, which is the direct beneficial owner of the Shares. Technolo-Jin CO., LTD is directly wholly owned by Mr. Li.
- (4) Mr. Wu's interest in our Company is held through Xinyun Inc. and EastUp Holding Limited, which are the direct beneficial owners of the Shares. Xinyun Inc. and EastUp Holding Limited are wholly owned by Hanyun Inc., which is in turn wholly owned by Mr. Wu. Mr. Wu's equity interest in the Company mirrors his direct equity interest in T&I Net Communication, as well as part of his interest in T&I Net Communication held through the three employee shareholding platforms.
- (5) Mr. Tian's interest in our Company is held through Fortune Ascend Holdings Ltd., which is the direct beneficial owner of the Shares. Fortune Ascend Holdings Ltd. is held by Mr. Tian as to 94%. Fortune Ascend Holdings Ltd. is also indirectly held as to 2%, 2% and 2% by Mr. E, Mr. Yang and Ms. Ng, respectively.
- (6) Each of Connect The Unconnected Limited, Flyflux Holding Limited and Technolo-Jin CO., LTD entered into a deed of voting proxy with Mr. Wu respectively on June 6, 2021, pursuant to which each of them has granted Mr. Wu a voting proxy over all the Shares held by it. See "– Deeds of Voting Proxy" in this section for details.
- (7) TI YUN Limited is a special purpose vehicle established as a nominee to hold in trust for the Shares underlying the Share Incentive Plan. TI YUN Limited will not exercise any voting rights in respect of the Shares underlying the share awards. Awards granted under the Share Incentive Plan are to be vested, released and converted into the ordinary Shares of our Company in three equal tranches on the 6-month, 18-month and 30-month anniversaries of the Listing Date (except for one employee whose restricted share units are subject to five-equal tranches on the 6-month, 18-month, 30-month, 42-month and 54-month anniversaries of the Listing Date), respectively.

OUR STRUCTURE IMMEDIATELY FOLLOWING THE GLOBAL OFFERING

The following chart sets forth our Group's corporate and shareholding structure immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) to (7) Please refer to the diagram contained under the sub-section headed “Our Structure Immediately Prior to the Global Offering” in this section.
- (8) Our Controlling Shareholders will be subject to lock-up arrangements from the Listing Date. For details, please refer to the sections headed “Relationship with our Controlling Shareholders” and “Underwriting”.
- (9) All Shares held by public shareholders will be counted towards the public float.

PUBLIC FLOAT AND LOCK-UP ARRANGEMENT

Public Float

The Shares held by Connect The Unconnected Limited, Flyflux Holding Limited, Technolo-Jin CO., LTD, Xinyun Inc., EastUp Holding Limited, Fortune Ascend Holdings Ltd. and TI YUN Limited, representing approximately 74.98% of our total issued Shares upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), will not be counted towards public float.

Save as disclosed above, no other Shareholder is a core connected person of our Company as defined in the Listing Rules. Therefore, the Shares held by the other Shareholders (including the Shareholders participating in the Global Offering) will count towards the public float for the purposes of Rule 8.08 of the Listing Rules.

Lock-up Arrangement

Assuming the Over-allotment Option is not exercised, upon completion of the Global Offering:

- Shares held by the Controlling Shareholders, being Connect The Unconnected Limited, Flyflux Holding Limited, Technolo-Jin CO., LTD, Xinyun Inc. and EastUp Holding Limited, representing approximately 49.72% of our total issued Shares, would be subject to a lock-up arrangement pursuant to Rule 10.07(1) of the Listing Rules. For details, please see “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Undertakings to the Hong Kong Stock Exchange Pursuant to the Listing Rules – Undertakings by Controlling Shareholders.”
- Shares held by the Selling Shareholder, being Fortune Ascend Holdings Ltd., representing approximately 10.01% of our total issued Shares, would be subject to a lock-up arrangement for a period of 12 months after the Listing Date. For details, please see “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Undertakings Pursuant to the Hong Kong Underwriting Agreement – Undertakings by Selling Shareholder.”

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- Shares held by the cornerstone investors, being Platinum Investment Management Limited and Agora, Inc., representing approximately 7.78% of our total issued Shares (assuming the Offer Price is HK\$13.35, being the mid-point of the Offer Price range stated in this prospectus), would be subject to a lock-up arrangement for the period of six months from the Listing Date. For details, please see “Cornerstone Investors – Restrictions on the Cornerstone Investors.”

PRC LEGAL COMPLIANCE

Our PRC Legal Adviser confirmed that (i) the establishment of our subsidiaries in China and their subsequent shareholding changes have complied with the relevant PRC laws and regulations in all material respects; and (ii) the Reorganization has complied with relevant applicable PRC laws and regulations in material respects.

SAFE REGISTRATION

Pursuant to the SAFE Circular No. 37, before a PRC resident contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”), the PRC resident must conduct foreign exchange registration for offshore investment with the local branch of SAFE. Where a significant matter occurs such as a capital increase/decrease or equity transfer/replacement by a domestic resident individual, the foreign exchange modification registration procedure for foreign investment shall be undertaken with the local branch of SAFE in a timely manner. Pursuant to the Circular of SAFE on Further Simplification and Improvement Policies in Foreign Exchange Administration on Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) (the “**SAFE Circular No. 13**”) issued by SAFE and became effective on June 1, 2015, the aforesaid registration shall be directly reviewed and handled by qualified banks instead of the local branch of SAFE.

Our PRC Legal Adviser has confirmed that each of Mr. Wu, Mr. Li, Mr. Pan, Mr. An, Mr. Tian, Mr. E and Mr. Yang, being PRC residents, have duly registered in respect of his/her investment in our Group in accordance with SAFE Circular No. 37 and SAFE Circular No. 13.

M&A RULES

According to Article 2 of the “Provisions on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors” (關於外國投資者併購境內企業的規定) (the “**M&A Rules**”) jointly issued by six PRC governmental and regulatory agencies, including MOFCOM and CSRC, which became effective on September 8, 2006 and amended on June 22, 2009, foreign investors should comply with the M&A Rules and other applicable PRC laws and regulations when the foreign investors purchase equity interests in a domestic non-foreign-invested enterprise (“**domestic company**”) or subscribe for increased capital of a domestic company, thus changing the nature of the domestic company into a foreign-invested enterprise (“**merger**”).

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and acquisition of equity interests”); or when the foreign investors establish a foreign-invested enterprise in the PRC, through which they purchase and operate the assets of a domestic company by agreement; or when foreign investors purchase the assets of a domestic company, establish a foreign-invested enterprise by injecting such assets, and operate the assets.

Pursuant to the Manual of Guidance on Administration for Foreign Investment Access (《外商投資准入管理指引手冊》 (2008)) promulgated by Foreign Investment Department of the Ministry of Commerce (商務部外資司), notwithstanding the fact that (i) the domestic shareholder of the domestic company is connected with the foreign investor or not, (ii) whether the foreign investor is an existing shareholder or a new investor, the M&A Rules shall not apply to the merger and acquisition of equity interests in a foreign-invested enterprise.

Our PRC Legal Adviser is of the opinion that prior CSRC approval for this offering is not required because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this document are subject to the M&A Rules; (ii) our WFOE was not established through mergers or acquisitions of domestic companies owned by PRC companies or individuals as defined under the M&A Rules that are the beneficial owners of our Company; and (iii) that no provision in the M&A Rules clearly classified contractual arrangements as a type of transaction subject to the M&A Rules. However, our PRC Legal Adviser further advises that there is uncertainty as to how the M&A Rules will be interpreted or implemented.

OVERVIEW

We offer a broad array of cloud-native customer contact solutions, which are communication solutions that enable enterprises to engage in multi-channel customer interactions. We are China's largest provider of customer contact solutions deployed in public clouds as measured by revenue in 2021, with a market share of 10.3%, according to the CIC Report. In 2021, the market size of customer contact solutions deployed in public clouds in terms of revenue amounted to RMB4.0 billion, accounting for 38.2% of the cloud-based customer contact solutions market and 26.9% of the customer contact solutions market, respectively, according to the same source. Our solutions, rooted in our cloud-native, secure and reliable platform, empower businesses to create exceptional customer communication experience and intelligize their way of conducting sales, marketing, customer service and other business functions. In 2021, we facilitated over 3.0 billion interactions in the form of voice calls, SMS messages and text chat between businesses and their customers across multiple channels, helping increase their productivity and efficiency.

Technology is at the heart of our solutions. Driven by our unwavering commitment to innovation, we have achieved three major transformations, which set a solid foundation for our success:

- *Cloud-native architecture.* We believe deeply that cloud technology will define the future. We started to migrate our platform to the cloud as early as in 2014 by redesigning our architecture and code based on the computing, networking and storage components of public cloud environments. By 2015, we became one of the first customer contact solution providers to complete cloud migration, according to the CIC Report, and have since then continuously enhanced the functionality of our solutions. The cloud-native architecture brings scalability and stability to our platform and enables us to achieve non-disruptive, quick iterations through grayscale release, which are staged releases that reduce the risk of introducing new versions. During the Track Record Period, we rolled out releases approximately on a weekly basis and at the same time honored 99.99% uptime (calculated as the percentage of time our system is available and operational for a client in a given month), as compared to an industry average of 99.5%, according to the CIC Report. Our platform has been operating free from overall system failures for over 35 months. Amid mass digital transformation, we believe we enjoy significant first-mover advantages and are well-positioned to capture growing opportunities.
- *Software-defined networking infrastructure.* As cloud-based solutions become an increasingly popular choice, traditional WAN networks that heavily rely on data center infrastructure are no longer sufficient to support high-quality cloud connectivity. According to the CIC Report, we are the first customer contact solution provider in China to fully integrate our platform with software-defined wide area network (SD-WAN), which decouples networking hardware from the control mechanism and achieves centralized control and automatic traffic routing. SD-WAN and other technologies enable our services to run on two cloud computing platforms

simultaneously, and we became the only industry player to achieve active-active dual cloud deployment, which significantly improved the availability, reliability and quality of connections established through our platform. For details of SD-WAN and our active-active dual cloud architecture, see “– Our Architecture” and “– Our Technologies.”

- *Scenario-tailored AI capabilities.* Advancements in AI technologies make it possible to automate routine and repetitive duties traditionally handled by clients’ human agents. Combining industry-specific automatic speech recognition (ASR) and natural language processing (NLP) capabilities, our ContactBot is able to understand industry jargons and engage in text- and voice-based intelligent interactions using industry-specific terms and languages. Our platform also hosts a wealth of AI-powered functions, providing real-time agent assistance and actionable insights driven by intelligent reporting and analytics tools.

Security is our long-held commitment. Our solutions possess enterprise-grade security capabilities. In 2015, we were the first customer contact solution provider to receive the Trusted Cloud Services Certification (TRUCS) (“可信雲服務認證”) from institutions accredited by the MIIT, according to the CIC Report, which embodies our undertakings to clients in relation to data security, data privacy, failure recovery ability and service availability. In 2019, we received the Multi-Layer Protection Scheme (MLPS) Level III Certification (“信息系統安全等級保護三級”) awarded by the Ministry of Public Security, the highest level achievable for non-financial institutions, which endorses our capability in system operation and information security.

With our relentless pursuit of excellence, we have built a broad, high-quality and loyal client base across diverse industries, including technology, education, insurance, automobile, travel, housing and healthcare, to name a few. In 2021, we served over 3,100 clients, among whom 57 were key accounts whose annual purchase amount exceeds RMB1.0 million. We strive to cultivate long-term relationships with our clients and evaluate our performance using client retention rate (calculated as the percentage of our existing clients in the immediately preceding period who remain our clients in the current period) and dollar-based net retention rate (calculated by (i) first identifying the clients who subscribed to our solutions in both the benchmark period and the period before and (ii) then using the total revenue attributable to the identified clients in the benchmark period as the numerator and the total revenue attributable to the same group of clients in the preceding period as the denominator) on a regular basis. In 2019, 2020 and 2021, our SaaS client retention rate was 73.7%, 77.9% and 78.4%, respectively. During the same periods, our dollar-based net retention rate for all SaaS clients was 112.9%, 105.0% and 103.5%, respectively, and for SaaS clients which were our key accounts was 112.6%, 114.6% and 108.3%, respectively.

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We are the preferred choice of clients who are market leaders in their industries. We believe our popularity among top market players demonstrates our ability to address complex business and operational requirements and helps us to increase penetration in relevant sectors. Today, we have achieved a prominent market position in technology, education and insurance sectors, which were the top three contributors to our total revenue during the Track Record Period. In 2021, we served 13, 11 and 8 of the Top 20 Players in each of China's technology, education and insurance sectors as measured by revenue, respectively, among which 28 had been in business relationship with us for more than three consecutive years. Our total revenue generated from the clients who are the Top 20 Players in these three sectors increased from RMB122.6 million in 2019 to RMB194.8 million in 2021, at a CAGR of 26.0%. Our total revenue generated from all clients in these three sectors increased from RMB234.0 million in 2019 to RMB308.4 million in 2021, at a CAGR of 14.8%. According to the CIC Report, in 2021, technology, education and insurance sectors accounted for approximately 60.0% of China's public cloud customer contact solutions market.

We achieved steady growth during the Track Record Period. Our total revenue increased at a CAGR of 9.6% from RMB334.8 million in 2019 to RMB401.9 million in 2021, of which 97.2% and 92.2% were generated from our SaaS model that are of a recurring nature. Our gross profit increased at a CAGR of 8.3% from RMB155.9 million in 2019 to RMB182.7 million in 2021. Our profit for the year increased by 18.6% from RMB59.1 million in 2019 to RMB70.2 million in 2020. In 2021, our profit for the year decreased to RMB17.8 million, primarily due to (i) a lower-than-expected revenue from education clients whose businesses were adversely affected by the recently promulgated regulations that crack down on after-school tutoring services on academic subjects in China's compulsory education system, coupled with an increased cost of sales, (ii) a significant increase in professional service fees in relation to the Proposed Listing on the ChiNext Board and the Global Offering, (iii) the increases in selling and distribution expenses and research and development expenses incurred in 2021 to implement our business plan, and (iv) an increase in employee benefit expenses as we were no longer exempt from making employer contribution to employee social security schemes in 2021. As of December 31, 2021, we had achieved profitability for seven consecutive years.

OUR MARKET OPPORTUNITIES

According to the CIC Report, the cloud-based customer contact solutions industry in China has experienced tremendous growth in recent years. Its market size in terms of revenue increased from RMB4.3 billion in 2017 to RMB10.6 billion in 2021 at a CAGR of 25.2%, and is expected to reach RMB30.7 billion in 2026, representing a CAGR of 23.7% from 2021 to 2026.

There are a number of key industry trends driving our growth, including:

- *Expanding application scenarios.* Customer interactions take place in a wider array of scenarios, involving not only customer service agents in traditional cubicle offices, but also employees from other departments performing sales, logistics, design, technical support, and maintenance functions.

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- *Higher requirement of data security.* Concerns over data security have become heightened during digital transformation. Deployment on virtual private cloud provides the benefit of cloud scalability while easing enterprises' concerns over data security. As a result, virtual private cloud is expected to be increasingly adopted by organizations with particular data security requirements.
- *Proliferation of AI technologies.* Advancements in AI technologies make it possible to liberate workers from routine and repetitive tasks and helps reallocate human capital towards cognitive, higher-value activities while ensuring high quality of customer services.

OUR SOLUTIONS

Our solutions run fully in the cloud, allowing for easy deployment and management across devices at multiple locations. Our clients use cloud computing and storage resources in the cloud without substantial upfront investment in hardware, infrastructure or in-house IT support.

Our cloud-based solutions, developed in-house by our research and development team, primarily consist of three offerings, serving a broad range of use cases:

- *Intelligent Contact Center Solutions.* Designed to replace legacy on-premise systems, our Intelligent Contact Center Solutions help businesses migrate their contact center functions to the cloud. The solutions allow contact center agents hired by our clients and seated in physical contact centers to efficiently interact with clients across multiple channels using desktops. Benefiting from our cloud-native architecture, our clients can greatly reduce implementation costs, easily scale their usage in response to changing business needs and effortlessly receive software upgrades. We support contact center agents with intelligent tools and functions to drive efficient and effective customer interactions.
- *Agile Agent Solutions.* Our Agile Agent Solutions are designed to facilitate customer contact activities outside physical contact centers, which are unserved by pureplay contact center solutions. Our Agile Agent Solutions, designed as a mobile application, empower clients' employees other than contact center agents (such as car salespersons, retail store assistants and after-school program tutors) to contact customers at any time in any location. It enables businesses to track and manage each interaction, which significantly increases visibility of business activities and uses data-based analytics to support decision-making.
- *ContactBot Solutions.* Our ContactBot Solutions utilize practical AI applications to automate routine and repetitive duties traditionally handled by clients' human agents. With real-time automatic speech recognition (ASR) and natural language processing (NLP) capabilities, our ContactBot is able to engage in text- and voice-based intelligent interactions. Human agents are freed from repetitive, administrative tasks and can instead focus on tasks that require more personalized, engaging services. Our ContactBot Solutions are favored by businesses who need to handle a significant volume of routine tasks and repeated enquiries.

For details, see “– Our Offerings.”

Our clients have the option to deploy our solutions through SaaS or VPC model, based on their business and operational requirements. For details, see “– Our Business Model.”

OUR COMPETITIVE STRENGTHS

We believe the following competitive advantages have contributed to our success and will help drive our growth in the future:

Leading Player in a Rapidly Growing Industry

We are China’s largest provider of customer contact solutions deployed in public clouds as measured by revenue in 2021, according to the CIC Report. We completed migration to the cloud as early as in 2015, being one of the first among all the customer contact solution providers in China. We are also the first in our market to build an IT infrastructure seamlessly integrating network with cloud, and the only player to realize active-active dual cloud deployment, which enables us to achieve exceptional availability, reliability and quality of connections. The outstanding performance of our platform and the highly flexible solutions we offer to clients confer distinctive competitive advantages in winning business from large companies, making us the preferred choice of clients who are market leaders in their industries. In 2021, we served 13, 11 and 8 of the Top 20 Players in each of China’s technology, education and insurance sectors as measured by revenue, respectively, among which 28 had been in business relationship with us for more than three consecutive years.

We operate a highly scalable business model. Our cloud-native architecture allows us to rapidly expand service capacity with decreasing marginal costs, and our SD-WAN connectivity ensures reliability and availability even in times of sudden spike in service usages. In addition, we are able to rapidly scale our business among new clients within the same industry with replicable, industry-specific technology infrastructure and experience.

According to the CIC Report, China’s cloud-based customer contact solution industry has experienced tremendous growth in recent years and is expected to continue to grow at a fast speed in the foreseeable future. The size of this market in terms of revenue increased from RMB4.3 billion in 2017 to RMB10.6 billion in 2021 at a CAGR of 25.2%, and is expected to reach RMB30.7 billion in 2026, representing a CAGR of 23.7% from 2021 to 2026. We believe that with our leading position and scalable business model, we are well positioned to capitalize on the tremendous growth opportunities in China’s cloud-based customer contact solutions industry.

Purpose-Built Platform With Exceptional Performance

We are the first customer contact solution provider in China to build an IT infrastructure based on the SD-WAN technology seamlessly integrating network with cloud, and the only industry player to realize active-active dual cloud deployment, achieving exceptional reliability and availability. During the Track Record Period, we offered 99.99% uptime even in cases of sudden spikes in simultaneous communications, as compared to an industry average of 99.5%, according to the CIC Report. Our platform has been operating free from overall system failures for more than 35 months. Our purpose-built platform enables us to meet the always-on, always-available requirements from demanding clients, who are often large companies, and confers significant competitive advantages.

Notably, the integration of network and cloud enables us to achieve outstanding performance at much lower costs than using traditional connectivity technologies, bringing substantial cost efficiencies. As it involves a fundamental change to platform infrastructure, which could be costly, time consuming and technologically difficult, the integration is one of our most critical decisions that we believe will shape our future. It took us more than two years to completely achieve the network and cloud integration in 2019. We believe this infrastructure will enable us to enjoy competitive advantage for a considerable period of time going forward.

Robust Technology Capabilities

Technology capabilities are at the core of our success. Our business is guided by an unwavering focus on transforming customer interactions through digital, agile and intelligent technologies. Our key technology capabilities include the following:

- *Decoupling design philosophy.* We decoupled our cloud platform, including our software, hardware and network, to achieve an optimal balance between system stability and quick iteration.
- *APIs and SDKs.* With over 500 application programming interfaces (APIs) and software development kits (SDKs) provided by us, our clients can quickly incorporate selected functions from our solutions portfolio into their internal system to address changing business priorities.
- *Highly scalable softswitch.* Our softswitch has the capacity to support 30,000 concurrent calls. Through continuous enhancement and optimization, as of the Latest Practicable Date, our softswitch achieved a mean time between failures (MTBF) of over 5,000 hours.
- *High capacity queuing system.* Our in-house developed queuing system processes customer requests from multiple channels on a unified platform and helps clients optimize contact center workflow, reduce wait time and improve first call resolution. We use an active-active queuing system, where service requests are shared by distributed servers, thereby achieving high capacity.

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- *Industry-specific AI capabilities.* We use ASR and NLP models to train industry-specific AI functions which substantially enhances their accuracy and effectiveness.
- *Grayscale release.* We achieve smooth, quick iterations through grayscale release, which are staged releases that reduce the risk of introducing new versions. During the Track Record Period, we rolled out releases approximately on a weekly basis with minimal disruption to our clients' operations.
- *Real-time operational monitoring.* We maintain a robust operational monitoring system that oversees more than 1,000 items in real time, including software operation status, network operation status, call signaling status and voice quality. The operational monitoring system is able to perform rapid fault location and provide early warnings of network connection issues. We can detect and respond to connection and voice quality issues in real time.

Our extensive technological capabilities supported by our strong research and development team of 211 employees as of December 31, 2021, representing 46.7% of our total workforce. Our research and development team brought rich experience in the fields of telecommunications, software development, AI and big data analytics. They closely collaborate with our client-facing sales team to collect and analyze client feedback and design new and enhanced features that cater to evolving client needs. As of the Latest Practicable Date, we had 49 registered software copyrights and 11 issued patents relating to our solutions.

Highly Flexible Solution Driving Powerful Network Effect

We fully appreciate the fact that our customer contact solution is only one of many solutions our clients use to run their daily operations. Many of them, particularly those large-in-size, have a rigid need to tailor the system to their own business cases and integrate it into their existing systems. To satisfy this need, we develop application programming interface (API) for each function in our system and build software development kits (SDKs), allowing functions selected by clients to be easily integrated into their systems. While developing APIs and SDKs takes time, because of our unique cloud-native architecture that provides a universal platform for engineering work, once developed, new APIs and SDKs are automatically added to our system and readily available for future uses. Unlike providers of on-premise systems who face difficulties to integrate different project legacies, this way we have effectively built a comprehensive API and SDK pool that covers various business scenarios, enabling our solutions to be easily and quickly adapted and integrated according to clients' needs. It also helps increase our efficiency and allows us to serve more clients at the same time.

Our strong ability to provide highly flexible solutions in a timely and cost-efficient manner gives us an edge over winning businesses from large companies. This type of clients generally have more specific requirements to address more complex scenarios than smaller ones. Through serving large companies, we have enriched our understanding of application scenarios, and have been continuously expanding our API and SDK pool over the years, which we believe further differentiates us from other players on this market. As of the Latest Practical Date, we had accumulated over 500 APIs and SDKs.

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We have seen a powerful network effect. The more large companies we serve, the deeper we understand clients' needs, and the more APIs we create and accumulate through project implementation, which enable us to win more business and serve more clients. Our revenue attributable to key accounts grew by 9.7% from RMB247.6 million in 2019 to RMB271.7 million in 2020, and further grew by 10.3% to RMB299.6 million in 2021. Through such a virtuous cycle, we are able to continuously expand and diversify our client base, deepen our understanding of use cases, optimize our solutions and reinforce our market leadership position.

A Broad and High-Quality Client Base With Long-Term Relationships

With our relentless pursuit of excellence, we have built a broad, high-quality and loyal client base across diverse industries, including technology, education, insurance, automobile, travel, housing and healthcare, to name a few. In 2021, we served over 3,100 clients, among whom 57 were key accounts whose annual purchase amount exceeds RMB1.0 million. In the same year, our key accounts contributed 74.5% of our total revenue. We strive to cultivate long-term relationships with our clients and evaluate our performance using client retention rate and dollar-based net retention rate on a regular basis. In 2019, 2020 and 2021, our SaaS client retention rate was 73.7%, 77.9% and 78.4%, respectively. During the same periods, our dollar-based net retention rate for all SaaS clients was 112.9%, 105.0% and 103.5%, respectively, and for SaaS clients which were our key accounts was 112.6%, 114.6% and 108.3%, respectively.

We are the preferred choice of clients who are market leaders in their industries. We distinguish ourselves by providing a combination of customized solutions and functions that address client demands across different business functions and scenarios. We believe our popularity among top market players demonstrates our ability to address complex business and operational requirements and helps us to increase penetration in relevant sectors. Today, we have achieved a prominent market position in technology, education and insurance sectors, which were the top three contributors to our total revenue during the Track Record Period. In 2021, we served 13, 11 and 8 of the Top 20 Players in each of China's technology, education and insurance sectors as measured by revenue, respectively, among which 28 had been in business relationship with us for more than three consecutive years. Our total revenue generated from the clients who are the Top 20 Players in these three sectors increased from RMB122.6 million in 2019 to RMB194.8 million in 2021, at a CAGR of 26.0%. Our total revenue generated from all clients in these three sectors increased from RMB234.0 million in 2019 to RMB308.4 million in 2021, at a CAGR of 14.8%. In addition to large enterprises, we also serve a broad base of small- and medium-sized clients, leveraging our ready-to-use portfolio of solutions. Our experience working with small- and medium-sized clients supplements our accumulated industry insights.

Proven, Replicable Go-to-Market Strategy

We have focused on serving clients who are leaders in our targeted industries, providing them with versatile solutions and satisfactory services. These market-leading players usually have a large number of agents, a high volume of customer interactions and sufficient budgets, while also demand heightened security and dedicated client services. Since securing large clients is difficult without a proven track record in a vertical sector, traditionally, SaaS providers attempt to break into a market by serving small clients first and then gradually expanding their coverage to large enterprises as they accumulate experience. We have adopted the opposite go-to-market strategy in our history of operations with strong confidence in our value proposition to clients. As we enter into a new sector, our dedicated sales team will introduce our solutions to selected top-tier enterprises through continuous high-touch interactions with key decision makers. We implement a “land and expand” strategy, landing a small deal with a key client first and then expanding our footprint to additional departments and providing more services for the same client. By working with industry-leading clients, we prove that our solutions are capable of satisfying complex client demands and quickly accumulate valuable insights into industry best practice. With endorsement from top players, we believe we can effectively increase our penetration rate in the sector.

This strategy is proven to be effective. For example, in 2017, we signed our first contract with leading player in China’s insurance sector. We gradually deepened our relationship with this client as they digitalize additional business functions and undertake new business initiatives. Leveraging this relationship, we continue to attract top players in the same sector. By 2021, we served eight of the Top 20 Players in China’s insurance sector as measured by revenue. Working with industry-leading clients propelled us to enhance the capacity and functionality of our solutions and introduced us to enormous opportunities. We have successfully implemented the same strategy in technology and education sectors. In addition, we have established business relationships with a few top players in banking and automobile industry, both of which present significant business opportunities, and are confident to replicate our success in these sectors.

Committed, Experienced and Insightful Management Team and Collaborative Company Culture Inspiring Teamwork

Our insightful CEO, Mr. Wu, saw a massive opportunity in revolutionizing the customer contact industry with stable, secure and scalable solutions and founded our company in 2006. In the past 16 years, he has been committed to developing customer contact solutions to replace and transcend legacy on-premise systems and spearheaded the development of our highly adaptable Agile Agent Solutions. Under his leadership, we assembled a senior management team who have on average over 14 years of experience in innovating customer contact solutions. Our senior management team brought a wealth of industry know-how and professional experiences in technology, sales, marketing, finance, operations and compliance,

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contributing to our long-term success. The commitment, deep industry experience and strong execution capabilities of our founder and senior management team have enabled us to build a proven track record of steady growth and sustainable profitability, and will lead us to achieve significant future growth.

As we are committed to deliver our stable and secure solutions 24 hours a day, 365 days a year, a collaborative company culture that inspires teamwork is critical to our business success. We value the contribution of each employee in different roles and strive to provide a fair and balanced compensation scheme that provides proper incentives. To motivate and retain our key employees, we have introduced a Share Incentive Plan to align the interests of our employees with those of our Company. For details, see “History, Reorganization and Corporate Structure – Reorganization – V. Share Incentive Plan.” We want our employees to treat each other with care and respect and to feel cared and respected. We believe that our company culture motivates each of our employees to bring their best selves to work.

OUR GROWTH STRATEGIES

We intend to leverage our existing strengths and carry out the following strategies to capture growing market opportunities and further solidify our market position.

Maintain Our Leadership in Technology

We closely monitor technology trends in the industry and continuously make strategic investments to improve our technology capabilities. Our key technology initiatives include, among others:

- *Elevate system scalability.* As our Agile Agent Solutions continue to gain popularity, we expect that our system will be required to support a higher amount of concurrent user activities. We plan to refine our software architecture and further enhance the scalability of our solutions, aiming to support over one million concurrent logins. We will also upgrade our network architecture by investing in relevant technologies and upgrading our hardware equipment.
- *Improve system compatibility.* We plan to increase the compatibility of our system with multiple programming languages to streamline its integration with clients’ internal systems. We also intend to increase our compatibility with the WeChat ecosystem, especially WeChat mini-apps, and other popular social media apps to enhance user experience on different applications.
- *Enhance AI technologies.* Automatic speech recognition (ASR) and natural language processing (NLP) technologies are the foundations of our ContactBot Solutions and AI-powered functions. We will continue to invest resources on ASR optimization and NLP application and enhance the accuracy and relevance of our AI solutions.

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- *Strengthen video capabilities.* We will continue to invest in and enhance the video capabilities of our platform by, among others, integrating with 5G network. We intend to roll out panoramic video capabilities which may be applied to a variety of customer contact scenarios, including remote repair, diagnostics and maintenance, remote verification and real-time collaboration.

To execute our technology strategy, we intend to continue to invest in and expand our research and development team and foster a corporate culture of innovation that attracts and retains top talents.

Continue to Optimize and Expand Our Portfolio of Solutions

We will continue enhancing the capability and performance of our solutions to satisfy evolving client needs. In the near future, we intend to focus our resources on the following initiatives:

- We intend to improve our integration with WeCom so that our clients can generate actionable insights from data on WeCom, using our intelligent reporting and analytical tools. WeCom, the enterprise version of WeChat, provides open protocol for developers to develop applications using open APIs and achieve data integration and connection with other application platforms. Through integration with WeCom, our clients can engage in customer contact via WeCom and integrate data on WeCom and our platform for improved monitoring and analytical functions. We will concentrate on delivering consistent and seamless services across WeCom and our platform by synchronizing data on the two platforms in real time. We believe these enhancements will be adaptable to a wider variety of business scenarios and help us capture opportunities arising from the increasing prevalence of mobile marketing and other business trends.
- Clients for our VPC model may choose to deploy our solutions in a variety of cloud environments. We intend to increase the adaptability of our solutions to different cloud environments. Through containerization, our key functional modules will be easily assembled and deployed in different clouds and only small-scale customizations are required for different cloud platforms. We will focus on optimizing solutions delivered through our VPC model, which on average has a higher profit margin, echoing increasing client demand for more secured solutions.
- We are managing an increasingly complex system as the number of our functional modules grows. To maintain the competitiveness of our solutions, we aim to keep our current iteration speed by improving development efficiency and hiring additional specialists.

Strategically Expand Our Client Base and Deepen Client Relationship

We believe our current client base only represents a small fraction of our total addressable market in China. Chinese enterprises are still in their early stage of digital transformation and it is expected that demand for replacing legacy contact center systems with cloud-based solutions will significantly increase in the coming decade, according to the CIC Report. We intend to strengthen our reputation as the provider of choice for industry-leading clients by expanding our direct sales force to provide tailored and high-quality services and bring in more key accounts. While maintaining our leadership in technology, education and insurance sectors, we plan to tap into underserved sectors with sizable market opportunities, such as banking, automobile and consumer goods sectors. These sectors are concentrated with large companies with high customer interaction demand. In addition, leveraging our accumulated industry expertise, we intend to further penetrate into small- and medium sized clients from the existing industries we serve.

We plan to increase the lifetime value of our existing clients. We believe there is considerable up-selling potential as clients typically implement our solutions in additional departments and for different functions as they realize the benefits of our solutions. With our versatile solutions, satisfactory services and extensive industry know-how, we are confident to serve our existing clients as they expand their business scope into new areas.

Efficiently Strengthen Our Sales and Marketing Capabilities

Our solutions are adaptable to the needs of enterprises of all sizes in different industries and we have an enormous growth potential in the market where we operate. To capture growing market opportunities, we will strengthen our sales capabilities by expanding our direct sales team, providing more training opportunities and upgrading our CRM system. We currently maintain five regional sales offices in Beijing, Shanghai, Nanjing, Shenzhen and Guangzhou. We plan to establish new regional sales offices in Chengdu, Wuhan, Hangzhou and Xi'an, where many leading domestic and international companies have established offices. We also plan to build up our sales capabilities in preparation for our overseas expansion plan. With a more competitive sales team, we intend to maintain our leadership in technology, education and insurance sectors and tap into underserved sectors with sizable market opportunities, such as banking, automobile and consumer goods sectors.

We will continue to intensify our marketing efforts. To generate more sales leads with higher quality, we intend to increase our online marketing spending on different content distribution and promotion channels, including search engines, video sharing platforms, social media apps, and influencers. We will also put more efforts in creating and distributing promotional contents in different formats.

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We plan to hold industry conferences and participate in exhibitions and trade shows related to customer contact solutions. We intend to enhance our brand name among clients in our target industries by hosting and sponsoring industry-specific summits and seminars. In addition, we will participate in exhibitions and trade shows related to our target industries to increase brand exposure and create sales leads.

Explore Opportunities in Overseas Markets

Leveraging our versatile solutions, advanced technologies and operational expertise accumulated in the Chinese market, we intend to explore business opportunities overseas to unlock new growth points. An increasing number of China-based enterprises are setting foot into overseas markets and need to establish relationships with local customers and create positive customer interactions. As the preferred choice of clients who are market leaders in their industries, we plan to leverage our existing client relationships and become a partner in the go-global strategy of Chinese enterprises. Many large enterprises who are our existing clients have integrated our solutions into their internal systems through the APIs and SDKs we provide and tailored our functional modules to their specific needs. Therefore, instead of procuring the solutions of another service provider and repeating the integration efforts, we expect that clients will prefer to continue to use solutions that have already been integrated and customized for their specific business processes and needs. Popular destinations of Chinese enterprises' overseas expansion include Europe and Southeast Asia. European markets will be the primary focus of our overseas expansion plan. We will also consider business opportunities in Southeast Asia. We plan to improve the functionality of our international software version to support clients across different geographical locations and time zones. We aim to connect to global telecommunications networks and provide the best network path selection for overseas users. We believe that our capabilities to provide services in Europe and other overseas markets will in turn boost our attractiveness to overseas enterprises doing business in China.

Selectively Pursue Strategic Acquisitions and Investments

We will consider to selectively pursue strategic acquisitions and investments that are complementary to our growth strategies, particularly those that can help us enrich our offerings, enhance our technologies, and expand our client base. We believe our extensive industry experience and insights will enable us to identify suitable targets and effectively evaluate and execute potential opportunities. For our invested businesses, we will utilize our resources to help them grow and succeed, with a goal to form sustainable and mutually beneficial relationships with such companies.

OUR BUSINESS MODEL

We provide highly adaptable, reliable, scalable and secure customer contact solutions in the cloud. Public cloud and private cloud are the two most common types of cloud computing deployment. A public cloud is a pool of computing resources offered shared among multiple users, with each user's data and applications isolated from each other. It allows for scalability and resource sharing that would not otherwise be possible for a single organization to achieve.

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A private cloud consists of cloud computing resources used exclusively by one user. It delivers a high level of privacy, but requires substantial hardware investments and staffing, management, and maintenance expenses. A virtual private cloud (VPC), as a special category of public cloud, is an isolated cloud hosted within a public cloud environment and accessed exclusively by one user. VPCs combine the scalability and convenience of public cloud computing with the data security of private cloud computing.

Using cloud computing technologies, we deliver solutions with large capacity and high availability in Software as a Service (SaaS) model and Virtual Private Cloud (VPC) model. Our three types of solutions may be deployed via either the SaaS model or the VPC model.

The following table sets forth certain of our key operating metrics for the periods indicated:

	For the year ended December 31,		
	2019	2020	2021
Total number of clients⁽¹⁾	2,227	2,253	3,137
Total number of key accounts⁽²⁾	62	61	57
Total number of clients for SaaS model	2,186	2,207	2,673
Total number of clients for VPC model⁽³⁾	1	8	24
SaaS client retention rate	73.7%	77.9%	78.4%
Dollar-based net retention rate for all SaaS clients⁽⁴⁾	112.9%	105.0%	103.5%
– Number of SaaS clients identified in calculating dollar-based net retention rate	1,754	1,703	1,730
Dollar-based net retention rate for SaaS clients which were our key accounts⁽⁴⁾	112.6%	114.6%	108.3%
– Number of key accounts identified in calculating dollar-based net retention rate	33	49	40

(1) Our total number of clients includes clients for the SaaS model, clients for the VPC model and clients for our other services and product sales.

(2) Our key accounts are clients with an annual purchase amount exceeding RMB1 million.

(3) We commenced providing our solutions through the VPC model in 2019 and secured our first VPC contract in May 2019. We have experienced a fast growth in the number of our VPC clients since launch.

(4) Dollar-based net retention rate, for a given period, is calculated by (i) first identifying the clients who subscribed to our solutions in both the benchmark period and the period before and (ii) then using the total revenue attributable to the identified clients in the benchmark period as the numerator and the total revenue attributable to the same group of clients in the preceding period as the denominator.

CIC confirms that such calculation method is in line with industry norm. According to the CIC Report, dollar-based net retention rate is a metric frequently used by SaaS companies to evaluate revenue growth or churn from existing pool of clients. The rate represents the average spending pattern of clients over two financial periods and may not reflect the case that certain clients may have significantly reduced their revenue contribution in the second period when averaged out with other clients with extreme revenue contributions.

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Our dollar-based net retention rate for all SaaS clients decreased in 2020 as compared to 2019 primarily because the COVID-19 pandemic adversely affected small and medium-sized clients; the rate further decreased in 2021 primarily due to the deteriorating performance of clients from the education industry in the second half of the year. The dollar-based net retention rate for SaaS clients which were our key accounts remained relatively stable in 2019 and 2020, reflecting strong growth of revenue from key accounts in technology, insurance and education sectors; the rate decreased in 2021 primarily due to the deteriorating performance of clients from the education industry in the second half of the year.

The following table sets forth our revenue by businesses for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	RMB	% of total	RMB	% of total	RMB	% of total
	(RMB in thousands, except percentages)					
SaaS solutions	325,328	97.2	341,197	96.4	370,738	92.2
VPC solutions	708	0.2	5,927	1.7	21,298	5.3
Other services and product sales⁽¹⁾	8,777	2.6	6,620	1.9	9,861	2.5
Total	334,813	100.0	353,744	100.0	401,897	100.0

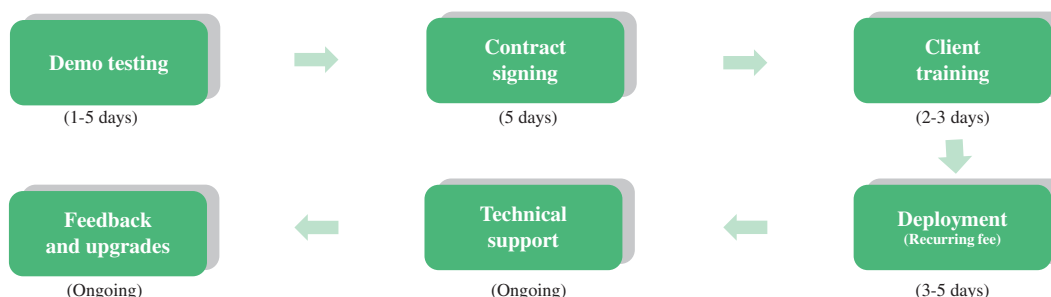
(1) Revenue from other services and product sales included revenue from provision of services and sale of goods ancillary to our customer contact solutions to satisfy certain ad hoc request from our existing clients.

SaaS Model

Using our cloud-native customer contact services delivered through the SaaS model, our clients can establish their own customer contact functions without any up-front investment in software or hardware. Services delivered through the SaaS model are deployed in public clouds, which allows our clients to flexibly adjust the number of agent seats according to their changing business needs.

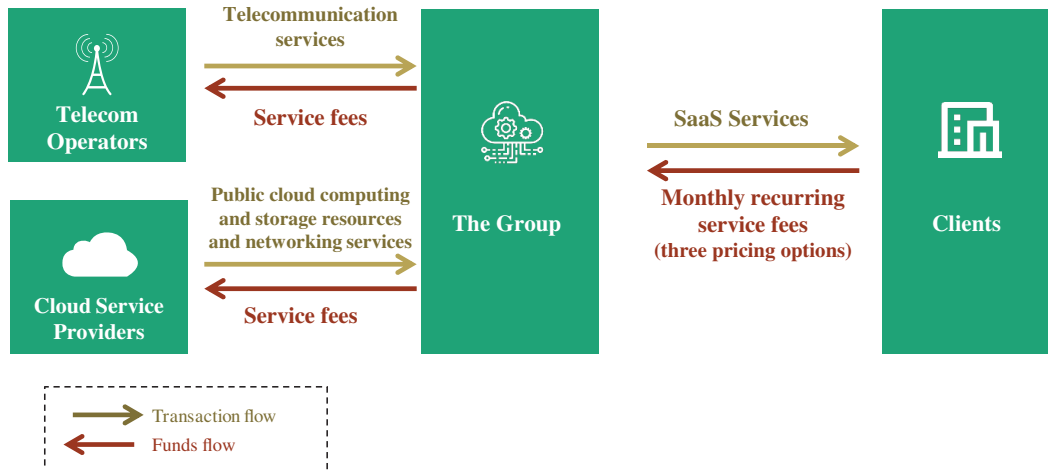
We served 2,186, 2,207 and 2,673 clients through our SaaS model in 2019, 2020 and 2021, respectively.

The following flow chart illustrates the standard business process for our SaaS model and a typical amount of time spent in completing each step:



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The following diagram illustrates the transactions flow and funds flow within our SaaS model:



We provide our SaaS model through recurring subscription. We offer three pricing options negotiated on a case-by-case basis:

- In the first option, our fees consist of two components: 1) monthly subscription fees based on the number of agent seats used; and 2) on-demand service fees based on the voice minutes used. Our per-agent monthly subscription fees are determined primarily by the types of functions subscribed for. Our per-minute service fees are determined through arm's length negotiation with clients.
- In the second option, our fees consist of two components: 1) monthly package fees based on the number of agent seats used, which include a certain amount of voice minutes; and 2) services fees based on additional voice minutes used exceeding the amount offered in the basic package.
- In the third option, we charge on-demand service fees based on the voice minutes used only, which are determined taking into account the types of functions subscribed for.

The number of agent seats used are determined as the total number of licensed accounts. If each licensed account is used in at least 15 days in a given month, full monthly subscription or package fees are charged. If each licensed account is used in less than 15 days in a given month, typically only half of the monthly subscription or package fees are charged. Voice minutes are determined as the total amount of time in minutes of the phone calls made by human agents or ContactBot when using our solutions. Our SaaS customers may choose any of the three pricing options. We only charge monthly subscription or package fee for each licensed account when that licensed account is used during the relevant month. In addition to service fees in connection with agent seats and voice minutes, we also charge fees for the use of telephone numbers and certain advanced AI functions, which collectively account for a

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small amount of our service fees. We provide frequent enhancements and upgrades for our SaaS model, for which we do not charge extra fees. In general, our service fees are set above our operating costs. If our operating costs increase, we usually increase the service fees we charge to clients to cover the increased costs.

The following table sets forth a breakdown of our revenues from the SaaS model by pricing options for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
First pricing option	159,852	49.1	175,912	51.6	215,414	58.1
Second pricing option	64,696	19.9	67,092	19.6	36,861	9.9
Third pricing option	100,780	31.0	98,193	28.8	118,463	32.0
Total	325,328	100.0	341,197	100.0	370,738	100.0

The following table sets forth certain operating metrics for our SaaS model for the periods indicated.

	For the Year Ended December 31,		
	2019	2020	2021
Total agent seats ⁽¹⁾	811,170	1,045,879	1,492,199
Total voice minutes ⁽²⁾ (<i>minutes in millions</i>)	2,481.7	2,554.4	3,111.0
Revenue per agent seat per month ⁽³⁾ (<i>RMB</i>)	401.1	326.2	248.5
Revenue per voice minute per month ⁽⁴⁾ (<i>RMB</i>)	0.131	0.134	0.119

- (1) Represent the sum of the total agent seats used by all of our clients in each month over the relevant period, which included the number of agent seats used by clients who were charged under the third pricing option, even though agent seats were not considered a charging basis.
- (2) The voice minutes relating to clients who are charged under the second pricing option represent the actual voice minutes used. Under the second option, the monthly package fees we charge include a certain amount of voice minutes. The actual voice minutes used by clients during a specific month may be lower than the capped amount included in the package.
- (3) Calculated by dividing the revenue from SaaS model recorded during the relevant year by the total number of agent seats used by clients during the same period.
- (4) Calculated by dividing the revenue from SaaS model recorded during the relevant year by the total number of voice minutes spent by clients during the same period.

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During the Track Record Period, the total agent seats and total voice minutes used by our clients increased along with our overall business growth. Our revenue per agent seat decreased because we adjusted our pricing strategy and gradually lowered our per agent service fee to encourage the subscription of more end users with relatively low usage frequency. Our revenue per voice minute remained relatively stable in 2019 and 2020. Our revenue per voice minute decreased in 2021 primarily due to the increase in revenue contribution from our Agile Agent Solutions which typically have a lower per-minute price.

According to the CIC Report, service fees are a key factor in clients' decision to select cloud-based customer contact solutions provider. Most clients obtain fee quote from multiple service providers. Given that we and our industry peers all obtained a sizable market share, and clients who are comparable companies in the same industry with a similar size often choose different solutions providers, CIC is of the view that our service fees for the SaaS model are similar to those of our major competitors.

Other key terms of our service agreements for our SaaS model primarily include:

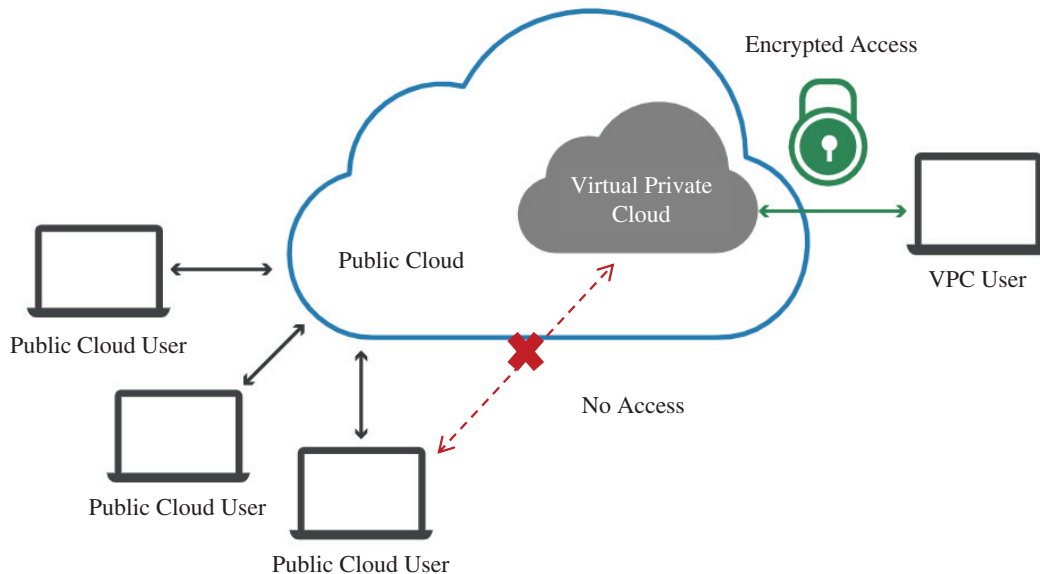
- **Duration and renewal of the agreement:** We typically enter into one-year agreements with our clients. Our agreements usually include an automatic renewal clause.
- **Payment terms:** We require a majority of our clients, which are primarily small and medium-sized enterprises, to top up their business accounts with our platform. These clients may only use our services when their business accounts have outstanding balance and we settle payments with them on a monthly basis. For our large clients, we issue monthly bills to them and typically provide a credit term between 15 and 90 days. We accept bank transfer as payment method.
- **Termination terms:** Our clients are typically entitled to terminate our services with 30 days of advance notice. We are entitled to terminate the agreements if, among other conditions, our clients use our solutions for purposes in violation of laws and regulations or if service fees are due for more than two months.
- **Liability:** We are not liable for service interruptions caused by network suspension, faults or errors on the part of third-party service providers.

VPC Model

We also deliver our solutions in virtual private clouds (VPC), which, as a special category of public cloud, are isolated private clouds hosted within a public cloud environment and accessed exclusively by one user. VPCs combine the scalability and convenience of public cloud computing with the data isolation of private cloud computing. We commenced providing our solutions through the VPC model in 2019 and secured our first VPC contract in May 2019. Our VPC model is the preferred choice of enterprises with stringent security requirements, primarily large SOEs and multinational companies.

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The following diagram illustrates the characteristics of VPCs.

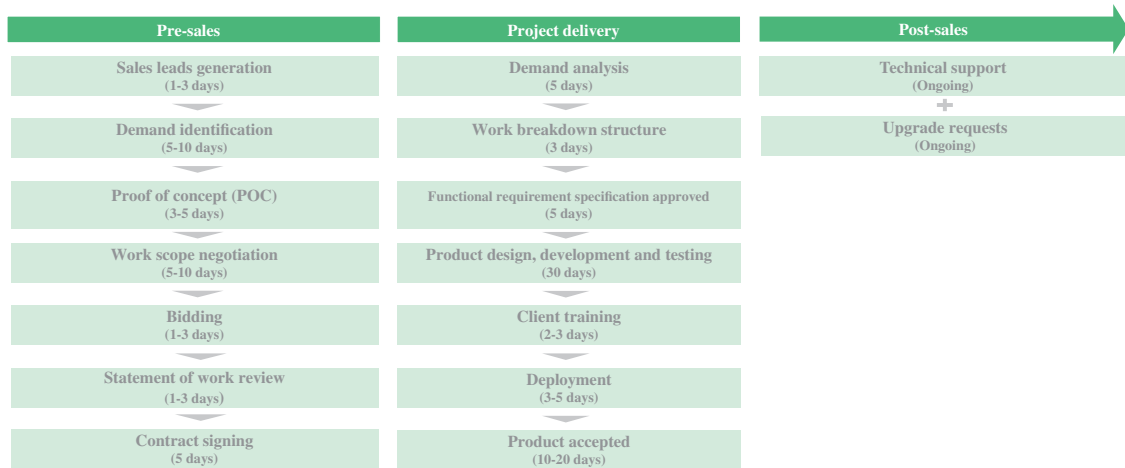


We help our clients deploy highly customizable solutions on the cloud computing platform of their choice, leveraging our extensive industry know-how and deep understanding of industry trends. Our SaaS and VPC model use the same software as base. In the deployment process, we provide customization services to tailor-make customer contact functionalities in virtual private clouds for our VPC clients. Upon deployment, we grant our clients licenses to use the software system. Deploying cloud-based customer contact solutions with a wealth of advanced functions requires a lengthy design, configuring, testing and bug fixing process. We assign specialized implementation personnel to carry out the deployment process. We may subcontract the development of some functions, particularly AI-related functions, to third-party developers to leverage their technology expertise.

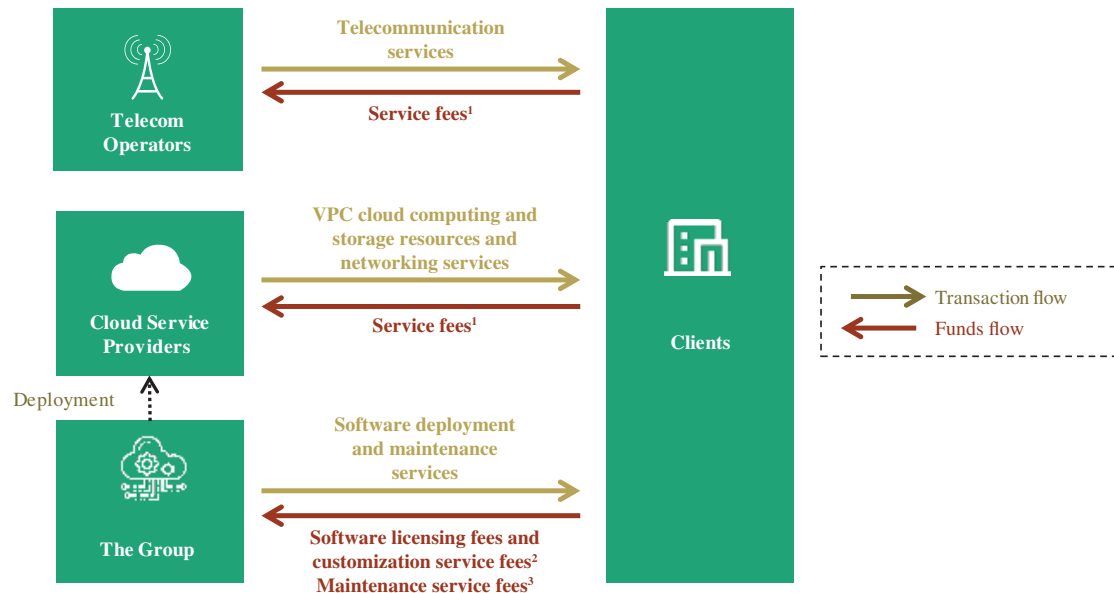
During the Track Record Period, we provided our Intelligent Contact Center Solutions and Agile Agent Solutions via the VPC model. We recorded a revenue of RMB708 thousand from our VPC solutions in 2019, all of which were derived from our Intelligent Contact Center Solutions. We recorded a revenue of RMB5.9 million from our VPC solutions in 2020, among which RMB3.8 million were derived from our Intelligent Contact Center Solutions and RMB2.1 million were derived from our Agile Agent Solutions. We recorded a revenue of RMB21.3 million from our VPC solutions in 2021, among which RMB13.0 million were derived from our Intelligent Contact Center Solutions and RMB8.3 million were derived from our Agile Agent Solutions.

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The following flow chart illustrates the standard business process for our VPC model and a typical amount of time spent in completing each step:



During the Track Record Period, our VPC contracts concluded when we deployed the software on the virtual private cloud of the client’s choice and the software was accepted by the client. To support the system’s ongoing operations, clients usually purchase cloud and telecommunications services directly from cloud service providers and telecommunications companies, respectively, to obtain more favorable service fees. We provide clients with the option to purchase such resources through us. The following diagram illustrates the transactions flows and funds flows within our VPC model:



- Notes:*
1. Clients may also opt to purchase cloud and telecommunications resources from us.
 2. Software licensing fees and customization service fees are of a one-off nature, according to project-based milestone billing.
 3. Maintenance service fees incur only when clients subscribe for ongoing maintenance services after the 12-month warranty period expires.

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We charge for our VPC model on a project basis, which primarily include:

- a fixed license fee during their first purchase, determined based primarily on the number of agent seats reserved, the complexity of functions deployed, and the technical difficulties in integration with the client’s internal systems;
- additional license fee for each upgrade, if clients request major upgrades;
- maintenance fees if clients subscribe for our ongoing technical support services.

According to the CIC Report, the VPC model in customer contact solutions industry is at the early stage of development. VPC model is project-based and the fee for each contract varies significantly depending on the requirements specification and level of customization needed. Therefore, there is currently no industry norm for the pricing of VPC model.

The following table sets forth the average and range of our fees charged for the VPC model for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	Average	Range	Average	Range	Average	Range
	(RMB in thousands)					
Fixed licence fee for the first purchase ⁽¹⁾	708	708	457	170-867	676	28-2,294
Additional licence fee for each upgrade.	–	–	227	116-566	310	46-736
Maintenance fee ⁽²⁾	–	–	–	–	47	47

- (1) We served one VPC client in 2019, from whom we only charge fixed licence fee for the first purchase.
- (2) We typically provide a 12-month warranty period for our VPC clients. We only secured our first VPC contract in May 2019 and all but one of our VPC clients were acquired after the first quarter of 2020. A vast majority of VPC clients were still within the warranty period during the Track Record Period. Therefore, we had not generated substantial revenue from maintenance services for our VPC clients during the Track Record Period. In most cases the contract for the first purchase or the subsequent upgrade will stipulate the amount of annual maintenance fees to be charged if clients choose to subscribe for such services after the warranty period expires. In these cases, the annual maintenance fees are typically determined as a percentage of the total contract amount, a percentage of the license fee or a fixed amount. In other cases, the maintenance fees will be stipulated in a separate contract.
- (3) The fees we charge for the VPC model vary significantly depending on the number of functional modules, the number of concurrent logins, the amount of maintenance and technical support, and the degree of customization requested by the clients. In 2021, we recognized revenue for a VPC contract with a high contract value, as the client requested a system with complex functional modules and operational support needs.

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Other key terms of our service agreements for our VPC model include:

- **Duration of the agreement:** The agreements usually terminate 12 months after delivery of solutions.
- **Payment terms:** Clients generally make milestone payments at agreed-upon deadlines via bank transfer, which may include the time the service agreement is signed, when our solutions are deployed and accepted by our clients, and a predetermined period after our solutions are deployed. We typically provide our VPC clients a credit term of no more than 30 days from each agreed-upon deadline.
- **Warranty:** We typically provide a 12-month warranty period, during which we provide technical and training support free of charge.
- **Termination terms:** Typically either party is entitled to terminate the agreements in cases of material defaults and with 30 days of advance notice.

During the Track Record Period, we secured a significant number of our VPC contracts by participating in public tenders. Since we commenced providing our solutions through the VPC model in 2019 and up to the Latest Practicable Date, our tender success rate was 32.0%.

As of the Latest Practicable Date, the unearned revenue from client contracts of our VPC model was RMB13.7 million.

The following table sets forth the reconciliation between our amount of ongoing contracts with customers as of December 31, 2021 and the unearned revenue from client contracts of our VPC model as of the Latest Practicable Date:

	RMB'000
Amount of ongoing contracts with customers as of December 31, 2021	<u>24,163</u>
Amount of contracts with customers in respect of SaaS solutions, other services and product sales expected to be recognized as revenue within one year as of December 31, 2021	(22,434)
Amount of contracts with customers in respect of VPC solutions already recognized as revenue as of December 31, 2021	<u>4,838</u>
Amount of contracts with customers in respect of VPC solutions expected to be recognized as revenue within one year attributable to the remaining unsatisfied or partially satisfied performance obligations as of December 31, 2021	<u>6,567</u>

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	RMB'000
Amount of contracts secured after December 31, 2021 and before the Latest Practicable Date	26,664
Revenue recognized after December 31, 2021 and before the Latest Practicable Date	(19,534)
Unearned revenue from client contracts of our VPC model as of the Latest Practicable Date	13,697

The following table summarizes the key differences between our SaaS and VPC model.

	SaaS Model	VPC Model
Clients	Clients of all sizes and types	Clients with stringent security requirements, primarily large Chinese SOEs and multinational companies
Platform provided	A standardized platform shared by all SaaS clients	A tailor-made platform solely accessible by the VPC client
Payment model	Monthly recurring payment	Project-based milestone billing, which is of a one-off nature
Cloud service provider(s)	We purchase cloud services from two leading providers	Clients purchase cloud resources through us or from the provider of their choice directly
Cloud deployment	Public cloud	Virtual private cloud hosted within a public cloud
Degree of customization	Largely standard solutions with a certain degree of customization	Clients may request solutions that are for selected clients with a large purchase amount specifically tailored and configured to meet their particular demands
Service support requirements	Ongoing upgrades and client support required	We typically provide a 12-month warranty period, during which we provide technical and training support free of charge; clients may subscribe for ongoing maintenance services after the warranty period expires

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Other Services and Product Sales

We also generate revenue from other services and product sales, which consist of provision of services and sale of goods ancillary to our customer contact solutions to satisfy certain ad hoc request from our existing clients. Goods sold primarily included telecommunication equipment, and services provided primarily included certain telecommunication services, such as use of phone numbers.

OUR OFFERINGS

We offer three types of customer contact solutions to empower our clients in a variety of business scenarios, namely Intelligent Contact Center Solutions, Agile Agent Solutions and ContactBot Solutions.

The following table sets forth a breakdown of our revenue by type of solutions in absolute amounts and as a percentage of our total revenue for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Total revenue:						
Intelligent Contact Center						
Solutions	301,610	90.1	317,101	89.6	332,984	82.8
Agile Agent Solutions	16,458	4.9	25,061	7.1	51,322	12.8
ContactBot Solutions	7,968	2.4	4,962	1.4	7,730	1.9
Other services and product sales . . .	8,777	2.6	6,620	1.9	9,861	2.5
Total	334,813	100.0	353,744	100.0	401,897	100.0

During the Track Record Period, revenue derived from our Intelligent Contact Center Solutions grew steadily from RMB301.6 million in 2019 to RMB317.1 million in 2020, and further to RMB333.0 million in 2021.

Our Agile Agent Solutions have been warmly welcome by the market since its launch in 2017, as evidenced by its robust revenue growth during the Track Record Period. Revenue from our Agile Agent Solutions increased at a CAGR of 76.6% from RMB16.5 million in 2019 to RMB51.3 million in 2021.

Our revenue from our ContactBot solutions decreased RMB8.0 million in 2019 to RMB5.0 million in 2020, primarily due to our strategy to control the scale of ContactBot Solutions business while optimizing user experience through research and development efforts. In 2021, we experienced a robust growth of revenue from ContactBot solutions, up by 55.8% from RMB5.0 million in 2020 to RMB7.7 million in 2021, which was driven by the increased demand for our ContactBot solutions from technology companies.

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The following table sets forth a breakdown of our revenues from SaaS model by type of solutions in absolute amounts and as a percentage of our revenues from SaaS model for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Revenue from SaaS Solutions:						
Intelligent Contact Center						
Solutions	300,903	92.5	313,257	91.8	319,958	86.3
Agile Agent Solutions	16,457	5.1	22,978	6.7	43,050	11.6
ContactBot Solutions	7,968	2.4	4,962	1.5	7,730	2.1
Total	325,328	100.0	341,197	100.0	370,738	100.0

Intelligent Contact Center Solutions

Designed to replace legacy on-premise systems, our Intelligent Contact Center Solutions help businesses migrate their contact center functions to the cloud. The solutions allow contact center agents hired by our clients and seated in physical contact centers to efficiently interact with clients across multiple channels using desktops. Benefiting from our cloud-native architecture, our clients can greatly reduce implementation costs, easily scale their usage in response to changing business needs and effortlessly receive software upgrades. We support contact center agents with intelligent tools and functions to drive efficient and effective customer interactions. Our Intelligent Contact Center Solutions are popular among businesses who want to digitalize their sales, marketing, customer service and other business functions.

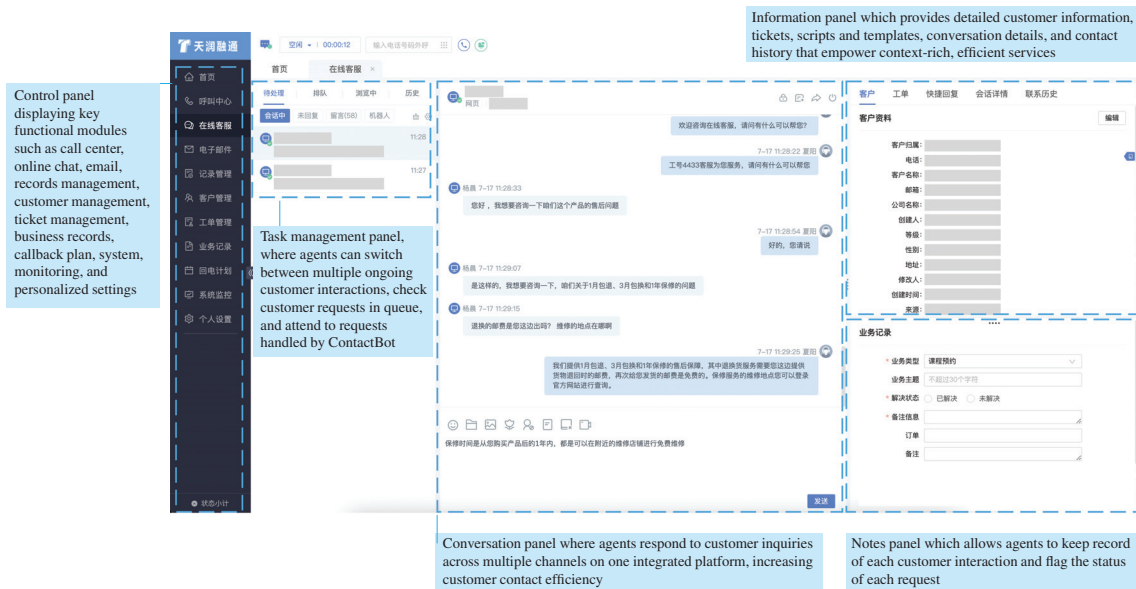
Our Intelligent Contact Center Solutions is highly scalable when compared with traditional on-premise systems. Enterprises using traditional, on-premise systems need to estimate future usage amount and purchase hardware equipment such as servers based on their forecast. When business activities undergo significant changes, their customer service infrastructure cannot be adjusted in a short time. This will either result in low utilization rate of excessive infrastructure or inability to respond to changing business demands due to insufficient infrastructure. Our cloud-native solutions tackles this challenge by allowing clients to pay for what they use and adjust agent seats on short notice. In addition, our Intelligent Contact Center Solutions provide the following additional benefits:

- lower initial investments as there is no need to purchase equipment such as servers and switches;
- out-of-the-box applications whereas traditional solutions usually take up to 30 days to set up, according to the CIC Report;

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- one-stop service provider which eliminates the need under traditional mode to raise maintenance or upgrade requests to multiple service providers for different physical contact centers or different functional modules; and
- remote, non-disruptive version upgrade.

Our Intelligent Contact Center Solutions are primarily accessed by agents and administrators via desktop apps. The following screenshot illustrates the user interface of our Intelligent Contact Center Solutions.



Case Studies

Case Study 1: Sales in the Digital Age

Pain points: Our client, a market-leading insurance group, relies on its nationwide sales force of more than 5,000 agents to engage in customer outreach and to provide customer services. Prior to adopting our Intelligent Contact Center Solutions, the client lacked an integrated customer contact solution as its sales force were located across different physical contact centers around the country and used various on-premise systems. As a result, management personnel at the headquarters had no integrated system to monitor the interactions between its customers and employees stationed at local contact centers or implement regulatory compliance measures such as identifying and preventing behaviors that induce customers to purchase products in violation of laws. The client could not collect accurate customer information in a centralized system to conduct targeted sales and therefore missed many lead conversion opportunities. Further, the client did not have tools to conveniently evaluate the performance of its nationwide sales force and thus was unable to formulate relevant trainings and assessments and other capability improvement programs.

Solution and benefits: Compared to on-premise systems that, by design, are concentrated in a particular physical location, our cloud-based solutions are accessible by agents dispersed in various locations. With our Intelligent Contact Center Solutions, the client can use one system to centrally monitor and manage customer interactions engaged by its sales force scattered in more than 40 physical call centers. Our scalable system supports concurrent logins of more than 5,000 agents without compromising stability and availability. Our platform is seamlessly integrated with the client's CRM system. They can conveniently move data between our platform and their internal systems, which, coupled with our data analytics and reporting tools, makes it easier to manage sales process and evolve training program. They can also centrally access phone conversation recordings and chat records to oversee how internal protocols and compliance requirements are implemented.

Case Study 2: Food Delivery Services Empowered by Cloud Scalability

Pain points: Offering timely, connected customer experiences is critical for online food delivery companies to build customer loyalty and drive sustainable growth. Our client, a leading online food and grocery delivery platform in China, experiences significant daily and seasonal fluctuations in call volume. Prior to using our solutions, they attempted to use a combination of in-house and outsourced agents to cope with sudden spikes in requests. However, there lacked a system that allows them to manage and distribute tasks among in-house and outsourced agents located in different places. Further, the capacity of traditional call centers is limited by on-premise software, hardware, and telecommunications bandwidth, and its maximum capacity cannot exceed the original design capacity. When customer inquiries surge during peak time, traditional customer centers may not have sufficient capacity to process the requests and may even experience system downtime due to excessive load. Customers complained about long wait time and unstable call connections during peak hours.

Solution and benefits: Born in the cloud, our highly elastic and scalable solutions are designed to respond to fast-changing circumstances and the need to significantly increase service capacity at a moment's notice. Using advanced automatic scaling mechanism, our system monitors server load and automatically adjust resources to ensure high connectivity and quality. After adopting our Intelligent Contact Center Solutions, the client can quickly adjust the number of agents using our platform and swiftly respond to changing call volume. Benefiting from our scalable architecture, customer wait time reduced and the quality of call connections during peak hours improved. With our flexible pricing mechanism, the client achieves cost savings by paying for what they use. In addition, our solutions provide a centralized system to manage in-house and outsourced agents, collect data and monitor service quality. Our client can conveniently distribute tasks between in-house and outsourced agents based on real-time needs. We provide our client with integrated solutions to keep their customers and restaurants informed in a timely manner while achieving substantial cost savings.

Agile Agent Solutions

Our Agile Agent Solutions are designed to facilitate customer contact activities outside physical contact centers, which are unserved by pureplay contact center solutions. Our Agile Agent Solutions, designed as a mobile application, empower clients' employees other than contact center agents (such as car salespersons, retail store assistants and after-school program tutors) to contact customers at any time in any location. It enables businesses to track and manage each interaction, which significantly increases visibility of business activities and uses data-based analytics to support decision-making.

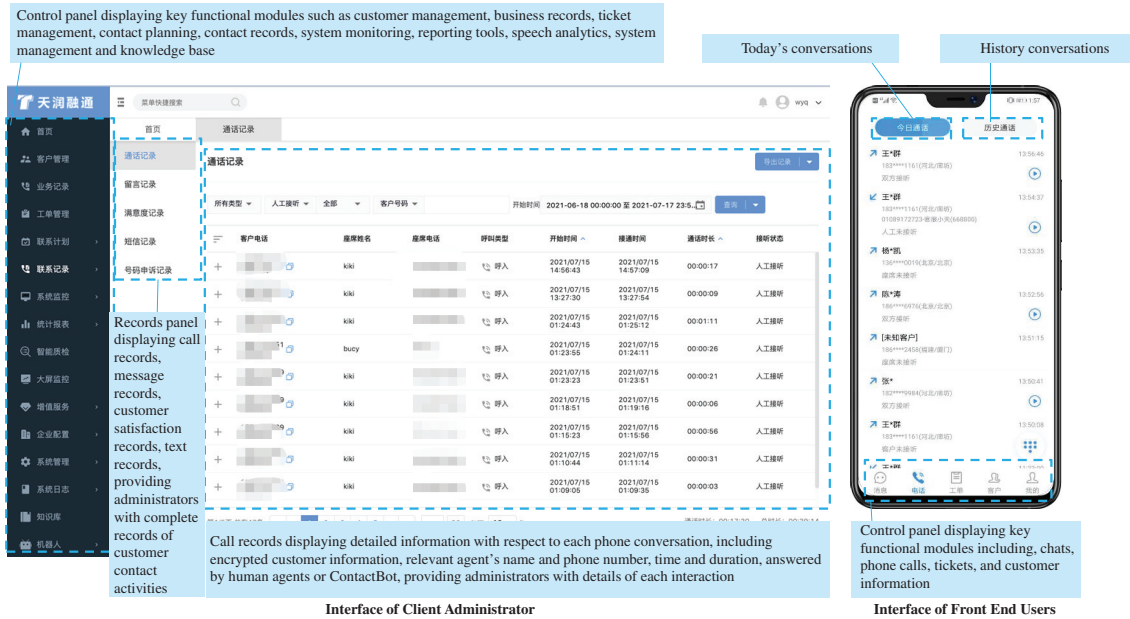
With a broad range of functions and industry-specific configurations, our Agile Agent Solutions are adaptable to a broad range of business scenarios. Our Agile Agent Solutions are particularly popular among businesses who want to effectively and efficiently increase lead generation and conversion. Traditionally, a salesperson follows up with sales leads via their personal devices and all interactions are untracked and undocumented. Our Agile Agent Solutions, readily accessible via our proprietary mobile app, enable salespersons to create and convert sales leads on a unified platform when they are on the go and empower businesses to conveniently track and evaluate sales activities. Our Agile Agent Solutions are also favored by clients who want to monitor and improve customer services delivered by employees other than contact center agents.

Compared to using personal devices in customer contact, our Agile Agent Solutions provide the following key benefits:

- achieve effective monitoring of customer interactions to evaluate and improve service quality;
- offer a unified system to track sales leads;
- improve lead conversion by evaluating customer interactions and improving agent sales skills using intelligent data analytical tools;
- safeguard customer privacy by restricting access to sensitive customer information;
- reduce the risk of customer attribution due to salesperson turnover;
- realize omni-channel data management to equip agents with the tools and information needed to understand customer concerns and provide personalized services.

Our Agile Agent Solutions serve a much larger potential user base and may have a larger scale of concurrent agent logins. For clients such as national drug store chains or car manufacturers, agents using our solutions consist of staff in thousands of retail stores across China.

Our Agile Agent Solutions are most frequently accessed by front-end users via mobile apps while they are on the go. Administrators can access the management, monitoring and data analytics functions via desktop apps. The following screenshots illustrate the interface of our Agile Agent Solutions for administrators and front-end users, respectively.



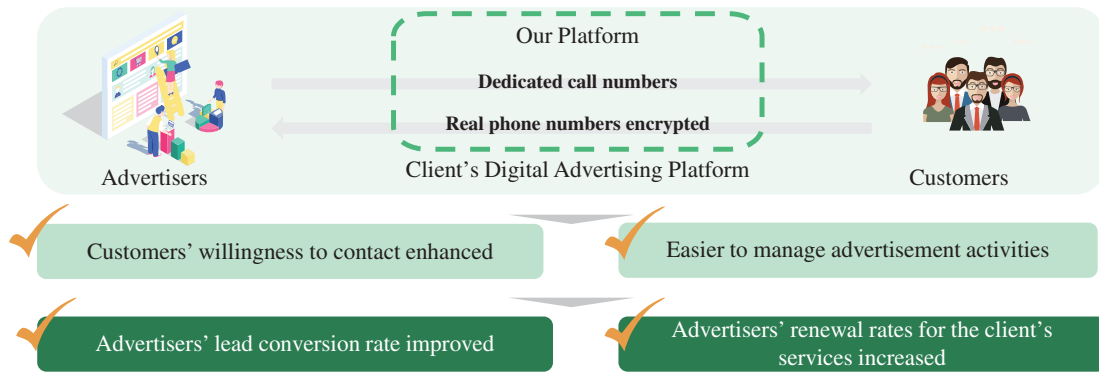
Case Studies

Case Study 1: Contact Solutions Facilitating Customer Connections

Pain points: Our client, a leading digital advertising platform, connects media channels and advertisers and helps advertisers to efficiently reach their end customers. Prior to using our solutions, our client priced its services based on the number of page views. However, many page views would not lead to real sales leads. Advertisers were more willing to pay for authentic customer inquiries, such as phone calls or web chat, and were frustrated with the lack of tools to evaluate the advertising effects.

Solution and benefits: We assist the client to embed our Agile Agent Solutions on their advertising platform and provide dedicated call numbers for advertisers. When using our solutions, the phone numbers of advertisers and end customers are hidden from each other, which affords better privacy protection and significantly improves end customers' willingness to connect. Our system keeps records of each contact, which makes it easy for advertisers to manage customer interactions and evaluate advertisement performance, such as lead conversion rates. After adopting our solutions, the client is able to adopt performance-based pricing model in charging advertisers. Further, the click-to-dial rate of end customers, advertisers' renewal rates for the client's services and advertisers' lead conversion rates increased substantially.

BUSINESS



Case Study 2: Contact Solutions Empowering Mobile Marketing

Pain points: Our client is a national drugstore chain with over 3,000 stores across China, which derives a significant amount of revenue from customers with recurring pharmacy needs. It relies on its sales representatives to engage in frequent customer interactions and encourage repeat purchases, including following up with customers on their experience with the medicine purchased and sending greetings during birthdays and major holidays. In the past, the sales representatives used personal mobile phones or personal WeChat accounts to contact customers. It was difficult for the client to monitor these interactions or to evaluate their effectiveness. The client was also unable to oversee if the sales representatives exaggerated the effectiveness of drugs and products during the sales process. In addition, all customer information were kept by the sales representatives personally, who may take customers away when they leave the company, leading to customer loss.

Solution and benefits: We provide a solution that integrates data on our platform, WeCom and the client's internal CRM system. Sales representatives can either use WeCom instead of their personal WeChat accounts to make customer contact online, or use our Agile Agent Solutions instead of their personal mobile phones to make phone calls. Data from both WeCom and our platform are integrated into the client's internal CRM system in real time. Managers are able to track activities of sales representatives and review operating metrics on a single dashboard. They can access conversation records to evaluate the performance and integrity of individual sales representatives. In addition, customer records are centrally stored and accessible to other authorized employees, which improves customer retention in cases of salesperson turnover.

Comparison between Intelligent Contact Center Solutions and Agile Agent Solutions

The key differences between our Intelligent Contact Center Solutions and Agile Agent Solutions include:

- Our Intelligent Contact Center Solutions are designed for contact center agents who handle a large volume of customer interactions on a daily basis. It is embedded with a wealth of sophisticated functions to improve agent efficiency, including interactive voice response (IVR), automatic call distributor (ACD) and predictive dialer

modules. Substantial cloud resources are required to support the advanced functions, and we charge a higher per agent service fee for our Intelligent Contact Center Solutions. In contrast, our Agile Agent Solutions serve a much wider pool of end users, including any employees who are in regular contact with customers and not limited to contact center agents. It allows businesses to track sporadic customer interactions and exponentially increases the data available for evaluation and analytics. To tailor to the needs and preferences of such end users, the mobile application for our Agile Agent Solutions carries the most essential functions for periodic customer interactions, which consist of communication tools for voice calls, messages and pictures, as well as record keeping and reporting tools. This enables us to reduce operational costs as compared to offering a full suite of functions, since the mobile application takes up less cloud computing, storage and networking resources. As a result, we offer such solutions at a lower per agent price, so our clients can make the solutions available to a larger base of employees.

- Intelligent Contact Center Solutions are designed to support contact center agents, whereas Agile Agent Solutions are used by employees whose primary roles are not contact center agents. Different end users leads to divergent requirements in the design of software compatibility, network compatibility, and cloud-network integration. Unlike users of Intelligent Contact Center Solutions which are usually seated in physical contact centers with consistent operating systems and stable internet connection, users of Agile Agent Solutions may frequently use our solutions on a variety of terminal devices when internet connection is unstable. For Agile Agent Solutions, we make substantial investments to ensure stable connections in poor network environment and to achieve compatibility with a broad array of terminal devices, including mobile phones on different operating systems and of different brands, desktops, and tablets.
- Intelligent Contact Center Solutions are primarily used by contact center agents on desktops and we designed it as a web-based platform. We prioritized optimizing the operating procedures so that contact center agents can efficiently engage in customer contact using mouse, keyboard and headset connected to a desktop. In contrast, Agile Agent Solutions are designed primarily to be used on mobile devices as a mobile application. Its core design philosophy is to enable an agent to use one mobile device in completing customer contact tasks at any time in any location.

ContactBot Solutions

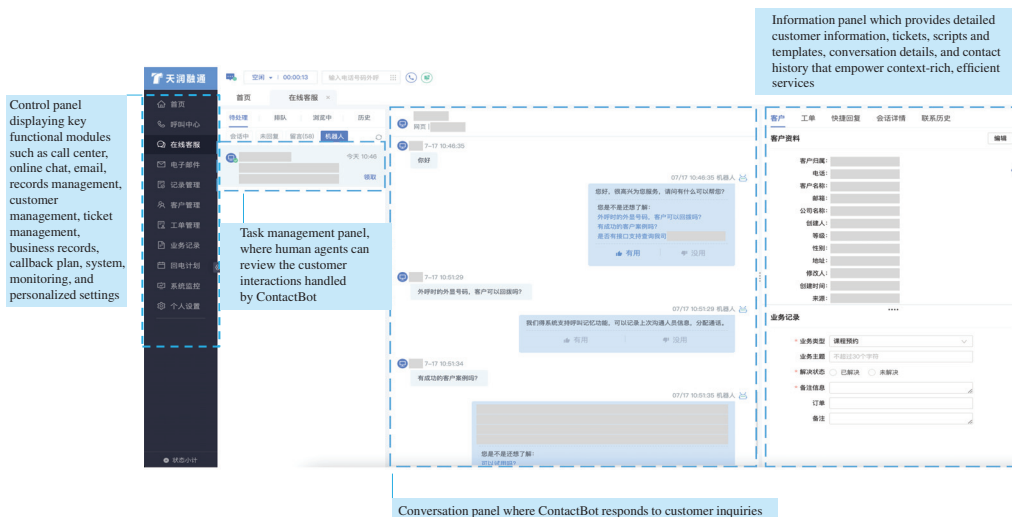
Human labor has traditionally been a necessary and significant area of spending for a business's contact center functions. Our ContactBot Solutions utilize practical AI applications to automate routine and repetitive duties traditionally handled by clients' human agents. With real-time automatic speech recognition (ASR) and natural language processing (NLP) capabilities, our ContactBot is able to engage in multimodal intelligent interactions. Our ContactBot Solutions are favored by businesses who need to handle a significant volume of routine tasks and repeated enquiries.

Clients can use both text-based and voice-based intelligent virtual agents which are trained to fit their business needs. Our text-based ContactBot (TextBot) is developed using advanced machine learning techniques, including deep learning and BERT model. It is trained using a large quantity of industry-specific dialogs, which improves its intent recognition accuracy. Our voice-based ContactBot (VoiceBot) is designed to engage in multi-round dialogues with human-like voice and can guide the conversation and answer customers' questions fluently. Our VoiceBot is powered by cutting-edge technologies, including softswitch, ASR, NLP, dialogue management system, and text-to-speech tools. Our VoiceBot can engage in inbound calls, outbound calls and IVR function, replacing human agents and traditional IVR, improving service efficiency and response time.

Our ContactBot Solutions provide the following key benefits for our clients:

- Our ContactBot is available 24/7, which helps our clients to reduce customer attribution due to unavailability of human agents during non-working hours;
- Our ContactBot Solutions relieve pressure placed on customer service functions during peak hours. Our ContactBot can efficiently handle regular customer inquiries and requests, reduce customer wait time, and improve customer experience.
- Clients enjoy lower staff cost. Human agents are freed from repetitive, administrative tasks and can instead focus on tasks that require more personalized, engaging services.

The following screenshot illustrates the user interface of our ContactBot Solutions.



Case Studies

Case Study 1: Intelligent Outbound Call Solutions for COVID-19 Relief

Pain points: During the early stage of the COVID-19 pandemic in 2020, our client, a technology giant in China, was tasked to help governments authorities combat the COVID-19 pandemic. Before contact-tracing apps became the norm, as an effective way to curb the spread of COVID-19, public health authorities needed to make calls to local communities and new arrivals to check their movements and notify persons who have been exposed to the virus. A significant number of calls were required to be made on a daily basis while the authorities have limited human agent resources. Each human agent can complete at most 180 phone calls per day, and it was difficult to recruit adequate human agents on short notice. However, the authorities might be required to make tens and thousands of phone calls within a short amount of time to timely control the spread of the virus. The task was a mission impossible if solely relying on human agents.

Solution and benefits: In January 2020, we partnered with the client to launch an intelligent outbound call system within three days. Our ContactBot made outbound calls to local communities and new arrivals to gather information on the places they had visited and their symptoms and health conditions. Our ContactBot was also used to notify contacts of positive cases based on contact-tracing records and provide vital health information. All conversations were recorded and stored in the cloud, readily accessible for review by agents and government officers. The solutions were deployed as part of the COVID-19 relief efforts in five provinces and supported over 2.8 million calls.

Case Study 2: Intelligent Contact Center for Crowdfunding Platform

Pain points: Our client is a leading crowdfunding and insurance platform in China through which users create online campaigns to raise money for medical bills and other causes. The client receives a large number of fundraising requests through phone calls, their proprietary mobile app and other social media apps each day and these requests need to be verified and/or clarified with follow-up calls. The task is highly repetitive but time consuming. Prior to using our solutions, all enquiries were dealt by human agents, which heavily burdened its customer service force. Faced with mounting cost pressure, the client struggled to expand its agent force as its business grew. Its agent force was working under high pressure. The repetitive work also lead to high turnover rate, which further increased cost and management burden.

Solution and benefits: The client used our ContactBot Solutions to automate a significant portion of tasks previously handled by its human agents, including making outbound calls to verify users' identities and to clarify details of fundraising requests. We use clustering methods to group knowledge points and improve the relevancy of responses provided by our ContactBot. The client's human agents are freed from simple, repetitive tasks and can direct their attention to tasks that require personalized services. Conversations with users are automatically recorded and transcribed into text to facilitate the work of human agents in next steps. We adopt dual-track recording techniques and achieve high-accuracy speech transcription using a tailor-designed ASR model.

Combined Use of Solutions

Our clients can use a combination of our three offerings to meet their evolving business demands.

Case Study: One-Stop Solutions for Tech Giant

Pain points: ByteDance Ltd. is our largest client in 2019 and 2020 and our second largest client in 2021. It is one of the fastest growing companies in the technology sector. Its business quickly expanded to multiple jurisdictions and industries within the past few years, spanning social media, advertising, education and e-commerce, to name a few. Without a long-term, stable supplier whose solutions are capable to support its ever-changing business portfolio and functions, the client would have to select new suppliers for every new business they have, which could be a lengthy process. This would slow down their innovation and expansion speed. As a result, the client needed a long-term partner with a comprehensive solutions portfolio and the capability of quick iteration to support their business innovation.

Solution and benefits: With our wide-ranging functional modules, we provide communication solutions tailored to various business segments and functions. With over 500 APIs and SDKs, our fully-functional solutions are seamlessly integrated with the client's internal system. As the client's business continues to evolve, our dedicated development team can customize our solutions for innovative products and business scenarios within a relatively short time. As of the Latest Practicable Date, the client deployed our solutions in more than 20 of its platforms and products. Selected examples include:

- *E-Commerce.* Our Intelligent Contact Center Solutions are used by its online e-commerce platform in addressing customer enquiries and complaints across multiple channels.
- *Automobile advertising services.* The client has an automobile media and service platform which partners with nationwide car dealers to convert clicks into sales. The client provides its dealers with access to our Agile Agent Solutions to contact potential customers.
- *Education.* Our ContactBot Solutions are used by its online tutoring services under multiple brands to send class reminders to students.
- *Recruitment.* Our Intelligent Contact Center Solutions are used by the headhunters the client engaged across the country to contact potential candidates in recruitment efforts.

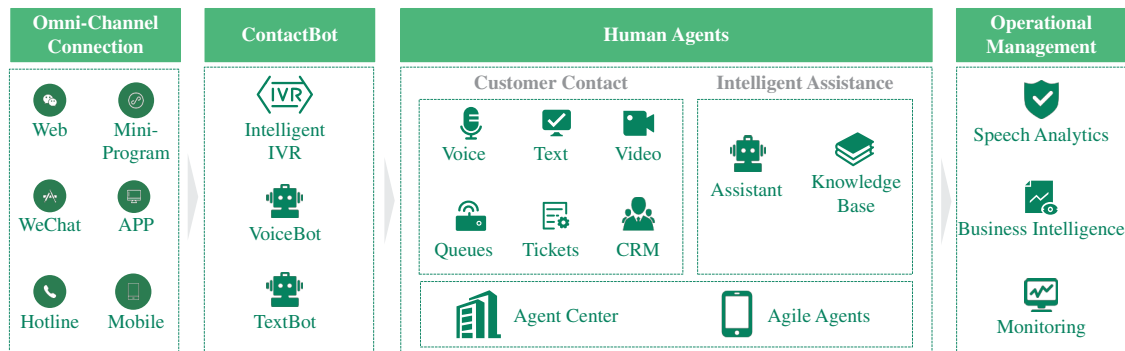
Key Modules and Functions

Leveraging years of experience working with clients from a broad range of industries, we have developed and integrated a broad array of easy-to-use functions on our platform. For clients with a large agent pool, we may provide customized offerings of applications. We continue to improve and upgrade the available functions to satisfy our clients' evolving business demands.

BUSINESS

Clients may access the platform via different portals, including our PC software, our mobile app and WeCom.

The following diagram illustrates the application of our key modules and functions in a typical customer interaction.



Omni-Channel Connection

We deliver a broad array of contact center functions, integrating inbound and outbound capabilities on a single platform. Our system intelligently routes interactions across a wide range of channels in one place, including emails, phone calls, web forms, live web chat, proprietary mobile apps, messenger apps and social media apps. Agents may log in our platform at any location through our PC software, our mobile app, WeCom or other portals. A diverse range of interactive tools are supported on our platform, including text, picture, video, voice, emoticon, attachment and screenshots.

Interactive voice response (IVR). Our intelligent, speech-enabled IVR system gathers critical information, narrows down the reasons for the call and sends the customer to the right specialists. In addition, we offer a multichannel visual interface to the traditional IVR experience, utilizing communications channels such as smartphones and computers to make the information gathering process more streamlined.

Automatic call distributor (ACD). Our ACD system efficiently route inbound and outbound calls in one integrated platform. It matches customers in the moment of need to the right agent resource based on information gathered from the IVR process and puts caller in the queue if no agent is available. Our clients may determine the processing priorities for each channel and select from a number of queue management options, including fixed order, round-robin, simultaneous distribution, longest idle and priority-based distribution. Our ACD system helps clients optimize contact center workflow, reduce wait time, lower call abandon rate and improve first call resolution.

Computer telephony integration (CTI). Through our CTI function, our clients can match the incoming phone number or data gathered by the IVR system against their CRM systems or other data sources. A screen pop displaying customer information will automatically “pops” onto an agent’s computer screen or mobile device at the same time the agent answers a call

from that customer. A screen pop may provide information such as customer name, contact information, purchase history, and contact history. Agents save the time they would have spent asking for basic details and are given the proper context to deliver more effective and personalized services.

Predictive dialer. For outbound calls, we use predictive dialer to remove the burden from agents of manually dialing phone numbers and maximize connect rates while minimizing agent idle time. Driven by a predictive mathematical algorithm, our predictive dialer learns to anticipate when agents will become available and speed up or slow down the dialing rate accordingly. The machine-learning algorithm takes into account variables such as connect rates, average talk time, agent breaks, and abandon rates. The system may simultaneously dial multiple calls per agent, predicting that some calls will not be answered and there are sufficient agent resources to handle the calls that do connect. Agents are spared from listening to unanswered calls or busy signals and can instead focus on talking to people who are ready to talk.

Artificial Intelligence

We focus on providing practical AI solutions that improve agent productivity, achieve cost savings and speed up the resolution of customer issues for better business outcomes. In addition to our ContactBot Solutions, we also deliver AI-powered agent assistance, knowledge base and business intelligence functions.

Real-time agent assistance. Our AI solutions provide real-time agent assistance, including offering guidance and prompts, product recommendations, and speech analytics during customer interactions.

Speech analytics. Our powerful speech analytics function is designed to mine and analyze text and voice data and gather insights into agent performance and business operations. Our speech analytics module is powered by semantic matching and semantic computing technologies for keywords, phrases and whole sentences, open source logic programming language and natural language processing algorithms. The speech analytics module captures key words and phrases preset by the clients, which are used to detect customer emotions, reasons for the interaction, level of satisfaction, and products and issues mentioned. The module analyzes data from multiple sources, including text transcribed from recorded conversations, agent activity logs and customer support tickets.

Managers can use the speech analytics module to evaluate agent performance and identify areas that need additional training, monitor if agents are complying with internal protocols and external regulations, understand the underlying reasons for customer satisfaction or frustration and make improvements in products and services, conduct customer profiling and collect sales leads.

Knowledge base. We offer an intelligent knowledge base through which the agents can perform accurate system-wide searches across different types of data, make associations in knowledge maps, compare product characteristics and participate in training and evaluation.

Ticketing System and Customer Relationship Management (CRM)

Our ticketing system is a central hub to track, prioritize, and solve all customer support requests and other tickets. It captures customer questions, requests, and concerns from every channel integrated on our platform and creates separate ticket for each interaction. In addition, it provides agents with a complete picture of each customer and arms them with necessary details to provide faster, more personalized responses. Agents and supervisors can conveniently track the status of each ticket, transfer tickets to another agent source, and access detailed records about each interaction.

Clients can achieve lifecycle management of a customer ticket, from ticket creation, task distribution, request processing, response communication, follow-up planning, customer feedback, to customer satisfaction survey.

Our system is embedded with powerful CRM functions. Through our CRM functional module, clients can import and store customer information and record history of contacts. This enables a better customer experience because agents are able to refer to previous contact records and address customers' concerns directly and efficiently.

Reporting Tools and Reporting APIs and SDKs

We have included in our package of solutions a set of data processing and analytics tools with which our clients can generate both standard and customized reports with statistics and key performance indicators presented in tables, charts and diagrams. We continue to optimize our reporting tools based on client feedback to provide industry-specific, actionable insights. Major categories of our reporting and analytics tools include:

- *Tools that assess agents' workload and service quality.* Our clients can use our tools to monitor agents' work hours, workload, average response time and customer ratings, among other variables.
- *Tools that assess ContactBot's services.* Our clients can use our tools to analyze effective and noneffective interactions engaged by ContactBot, tickets transferred to human agents and the conditions that prompted such transfer, and average round of dialogues engaged by ContactBot, among other variables.
- *Tools that analyze business activities.* Our clients can use our tools to monitor the number of customer interactions received and breakdown by communication channels, the queuing status of each channel, and classification of customer inquiries, among other variables.

APIs and SDKs

As of the Latest Practicable Date, we accumulated over 500 application programming interfaces (APIs) and software development kits (SDKs), which enable advanced integration with clients' internal systems and empower client-side software and application development. APIs are a set of protocols and tools for building application software. Our APIs support a wide variety of functions, including channel integration, queue, knowledge base, AI, CRM, tickets, reporting, agent-end, configuration, session management, data analytics, and system monitoring. SDKs are a set of tools provided for our clients' developers to create applications on their internal platforms. The SDKs we offer are designed to be used for multiple programming languages. Our suite of APIs and SDKs helps clients with development capabilities to build solutions tailored to their business needs. For example, clients can import data from our system to their internal systems via APIs and use the data to generate customized reports. At the same time, we can devote less time and resources to customization for individual clients, which increases the scalability of our business model. We currently support integration with our clients' desktop apps, mobile apps and websites.

Integration with WeCom

One of our key product strategies is to enhance our integration with WeCom, the enterprise version of WeChat, which has become an increasingly popular communications platform for Chinese enterprises. As a communication platform, WeCom provides convenient communication and office automation tools and enables enterprises to communicate with customers who are using WeChat. Records for customer interactions can be retained on the WeCom platform. WeCom provides open protocol for developers to develop applications using open APIs and achieve data integration and connection with other application platforms. Through our integration with WeCom, our clients can engage in customer contact via WeCom and the relevant data can be exported to our platform and clients' internal system for monitoring and analytical purposes. Without such integration, clients who use the WeCom platform will need to develop their own API or use other third-party applications in order to export data from WeCom.

WeCom relies on independent software vendors to develop applications available on its platform and increase its overall functionality and to help promote its platform and expand its user base. We have entered into a cooperation agreement with WeCom and become one of their channel partners. According to the cooperation agreement, we may integrate the software applications, functional components, technology platform and related services of WeCom with our platform. WeCom charges service fees for some of its services, including providing APIs for the transfer of user data stored on WeCom to another system or platform. As a channel partner, we may offer our solutions in combination with WeCom's services to our clients, essentially reselling WeCom's paid functions to our clients. We purchase such paid functions from WeCom based on their standard prices. We then have the freedom to negotiate prices, payment terms and conditions with clients who purchase such paid functions through us, provided that our sales prices are no lower than a floor price stipulated by WeCom. We will also receive commissions from WeCom based on the number and amount of orders placed through us. We enter into an annual agreement with WeCom with an automatic renewal clause. Both parties are entitled to terminate the agreement without cause with 30 days of advance notice and with cause immediately.

BUSINESS

WeCom is one of the channels where our clients and their customers interact. According to the CIC Report, communication platforms in general focus on building an ecosystem where third-party vendors can offer services such as customer contact solutions via their open protocol. According to the same source, they currently do not offer the key functions of customer contact solutions, such as interactive voice response (IVR), automatic call distributor (ACD), computer telephony integration (CTI), predictive dialer, intelligent agent assistance, speech analytics and reporting tools, and the major platforms have not publicly disclosed any plans to develop such key technologies in their short-term investment strategies. With advice from CIC, we believe the likelihood that communication platforms such as WeCom will expand to offer cloud-based customer contact solutions is relatively low. However, if WeCom or other communication platforms that are more resourceful and technologically advanced make such a move in the future, market competition may be further intensified. For related risks, see “Risk Factors – Risks Related to Our Business and Industry – We may face competition from new market entrants, such as WeCom.”

OUR CLIENTS

We have a large and diverse client base representing enterprises across a broad array of sizes and industries. We served 2,227, 2,253 and 3,137 clients in 2019, 2020 and 2021, respectively. In 2019, 2020 and 2021, we had 62, 61 and 57 key accounts, with an annual purchase amount exceeding RMB1 million.

In 2019, 2020 and 2021, our top five clients accounted for 27.0%, 33.3% and 31.8% of our total revenue, respectively. During the same periods, our largest client accounted for approximately 7.8%, 8.7% and 8.2% of our total revenue, respectively. In the foreseeable future, we expect clients from the technology, insurance and automobile industries to drive our business growth.

The following table sets forth the details of our five largest clients during the Track Record Period:

Rank	Client	Type of services purchased	Approximate years of business relationship as of the Latest Practicable Date	Revenue amount (RMB'000)	Percentage of our total revenue	Credit Period
<i>For the year ended December 31, 2019</i>						
1. . .	ByteDance Ltd.	A combination of Intelligent Contact Center Solutions, Agile Agent Solutions and ContactBot Solutions	5 years	26,189	7.8%	60 days
2. . .	China Pacific Insurance (Group) Co., Ltd.	Intelligent Contact Center Solutions	4.5 years	23,191	6.9%	15 days

BUSINESS

Rank	Client	Type of services purchased	Approximate years of business relationship as of the Latest Practicable Date	Revenue amount (RMB'000)	Percentage of our total revenue	Credit Period
3. . .	Shanghai Zhangxiaomen Education Technology Co., Ltd.	Intelligent Contact Center Solutions	6 years	17,779	5.3%	30 days
4. . .	Guazi Automobile Service (Tianjin) Co., Ltd.	A combination of Intelligent Contact Center Solutions and ContactBot Solutions	5.5 years	12,633	3.8%	30 days
5. . .	China United Insurance Group Co., Ltd.	Intelligent Contact Center Solutions	4.5 years	10,716	3.2%	30 days

For the year ended December 31, 2020

1. . .	ByteDance Ltd.	A combination of Intelligent Contact Center Solutions, Agile Agent Solutions and ContactBot Solutions	5 years	30,932	8.7%	60 days
2. . .	Shanghai Zhangxiaomen Education Technology Co., Ltd.	Intelligent Contact Center Solutions	6 years	28,704	8.1%	30 days
3. . .	China Pacific Insurance (Group) Co., Ltd.	Intelligent Contact Center Solutions	4.5 years	27,673	7.8%	Payment by each quarter end
4. . .	China United Insurance Group Co., Ltd.	Intelligent Contact Center Solutions	4.5 years	17,901	5.1%	30 days
5. . .	China Dadi Property Insurance Co., Ltd.	Intelligent Contact Center Solutions and Agile Agent Solutions	4 years	12,742	3.6%	15 days

BUSINESS

Rank	Client	Type of services purchased	Approximate years of business relationship as of the Latest Practicable Date	Revenue amount (RMB'000)	Percentage of our total revenue	Credit Period
<i>For the year ended December 31, 2021</i>						
1. . .	China Pacific Insurance (Group) Co., Ltd.	Intelligent Contact Center Solutions and Agile Agent Solutions	4.5 years	32,879	8.2%	Payment by each quarter end
2. . .	ByteDance Ltd.	A combination of Intelligent Contact Center Solutions, Agile Agent Solutions and ContactBot Solutions	5 years	29,452	7.3%	60 days
3. . .	Shanghai Zhangxiaomen Education Technology Co., Ltd.	Intelligent Contact Center Solutions	6 years	29,290	7.3%	30 days
4. . .	Yuan Education Limited	A combination of Intelligent Contact Center Solutions, Agile Agent Solutions and ContactBot Solutions	5 years	19,368	4.8%	10 days
5. . .	China United Insurance Group Co., Ltd.	Intelligent Contact Center Solutions	4.5 years	16,999	4.2%	30 days

Notes:

1. ByteDance Ltd., founded in 2012, is a multinational internet technology company headquartered in China. Its business lines span social media, advertising, education, e-commerce and others, and its products are available in over 150 markets. It has offices in over 100 cities around the world, with over 60,000 employees.
2. China Pacific Insurance (Group) Co., Ltd., established in 1991, is an insurance company based in China that provides integrated insurance services, including life insurance, property insurance and reinsurance. It is listed on the Stock Exchange, the Shanghai Stock Exchange and the London Stock Exchange. It recorded a total income of over RMB400 billion in 2020.
3. Shanghai Zhangxiaomen Education Technology Co., Ltd., founded in 2016, is an online education company based in China that provides K-12 tutoring services.
4. Guazi Automobile Service (Tianjin) Co., Ltd., founded in 2015, is a Chinese e-commerce platform that trades used cars. It has operations in over 200 cities in China.
5. China United Insurance Group Co., Ltd., established in 1986, is an insurance company based in China that provides integrated insurance services, including life insurance, property insurance and agriculture insurance. It has a nationwide sales network of over 50,000 employees. Its total asset as of December 31, 2020 amounted to over RMB80 billion.
6. China Dadi Property Insurance Co., Ltd., established in 2013, is an insurance company based in China that specializes in providing property insurance. It has a nationwide sales network of over 50,000 employees.
7. Yuan Education Limited, founded in 2012, is an online education company based in China that provides quality education services.

BUSINESS

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our clients were Independent Third Parties.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest clients.

CLIENT SERVICE

Our customer contact solutions are intricate and require a high level of proficiency to maintain. We strive to provide excellent client services to safeguard the secure, stable and reliable operation of our clients' customer contact functions.

We hold ourselves to high client service commitments made in our service-level agreement (SLA), which are incorporated by reference in the service agreements we enter into with our clients. Our SLA embodies our promises on the quality and availability of our services and the responsibilities we accept. We formulate the metrics based on research, data analysis, testing, and previous experience. Using advanced reporting tools and other technologies, we track these metrics in real time and identify areas for improvements.

As of the Latest Practicable Date, we adopted the following service level parameters:

- *Uptime.* We promise an uptime guarantee of 99.78%, as compared to an industry average of 99.5% according to the CIC Report, which is calculated as the percentage of time our system is available and operational for a client in a given month. Our system is considered unavailable if network is inaccessible for more than two minutes or message or calls cannot be made for more than one minute.
- *Billing accuracy.* For our SaaS model, we promise a 100% billing accuracy rate for seat-based subscription fees and a 99.4% billing accuracy rate for usage-based service fees, both calculated as the total amount of bills divided by the amount of correct bills.
- *Record keeping.* Our system generates log records for all business activities, which are kept for three months. All server logins are accessed through the fortress machine, our operation and maintenance audit system. All user activities are recorded on the fortress machine and retained for 12 months.
- *Data storage.* All client data are stored in the cloud, with at least one cold back-up copy.
- *Data privacy.* The data of each client is stored in isolated tablespace. All access requests and recordings downloads and play must be authenticated and verified by clients.

BUSINESS

- *Data portability.* Our clients can move, copy or transfer data from our platform to their internal systems, including call recordings, conversation records, customer profiles and business logs.
- *Data disposal.* During the data retention period as stipulated in the service agreements, we are not allowed to delete any data belong to our clients. After the data retention period expires, we use low-level formatting to delete data upon a client's request and before we discard or resell any hardware equipment used. Once data is deleted, our employees are prohibited from performing recovery, and all user activities are visible on the fortress machine. Hard disks will be properly destroyed when being discarded.
- *Data reliability.* We promise 99.999% storage reliability for clients' call recordings and conversation records during the contractual period, as compared to an industry average of 99.5% according to the CIC Report, meaning that clients lose at most one object out of 100,000 objects every month.
- *Scalability.* Our clients are able to flexibly adjust the number of agent seats they subscribe for upon written request.
- *Failure recovery.* For equipment failure, we promise to switch to the backup equipment within 45 minutes. For network failure, we promise to remotely switch networks using smart Domain Name Server (DNS) proxy in approximately two minutes. For relay failure, we promise to complete the switch within five minutes.

We maintain a robust operational monitoring system that oversees more than 1,000 operational metrics in real time, including software operation status, network operation status, call signaling status and voice quality. The system promptly alerts our engineers of potential and ongoing issues and maintains various operational logs. We use the monitoring alert system and operational logs to track and monitor our SLAs and also cross check our records against client feedback. If we fail to uphold our service commitments, we promise to make proper compensations. If any disputes arises, we will compare our records and logs with those of our clients to resolve the inconsistencies.

We review our SLA periodically and adjust based on changing business circumstances. We are committed to consistently delivering services that meet or exceed the expectations set out in the SLA. During the Track Record Period, we had upheld our service commitments in all material aspects and did not receive any material customer complaints in this regard.

Our proprietary T-CARE service system provides a full range of client services, including platform management, network management, security management and daily maintenance. We take a lifecycle approach to client support, supporting clients from onboarding, deployment, system integration, education and training, through maintenance and upgrades. Our goal is to enable our clients to focus on their business, free from diverting manpower and financial resources to system maintenance. For issues related to our system, we are responsible to resolve them within 24 hours. For issues caused by third parties, we assist clients with troubleshooting and coordinate with third parties to resolve the identified issues as fast as we can.

Clients can access our client support services on a 24x7 basis. For our large enterprise clients, we assign a team of three or more employees as dedicated points of contact.

OUR ARCHITECTURE

Our platform is built on a highly scalable and reliable cloud-native architecture. Customer contact solutions are one of the key software infrastructures supporting clients' business activities and we design our architecture to satisfy their stringent requirements. The key challenge is how to effectively balance between the need to maintain stable, uninterrupted operations in large scale and the need to achieve quick software iteration in response to evolving business needs and technological advancements. To reach an optimal balance between system stability and quick iteration, we designed our architecture based on three core philosophies:

- *Four-layer architecture.* To meet clients' stringent requirements for stability, flexibility and large capacity, our system is highly complex. To make management more efficient, we have decoupled the complex system into four layers, namely network, IaaS, API and SaaS layer, each supporting specific business needs. The simplified structure is easy to understand and manage.
- *Decoupling within Four Layers.* We have decoupled key functional modules within each layer. The decoupled modules interact with each other through interfaces to achieve high availability throughout the business process.
- *Active-active dual cloud architecture.* A client's customer contact function is critical to its business activities and a prolonged service interruption may lead to substantial loss. We implemented the active-active dual cloud architecture in preparation for extreme situations such as major natural disasters.

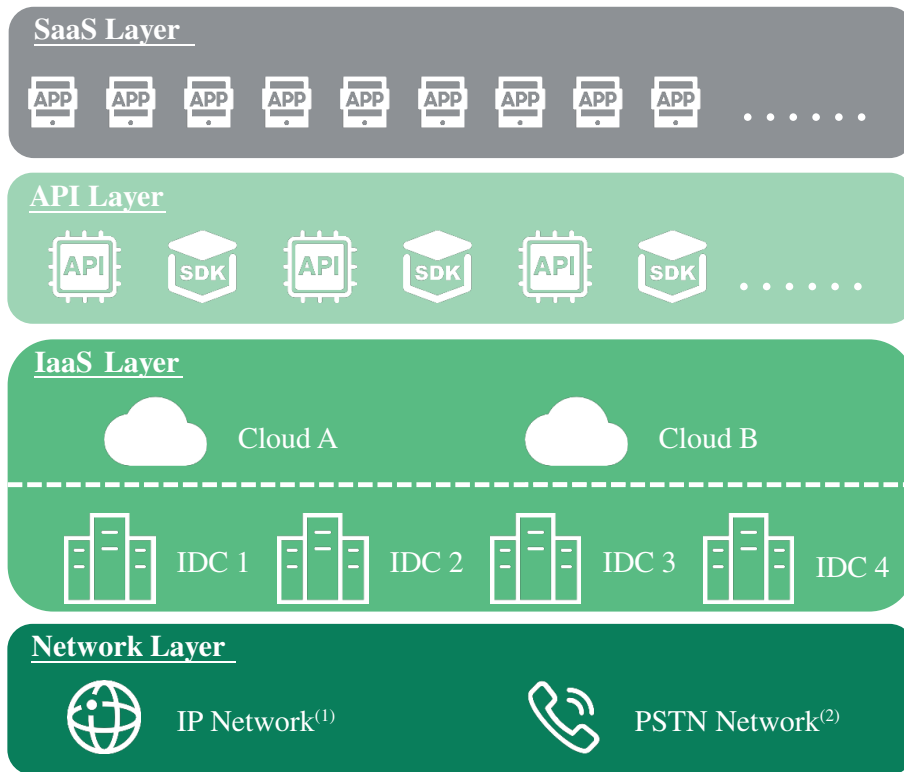
Four-Layer Architecture

Our cloud-native architecture consists of four layers. The first layer is the network layer, consisting of IP network equipment, circuit networks connected between data centers and to telecommunications companies, and unified control system. The second layer, Infrastructure as a Service (IaaS), provides infrastructure such as data center, cloud computing, cloud storage and internet access. We have been leveraging third-party cloud infrastructure services to complement our offerings and enhance value delivery to our clients. The third layer is the API layer. Leveraging our extensive industry experience, we abstracted application scenarios into over 500 APIs and SDKs, which allow our clients to build applications tailored to their business needs and efficiently integrate our functional modules into their internal systems. The fourth layer, Software as a Service (SaaS), provides out-of-the-box functions and solutions. Having cloudified all four layers, we are able to pool resources and achieve scalability on each layer, which allows us to scale up service capacity while maintaining stable operations.

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The four layers are independent of each other and are interconnected using predefined interfaces. Each layer can be developed and upgraded independently. Our network team, infrastructure technology development team, and application development team can focus on the respective layer they are responsible for, thereby significantly improving R&D efficiency.

The following diagram illustrates our four-layer architecture:



Notes:

- (1) An IP network is a communication network that uses Internet Protocol (IP) to send and receive messages between one or more computers.
- (2) PSTN network, or public switched telephone network, provides infrastructure and services for public telecommunication.

Decoupling within Four Layers

Decoupling in the network layer

The network layer uses SD-WAN technology to decouple network hardware and circuits from the control platform, which allows all nodes within the core network to interconnect with each other. SD-WAN enables real-time detection of network status and automatically switches traffic to alternative nodes in milliseconds when one node fails. Through SD-WAN, we are able to achieve large-scale, stable operations and centralized, flexible traffic routing at the same time. For details of our SD-WAN technology, see “Our Technologies – Networking Technologies.”

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In addition, we maintain two core data centers in Beijing and two core data centers in Shanghai. The four core data centers are connected by SD-WAN network. If one data center encounters disruption, services are automatically switched to the other core data centers. We believe these measures added geographic diversity to our architecture and ensure high availability of our services.

Our network infrastructure possesses four distinctive features:

- *Resilient.* Our four data centers share the loading efficiently and avoid a single point of failure. Failures experienced by any one of our core data centers will not lead to overall system failures.
- *Flexible.* Any two of our data centers are interconnected, which substantially increased fault tolerance. The flexible structure facilitates load balancing and traffic routing among multiple nodes.
- *Easy to manage.* After decoupling network hardware and circuits from the control platform, network engineers no longer have to individually configure each device in each data center. All devices in the entire network can be centrally configured on the control platform. The simplified network structure requires fewer human operations of core hardware and, simplifies daily operations and enhances failure detection.
- *Cost-effective.* SD-WAN enables flexible traffic routing and increases network utilization rate, thereby reducing costs. We can rapidly expand our service capacity with decreasing marginal network costs.

Decoupling in the IaaS layer

Our cloud-native platform operates in parallel on two leading cloud computing platforms. Each core data center is directly connected to the two cloud computing platforms via optical fiber. Data on the two different clouds are usually synchronized every few seconds. When one of the cloud service providers experiences downtime, we can switch our services to the other provider. We believe these measures added geographic diversity to our architecture and effectively mitigated risks related to regional natural disasters, power outages, and failures in a single region as a result of human errors, IaaS service disruption and other unpredictable conditions.

Through decoupling in the network and IaaS layer, we achieved load balancing and high availability in our network and internet infrastructure. When any data center or cloud computing platform experiences downtime, our services can be quickly switched to alternative infrastructures. Our stable operations do not depend on any single data center or cloud service provider.

API layer supporting client-side customization

As of the Latest Practicable Date, we accumulated over 500 APIs and SDKs to empower client-side software and application development. Our suite of APIs and SDKs enables clients to integrate our customer contact functions into their internal systems and build solutions tailored to their specific business needs. This also helps us achieve a balance between our stable operations and clients' customization requests.

Decoupling in the SaaS layer

All functional modules on the SaaS layer are further decoupled into microservices. Each functional module interacts with each other through interfaces. The architecture allows our core functional modules to evolve independently without having to recompile the underlying platform. This results in faster software development, testing, and deployment and allows us to add new functions or modify existing ones without disrupting our clients. Each functional module is deployed as a cluster of microservices. Failure of one unit does not affect the operations of the other units in the cluster, which contributes to system stability.

Active-Active Dual Cloud Architecture

The platform's stable, non-disruptive operation is of critical importance to a cloud-based customer contact solutions provider. According to the CIC Report, we are the only customer contact solution provider in China to achieve active-active dual cloud deployment. We designed our active-active dual cloud architecture to effectively mitigate risks relating to extreme situations, such as regional natural disasters, regional power outage, regional network interruption, and total unavailability of a cloud computing platform. Our system is deployed on two heterogeneous cloud computing platforms provided by two different service providers. Our services run simultaneously on the two clouds. Configuration data on the two clouds realizes real-time (second-level) two-way data synchronization through the real-time synchronization module of the internet data centers. Our clients can use both clouds at the same time. When extreme situations occur, clients can quickly switch between the two clouds.

OUR TECHNOLOGIES

Our technology capabilities are key to our success. We have been continuously improving and expanding our platform, solutions, features and capabilities since our inception. Our solutions are powered by proprietary and licensed technologies, including technologies underpinning our cloud-native architecture, SD-WAN-centered networks, communications capabilities, software applications, and AI-powered solutions. As of the Latest Practicable Date, we had 49 software copyrights and 11 issued patents covering a variety of communications, CTI, load balancing, and cloud computing technologies.

Cloud-Native Technologies

Module containerization. We have containerized the microservices that consist of all our key functional modules, which significantly improved the flexibility and adaptability of our solutions. Containers enable developers to decouple a functional module from an operating system and have them run within an isolated environment. Containerization brings a number of benefits. Functional modules in a container are abstracted away from the host operating system and therefore are able to run uniformly and consistently across platforms or clouds. Once containerized, different key functional modules can be easily assembled and deployed in different operating environments on either public clouds or private clouds. In addition, each containerized module is isolated and operates independently of others. The failure of one container does not affect the continued operation of the other containers. Our developers can identify and correct any technical issues within one container without any downtime in other containers. We use Kubernetes (k8s), an open-source container-orchestration system, to automate the manual processes involved in deploying, managing, and scaling containerized modules, which helps us efficiently manage the cluster of containers and expedite the software deployment and iteration process. With Kubernetes, we are able to deploy our entire system delivered via VPC model within a few hours.

Elastic scaling. We use advanced automatic scaling mechanism to dynamically adjust the amount of computational, storage and network resources used by our servers as demands change. Our system monitors server load and automatically adds or removes capacity from the resource groups within a few minutes. This not only allows us to maintain optimal performance and availability when workloads are periodic, unpredictable, and continuously changing, but also brings substantial cost efficiencies as we only pay for the resources we use.

Compatibility with multiple cloud service platforms. Our system is compatible with multiple cloud service providers. At the software level, we code features of different cloud environments into general functions. Developers can directly invoke these general functions without the need to pay attention to details of different cloud environments, which vastly improved our development efficiency. In our VPC model, we deploy our solutions on the cloud service platform at our clients' choice. Compatibility with different cloud environments allows us to deploy our solutions in an efficient and cost-effective manner.

Networking Technologies

We use software-defined wide area network (SD-WAN) technology to boost network reliability and provide uninterrupted, high quality calls even in the face of regional network failure.

Traditional WANs based on conventional routers typically require backhauling all traffic from branch offices to a hub data center and distribute the control function across all devices in the network. Traditional WANs were designed in an era in which the focus was on linking physical locations and are not cloud friendly. As cloud-based solutions become an increasingly popular choice, traditional WAN networks that heavily rely on data center infrastructure are no longer sufficient to support high-quality cloud connectivity.

In contrast, SD-WAN decouples the networking hardware and its control mechanism and uses a centralized control function to securely and intelligently direct traffic across the WAN. SD-WAN technology supports high-quality service with application-aware traffic routing, giving bandwidth priority to the most critical applications. It enables real-time detection of outages and automatically switches the services on faulty servers to other normally operating servers when there is a network connection failure, thereby increasing resilience and reducing network downtime. It allows companies to build higher performance WANs at a lower cost.

In early 2019, we were the first customer contact solution provider in China to fully integrate our platform with SD-WAN, which enables application-aware traffic routing and cloud-based centralized control. Through SD-WAN connectivity, we significantly improved the availability, reliability and quality of connections established through our platform and became the only customer contact solution provider in China to achieve active-active dual cloud deployment, according to the CIC Report.

Communications Technologies

Highly scalable softswitch scaling system. We developed a highly stable softswitch platform with the capacity to support 30,000 concurrent calls based on open source software. A softswitch, or software switch, is a call-switching node in a telecommunications network based in software instead of specialized switching hardware. It is the core communications component in a customer contact platform. The softswitch processes all calls taking place on the platform and performs key functions such as communication protocol processing, communication routing processing, and codec (coder/decoder) processing. Our softswitch is deployed as a cluster of microservices, which evolves independently, increases availability and optimizes load-balancing. As a result, we are able to achieve unified scaling and monitoring of all activities within our system, thereby realizing high availability and high performance. Through continuous enhancement and optimization, as of the Latest Practicable Date, our softswitch achieved a mean time between failures (MTBF) of over 5,000 hours, defined as the average time that passes between the recovery of one previous failure to the occurrence of the next failure.

High capacity queuing system. Our in-house developed multi-channel queuing system processes customer requests from instant messaging, voice calls, video calls, WeChat mini-apps and other channels on a unified platform. All customer requests enter the same queue and shares the same agent pool, thereby optimizing resource allocation. Most of the legacy systems uses an active-passive queuing system, meaning only the primary server is active and serving customers and the passive server is standing by as backups. When the primary server fails, the passive server is promoted to take over as the new primary server. The problems of the active-passive model are that clients may experience service interruption when the passive server is switched into the primary server and all service requests are handled by a single server. In contrast, our queuing system runs in a high-availability cluster environment. Service requests are served by distributed servers, thereby achieving horizontal capacity expansion. A single point of failure will not lead to overall system failures. Our queuing system adopts the state machine technology to guarantee the order of the message queue. We offer our core queuing capabilities through APIs, which enables clients to achieve status management and control based on customer requests in sequence.

Software Technologies

Omni-channel architecture. Our system achieves omni-channel integration on three levels: channel access, customer service processing, and data management. Our omni-channel access integrates customer interactions taking place through emails, phone calls, web forms, live web chat, proprietary mobile apps, messenger apps and social media apps. We are able to import customer identity and contact history across different channels. We provide a unified interface for agents to process requests captured from different channels. Further, records and chat histories from different channels are stored centrally, readily available for customer service quality control, reporting and analytics.

Plug-ins for customization. Many of our clients require standard communications capabilities while have higher customization demands for monitoring and reporting tools and software interfaces. We design codes and resources which are frequently customized as plug-ins so we may add or remove customized functions with minimal impact on our core systems. This software architecture provides the flexibility of adding customized functions to our platform without comprising its stability.

Ticketing system. Our ticketing system is designed based on Business Process Model and Notation (BPMN) standards, which support complex business process management by providing intuitive annotations. It supports both automatic and manual distribution of tickets and allows parallel, serial, cancel, return, temporary storage and sharing workflows. Our ticketing system can also integrate with clients' internal systems to achieve significant process efficiencies.

Operational monitoring. We maintain a robust operational monitoring system that oversees over 1,000 items in real time, including software operation status, network operation status, call signaling status and voice quality. The operational monitoring system is able to perform rapid fault location and provide early warnings of network connection issues. We can detect and respond to connection and voice quality issues in real time.

Grayscale release and automatic software upgrades. We structure our technical teams using the DevOps model, which removes the barriers between our development and operations teams to optimize both the productivity of developers and the reliability of operations. We use grayscale release and automatic software upgrades to achieve non-disruptive, quick iterations. On the platform level, we roll out a new version to a small part of users first for them to test the update and provide feedback. Once the change is accepted, the version is rolled out to the rest of the users. We also implement client-level grayscale release for our key clients, testing the updates to a small subset of users within the organization first. In rolling out updates, our system automatically skips devices engaged in ongoing interactions to avoid service disruptions. By implementing iterative and incremental development, we effectively mitigate the risk of introducing new versions.

AI-related Technologies

We deploy practical AI technologies in our solutions to drive intelligence and efficiency. We have continuously developed our AI capabilities with a strategic focus on the following applications.

ASR model optimization. We developed a three-tier system to optimize ASR models. First, we developed speech annotation tools to bring efficiency to the manual process of generating speech corpus used in training ASR acoustic models, which are used to identify the relationship between an audio signal and the phonemes or other linguistic units that make up speech. Second, we use self-developed automatic text annotation tools to annotate the accumulated corpus of industry materials, which are used to train ASR language models. Third, we use pinyin error correction techniques to correct remaining errors in ASR transcription. The accuracy of ASR sets the foundation for intelligent speech analysis. Our three-tier optimization system can significantly improve the accuracy of ASR and lay the groundwork for NLP and other AI-powered functions.

AI operations optimization. We have developed an AI toolkit to optimize the operations of our AI functions. It enables us to i) perform health checking of the AI knowledge base, identify duplicate or contradictory knowledge items, and direct administrators to make corrections; ii) automatically cluster questions that our ContactBot cannot answer accurately and generate new knowledge items; and iii) supplement with similar questions and keywords based on a small number of questions and answers provided by users and automatically generate new knowledge items. We pre-built more than 300 intents into our robot template, which allow clients to quickly design their own automated dialogues. Our AI operations toolkit considerably improves the efficiency and effectiveness in implementing AI functions, substantially reduces the occurrence of cold start commonly encountered when deploying such functions, and provides a solid foundation for their continuous improvement.

Multitrack recording technology. To improve our recording analysis and processing capabilities, we developed multitrack recording technology that enables separate recording of multiple sound sources. Customer's voice and agent's voice are recorded separately and stored as independent files. Using open-source voice activity detection library (libfvad), our system can count the respective call time of customers and agents and assist with the evaluation of agent performance and service quality.

Noise cancellation technology. Our proprietary noise cancellation technology is grounded in deep learning through recurrent neural networks (RNN). By achieving noise cancellation on the telephone softswitch platform, we significantly improved speech recognition accuracy.

Audio analysis technology. Through our self-developed audio analysis technology, our system can intelligently detect dial status in less than five seconds and automatically fill in customer service tickets to improve agent productivity.

NETWORK, SYSTEM AND DATA SECURITY

Security is our long-held commitment. Our solutions run fully in the cloud and we rely on internet connectivity to deliver services. We are therefore exposed to risks in relation to cybersecurity and data security in our operations. We may be targeted by cyberattacks, distributed denial of service attacks, hacking and phishing attacks, security breaches, computer malware, and other malicious internet-based activity. Third parties may also attempt to obtain unauthorized access to confidential information relating to our clients and their customers stored on cloud computing platforms. See “Risk Factors – Risks Related to Our Business and Industry – Our business is subject to system and data security risks, and our security measures may be inadequate to address these risks, making our systems susceptible to compromise, which could materially adversely affect our business, financial condition, results of operations, and prospects.” We are subject to various laws and regulations regarding cybersecurity, data privacy, and data protection. For details of such laws and regulations, see “Regulations – Regulations Relating to Cyber Security, Data Security and Privacy Protection.” For relevant risks, see “Risk Factors – Risks Related to Our Business and Industry – Our business is subject to a variety of evolving laws and regulations regarding cybersecurity, data security and data privacy. Any failure of our platform to comply with applicable laws and regulations could harm our business, operating results and financial condition.”

We have established and implemented stringent company-wide systems to ensure network security and data security. We have a dedicated team of professionals to oversee network, system and data security matters. We have established comprehensive security management policies and operating procedures, which manage authorization approval, access control, data backup and data encryption to prevent unauthorized access and unauthorized use of data. We have also formulated information security incident management policies that set forth emergency plans for data security incidents. We perform security audits periodically and on an as-needed basis and strengthen our security measures based on audit results. These include a semi-annual vulnerability scanning and intrusion detection, a quarterly data inspection and risk identification, and a quarterly security evaluation of idle equipment. We promptly address any vulnerabilities identified. In addition, for each major software release, we conduct a software code audit and simulate intrusion detection to spot vulnerabilities. During the Track Record Period, we did not record any material negative audit results.

In 2015, we were the first customer contact solution provider to receive the Trusted Cloud Services Certification (TRUCS) from institutions accredited by the MIIT, according to the CIC Report. TRUCS is an authoritative certification system in China to evaluate the trustworthiness of a cloud service provider. It assesses 16 metrics, including data security, data durability, data portability, data confidentiality, failure recovery ability, service availability, service resilience, network performance, billing accuracy, and a number of service agreement terms. Receiving TRUCS demonstrates that the promises we make to our clients in our SLAs are reliable and trustworthy. In 2019, we achieved the Multi-Layer Protection Scheme (MLPS) Level III Certification awarded by the Ministry of Public Security, the highest level achievable for non-financial institutions, which endorses our capability in system operation and information security. The MLPS certification is an authoritative certification system in China that evaluates

the security level of an enterprise's information system. It assesses a wide variety of security metrics in terms of physical facilities, network, servers, applications and data and reviews an applicant's internal policies in terms of security management, personnel safety, system development, and system operations and maintenance. As of the Latest Practicable Date, six and five of the ten largest cloud-based customer contact solutions providers in China had received TRUCS and MLPS Level III Certification, respectively, according to the CIC Report. Our information security system is currently compliant with ISO/IEC 27001 standards.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any incidents of data breaches and data hacking that result in adverse effects, or systems breakdown, except for one prolonged service interruption on June 2, 2019. For details, see “– Our Suppliers – Cloud Services”.

Network and System Security

We set up a sophisticated mechanism to safeguard network security. Each data center is connected to the broadband internet of two telecommunications companies. If services provided by one telecommunications company is compromised, our system automatically detects the issue and switches to the alternative network, thereby substantially improving protection against distributed denial-of-service (DDoS) attacks. We use advanced anti-virus software to prevent, detect and remove malware. We implement intrusion-detection systems, web application firewalls (WAF) and network firewalls against external threats and carry out account access and authorization inspection to prevent internal misconducts. In addition, we schedule simulated intrusions with our security partners every three months to identify and address security vulnerabilities in a timely manner.

On the interface level, we centrally manage access authentication using industry-standard authorization protocols and apply asymmetric encryption for all key data.

Our PRC Legal Adviser is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable cybersecurity laws and regulations in the PRC in all material aspects. For details of relevant regulations, see “Regulations – Regulations Relating to Cyber Security, Data Security and Privacy Protection – Cyber Security.”

On December 28, 2021, the CAC and other regulatory authorities jointly promulgated the Cybersecurity Review Measures, which became effective on February 15, 2022, seeking to further expand the applicable scope of cybersecurity review. According to Articles 5 and 7 of the Cybersecurity Review Measures, enterprises shall apply for cybersecurity review under the following circumstances: (i) critical information infrastructure operators purchasing network products and services and internet platform operators carrying out data processing activities, in a manner which affects or may affect national security; and (ii) internet platform operators holding personal information of more than one million users and seeking a listing overseas. According to Article 16 of the Cybersecurity Review Measures, the competent PRC government authority may initiate cybersecurity review if the authority believes that any

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network product, service or data processing activity affects or is likely to affect national security. The Cybersecurity Review Measures were recently promulgated and its interpretation and implementation involve significant uncertainties. Further, the measures do not clearly define “critical information infrastructure operators.”

The term “critical information infrastructure” was first introduced in the Cybersecurity Law (《網絡安全法》) that came into effect on June 1, 2017. The law defines “critical information infrastructure” as information infrastructure in important industries and sectors, such as public communications and information services, energy, transportation, water conservancy, finance, public services and e-government, or other critical information infrastructure that, once damaged, disabled or experienced data leakage, may severely threaten national security, national economy, people’s livelihood and public interest. The law provides that the specific scope of critical information infrastructure shall be stipulated by the State Council. The State Council promulgated the Security Protection Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), effective on September 1, 2021. The regulations stipulated the procedures for determining critical information infrastructure. It provides that competent regulatory authorities and supervisory authorities in charge of important industries and sectors, such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government and national defense, are responsible for the security protection of critical information infrastructure. These authorities shall promulgate detailed rules in designating critical information infrastructure, identify critical information infrastructure in the relevant industries, and notify operators of such critical information infrastructure in a timely manner. Since the regulations were newly in effect, no relevant authorities had published detailed rules in designating critical information infrastructure as of the Latest Practicable Date. During the Track Record Period and up to the date of this prospectus, we had not been notified by any authorities of being classified as a critical information infrastructure operator, neither had we been subject to any cybersecurity review, enquiry, investigation or notice by the Office of Cybersecurity Review. Further, our PRC Legal Adviser advises that, based on publicly available information, the Office of the Central Cyberspace Affairs Commission has commenced the procedures of identifying critical information infrastructure. The Central Cybersecurity and Informatization Leadership Group (reorganized as the Office of the Central Cyberspace Affairs Commission in 2018) issued the Notice on Conducting Cybersecurity Inspection on Critical Information Infrastructure (《關於開展關鍵信息基礎設施網絡安全檢查的通知》), which requires governments at all levels to conduct verification and inspection of critical information infrastructure. Further, publicly available information indicates that Beijing organized cybersecurity inspection on critical information infrastructure in 2018, 2020 and 2021. Despite the past and ongoing inspection work, as of the Latest Practicable Date, we had never received any notice from any government authorities regarding such inspection. In March 2022, our PRC Legal Adviser conducted telephone consultation with China Cybersecurity Review Technology and Certification Center, which is entrusted for the specific task of cybersecurity review according to the Talks with Reporters Relating to Cybersecurity Review Measures (網信辦就《網路安全審查辦法》答記者問), through the hotline published on the CAC’s official website. Our PRC Legal Adviser informed the official on the line of our name, principal business and the proposed Listing. After being informed of such information,

the official confirmed that: (i) a listing in Hong Kong does not fall within the definition of “listing overseas,” and therefore a company need not file a cybersecurity review for its proposed listing in Hong Kong under Article 7 of the Cybersecurity Review Measures; (ii) if a company had not been notified by competent authority of being classified as a critical information infrastructure operator, the company need not file an application for cybersecurity review under Article 5 of the Cybersecurity Review Measures; and (iii) if a company had never been subject to any cybersecurity review initiated by the CAC or other competent authorities, the company is not subject to cybersecurity review initiated under Article 16 of the Cybersecurity Review Measures for the time being. Based on the foregoing, our PRC Legal Adviser is of the view that we have not been classified as a critical information infrastructure operator by any relevant authorities and pursuant to currently effective laws and regulations, the likelihood that we will be classified as a critical information infrastructure operator in the near future after Listing is relatively remote. Therefore, our PRC Legal Adviser is of the view that we are currently not subject to cybersecurity review under the Cybersecurity Review Measures. Nevertheless, there remain uncertainties with respect to any future development of the relevant regulatory regime.

On November 14, 2021, the CAC published the Draft Cybersecurity Regulation (together with the Cybersecurity Review Measures, the “Cybersecurity Regulations”), which governs the use of networks to carry out data processing activities, and the supervision and management of data security in the PRC. The Draft Cybersecurity Regulation mainly focuses on the data processing activities of data processors. Article 13 of the Draft Cybersecurity Regulation provides that, if a data processor’s listing in Hong Kong affects or may affect national security, the data processor shall apply for cybersecurity review in accordance with relevant regulations. “Data processor” is defined as “an individual or organization that independently makes decisions on the purpose and manner of data processing activities” in the Draft Cybersecurity Regulation. We only provide reporting and data analytics tools for our clients’ use and do not collect or utilize data stored on the cloud platforms. According to the service agreements entered into with our clients, we are not allowed to access, use or disclose any clients’ data stored in the cloud, unless specifically requested and authorized by clients to carry out limited system maintenance and technical support services, which may include helping clients locate system failures, retrieve account names and passwords, change system settings, inspect abnormal login activities and rectify inappropriate operations by agents. Therefore, our PRC Legal Adviser is of the view that the foregoing activities of us are unlikely to be defined as “independently making decisions on the purpose and manner of data processing activities” and we are not subject to cybersecurity review under the Draft Cybersecurity Regulation, assuming it is implemented in its current form.

Our PRC Legal Adviser advises that the Cybersecurity Regulations will not impose any material obligation on our business, assuming the Draft Cybersecurity Regulation is implemented in its current form. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material incident of data or personal information leakage, infringement of data protection, investigation or other legal proceeding relating to data processing or data protection, or received any inquiry, notice, warning, punishment or sanctions relating to data processing or data protection that may materially adversely affect our

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business. Based on the foregoing, our PRC Legal Adviser is of the view that we comply with or will be able to comply with the Cybersecurity Regulations in all material aspects, assuming the Draft Cybersecurity Regulation is implemented in its current form. Therefore, our Directors believe, and our PRC Legal Adviser concurs, that the Cybersecurity Regulations would not have a material adverse impact on our business operations or our proposed Listing, assuming the Draft Cybersecurity Regulation is implemented in its current form.

As of the Latest Practicable Date, the Draft Cybersecurity Regulation had not come into effect, and some of the requirements in the Cybersecurity Regulations are subject to more specific implementation rules. Since the current regulatory regime regarding data and cyber security is rapidly evolving, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws, there can be no assurance that the relevant governmental authorities will ultimately take a view that is consistent with our PRC Legal Adviser's opinion stated above. However, we will continue to closely monitor the development of the Cybersecurity Regulations to ensure timely compliance with the latest regulatory requirements.

For related risks, see "Risk Factors – Risks Related to Our Business and Industry – Our business is subject to a variety of evolving laws and regulations regarding cybersecurity, data security and data privacy. Any failure of our platform to comply with applicable laws and regulations could harm our business, operating results and financial condition."

Data Privacy and Security

We implement a rigorous data privacy and security program to ensure data security and confidentiality and the stability and reliability of the services that we provide.

We only provide reporting and data analytics tools for our clients' use and do not collect or utilize data stored on the cloud platform. For our SaaS model, our clients may upload data relating to their employees and customers to the cloud environment we allocate to them. In using our solutions, they may also store data, such as customer information, phone conversation recordings, phone conversation transcriptions, and text conversation records, on the cloud environment we allocate to them. The cloud resources are purchased by us and provided by third-party cloud service providers. For our VPC model, we usually deploy our solutions to the cloud environment of the client's choice. Our clients typically purchase cloud resources from cloud service providers directly. Under both models, our clients have complete discretion to collect, store, process, export, disclose and delete data stored in the cloud computing platforms. According to our service agreements entered into with clients, we are not allowed to access, use or disclose any clients' data stored in the cloud, unless specifically requested and authorized by clients to carry out limited system maintenance and technical support services, which may include helping clients locate system failures, retrieve account names and passwords, change system settings, inspect abnormal login activities and rectify inappropriate operations by agents. For these purposes, we only access the licensed accounts used by the clients. We are not authorized by our clients to, and do not, directly access the data of the clients' customers. According to the Information Security Technology Personal

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Information Security Specification (GB/T 35273-2020) (《信息安全技術個人信息安全規範 (GB/T 35273-2020)》) promulgated by the State Administration of Market Supervision and Administration (國家市場監督管理總局) and the National Standardization Administration (國家標準化管理委員會), collection is the act of obtaining control over personal information. Our PRC Legal Adviser advises that since we only provide cloud resources for clients to store and process data and do not access clients' data without their authorization, the ownership of such data belongs to our clients and we do not collect data as defined by PRC laws and regulations. We strictly execute a data accessing and transmitting policy to ensure the confidentiality of client data. For example, we require our employees to obtain clients' authorization before performing any client requests. We also provide data privacy trainings to employees on a periodic basis to increase their compliance awareness. In addition, employees are required to sign a confidentiality agreement with us, which prohibits them from disclosing any confidential information relating to their work and clients without our consent.

We carry out a 3-2-1 backup strategy as part of our disaster recovery plan, meaning that we keep a backup copy in three availability zones of the same cloud computing platform, store data on two cloud computing platforms simultaneously and keep one cold backup copy offline. First, benefiting from our cloud-native architecture, we run our platform and store our backups across multiple physically separated and isolated availability zones. The fault-tolerant infrastructure ensures smooth operations despite failures experienced in individual availability zones. Second, relying on our active-active dual cloud architecture, in the rare cases where the services of one cloud computing provider are severely disrupted, our clients can immediately switch to the other provider and continue their business activities with minimal disruption. Third, our cold backup copy, which is an offline backup not accessible to update, serves as our last line of defense. The offline data center which stores a cold backup copy allows data input only and not output. We use our cold backup copy for data recovery only when dual clouds are unavailable at the same time, the likelihood of which is very low.

We implement advanced encryption storage technologies to safeguard our clients' data. Neither we, the cloud service providers or other third parties are able to access the data of clients' end customers. We use voice encryption and decryption algorithms to ensure the secure storage of recordings on our platform. With a combination of cloud key management services (KMS) and physical USB-based smart security keys, we are able to achieve synchronized secret key encryption in both public and private clouds. We also implement envelope encryption technique at our clients' request to ensure that sensitive recordings are stored in encrypted form. Our solutions also support real-time streaming decryption and decoding in web browsers, which enables our clients to play recordings as decryption progresses. The encryption algorithms we use are irreversible, which means that client data cannot be reversely decrypted even by those with full knowledge of the encryption methods. This reduces the risk of data breach by internal personnel. Our servers monitor the number of external attempts to connect with our platform. In cases of brutal-force attacks, our servers will prohibit related connections.

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In addition, according to our service agreements with cloud service providers, cloud services users maintain full control of data stored on the cloud computing platforms. Cloud service providers do not access, use or disclose user data without authorization, unless as necessary to maintain or provide their services or to comply with laws, regulations, or requests of governmental or regulatory authorities. We also implement encryption methods to prevent data breach. Public clouds operate under a multi-tenant architecture, which allows multiple users to access the cloud resources while each user's data is logically separated and remains isolated from the data of other users. Therefore, other users of public clouds have no access to our clients' data stored on the cloud computing platforms.

Our PRC Legal Adviser is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable data security and data privacy laws and regulations in the PRC in all material aspects.

On June 10, 2021, the SCNPC promulgated the Data Security Law, which came into effect on September 1, 2021. According to the Data Security Law, for 'general data,' enterprises conducting data processing activities shall, among others, establish a full-process data security management system, strength risk monitoring mechanism, properly handle data security incidents, organize data security trainings and adopt appropriate technical measures and other necessary measures, and collect and use data in legal and proper manners, with a view to guaranteeing data security. In relation to 'important data,' the Data Security Law requires enterprises conducting data processing activities to (i) designate personnel and committees to oversee data security matters and implement data security protection responsibilities; (ii) assess risks relating to data processing activities regularly; and (iii) fulfill regulatory requirements relating to transmission of important data overseas. For details, see "Regulations – Regulations Relating to Cyber Security, Data Security and Privacy Protection – Data Security." Upon reviewing our data security management policies and measures and our internal compliance records, our PRC Legal Adviser is of the view that our current policies and measures are sufficient to fulfill any material obligations the Data Security Law may impose on us and the law will not have a material adverse effect on us. Based on the foregoing, with the advice from our PRC Legal Adviser, our Directors believe that the Data Security Law will not have a material adverse effect on us.

Further, the Personal Information Protection Law was passed by SCNPC on August 20, 2021 and came into effect on November 1, 2021, which aims to protect personal information and regulate the processing of personal information. For details, see "Regulations – Regulations Relating to Cyber Security, Data Security and Privacy Protection – Privacy Protection."

- The Personal Information Protection Law will impose a range of compliance obligations on 'personal information processors,' which are defined as entities and individuals that autonomously determine the purpose and method of activities that process personal information. In our business activities, we do not access clients' data stored in the cloud computing platforms, unless for the purpose of system maintenance and technical support services as specifically requested by our clients. Our PRC Legal Adviser advised that since we do not have the discretion to access clients' data stored in the cloud computing platforms without client approval, we are not 'personal information processors' as defined under the Personal Information Protection Law.

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- The Personal Information Protection Law will also impose compliance obligations on entities or individuals who are entrusted by ‘personal information processors’ to process personal information. Such entrusted entities or individuals shall conduct the processing activities strictly within the agreed scope and take necessary measures to protect personal information. Our PRC Legal Adviser advised that in limited circumstances we may be considered as being entrusted by our clients to process personal information. Specifically, under our SaaS model, we are entrusted by our clients to provide networking and storage resources for them to store data. Under both the SaaS and VPC model, upon the request and authorization of clients, we may be entrusted to access certain data in providing system maintenance and technical support services. In relation to the obligations to be imposed by the Personal Information Protection Law, after reviewing our service agreements with clients and our data security and privacy policies and measures, our PRC Legal Adviser is of the view that our current policies and measures are sufficient to fulfill any material obligations the Personal Information Protection Law may impose on us and the law will not have a material adverse effect on us.

Based on the foregoing, with the advice from our PRC Legal Adviser, our Directors believe that the Personal Information Protection Law will not have a material adverse effect on us.

Since our PRC Legal Adviser is of the view that our current policies and measures are sufficient to fulfill any material obligations the foregoing regulatory developments may impose on us, as of the Latest Practicable Date, we had not incurred and do not expect to incur additional substantial compliance costs in connection with the foregoing regulatory developments. However, the relevant regulatory regime constantly evolving and can be subject to varying interpretations or significant changes, which may substantially increase our compliance costs. We will closely monitor regulatory developments and assess their potential impact. For related risks, see “Risk Factors – Risks Related to Our Business and Industry – Any failure of our platform to comply with applicable laws and regulations could harm our business, operating results and financial condition.”

In relation to our plan to explore business opportunities overseas, we intend to establish overseas entities to conduct our overseas businesses. Our overseas entities will deploy our solutions on cloud computing platforms that operate in the relevant local markets. Therefore, the data for our overseas operations will be stored on different cloud computing platforms in the local overseas markets and isolated from the data for our domestic operations which are stored within mainland China. Further, we will not transmit any data between the platform for our domestic operations and those for our overseas operations. Based on the foregoing, our PRC Legal Adviser is of the view that the likelihood that our proposed overseas operations will violate the Data Security Law and the Personal Information Protection Law is remote. We will closely monitor the relevant regulatory developments and seek legal counsel’s advice to ensure that our operations are in compliance with applicable laws.

RESEARCH AND DEVELOPMENT

Our ability to compete depends to a large extent on our continuous commitment to research and development and our ability to improve the functionality of, and add new features to, our customer contact solutions. Consistent with our strong innovation culture, we devote significant resources to research and development and develop the core features of our solutions in-house.

We currently maintain research and development centers in Beijing and Nanjing. As of December 31, 2021, we had 211 employees in our research and development team, representing 46.7% of our total number of employees. Our research and development team consist of carefully selected talents whose expertise spans a wide range of subject areas, such as softswitch, cloud computing, AI and big data, information security, computer telephony integration technologies. In 2019, 2020 and 2021, our research and development expenses totaled RMB37.1 million, RMB38.5 million and RMB53.8 million, respectively, representing 11.1%, 10.9% and 13.4% of our total revenue during the same periods. We intend to continue investing in research and development to deliver robust functionality to our clients.

We strive to rapidly and reliably deploy and innovate for our clients and have implemented various practices aimed at improving our solutions at a faster pace. We adopted the DevOps model in our product development process, removing the barriers between our development and operations teams to optimize both the productivity of developers and the reliability of operations. Traditionally, development and operation teams functioned independently. Under a DevOps model, the software development (Dev) and IT operations (Ops) teams coordinate and collaborate closely throughout the application lifecycle, which enable us to build, test, and release software faster and more reliably. We implement rapid iteration on a weekly basis and achieve smooth switch from one version to another through grayscale release and other technical means.

Our development process for a major upgrade to our solutions usually takes two to four weeks. Key steps in our product development process consist of:

- *Demand analysis.* Our sales and marketing team take the lead on conducting market analysis to collect demand feedback from our clients.
- *Project design.* Our product team define the key functional and performance requirements tailored to address client demands.
- *Project development, testing and launch.* Our research and development team complete coding, testing and product launch in-house.
- *Continuous optimization.* We make continuous efforts to optimize functions and performance based on user feedback. Release updated versions with improved features and functionalities.

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OUR SUPPLIERS

Our suppliers consist primarily of cloud service providers and telecommunications companies. In 2019, 2020 and 2021, our top five suppliers accounted for 87.0%, 83.1% and 72.5% of our total cost of sales, respectively. During the same periods, our largest supplier accounted for approximately 63.8%, 41.4% and 36.5% of our total cost of sales, respectively.

The following table shows the details of our five largest suppliers during the Track Record Period:

Rank	Supplier	Type of products/ services provided	Principal business	Approximate years of business relationship as of the Latest Practicable Date	Purchase amount (RMB'000)	Percentage of our total cost of sales
<i>For the year ended December 31, 2019</i>						
1	China United Network Communications Group Co., Ltd.	Telecommunication services	One of the three major telecommunications companies in China	9.5 years	114,138	63.8%
2	China Mobile Communications Group Co., Ltd.	Telecommunication services	One of the three major telecommunications companies in China	9.5 years	13,127	7.3%
3	China Telecom Corporation Limited	Telecommunication services	One of the three major telecommunications companies in China	9.5 years	10,845	6.1%
4	Alibaba Group Holding Limited ⁽¹⁾	Cloud computing and storage resources and networking services; telecommunication services	A cloud service provider based in China that provides on-demand cloud computing services	4.5 years	8,893	5.0%
5	Guangxi Dongxin Yitong Technology Co., Ltd.	Telecommunication services	A company based in China that provides an integrated package of resources from multiple telecommunications companies	3 years	8,534	4.8%
<i>For the year ended December 31, 2020</i>						
1	China United Network Communications Group Co., Ltd.	Telecommunication services	One of the three major telecommunications companies in China	9.5 years	73,878	41.4%
2	China Telecom Corporation Limited	Telecommunication services	One of the three major telecommunications companies in China	9.5 years	24,503	13.7%
3	China Mobile Communications Group Co., Ltd.	Telecommunication services	One of the three major telecommunications companies in China	9.5 years	22,572	12.7%

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Rank	Supplier	Type of products/ services provided	Principal business	Approximate years of business relationship as of the Latest Practicable Date	Purchase amount (RMB'000)	Percentage of our total cost of sales
4	Alibaba Group Holding Limited	Cloud computing and storage resources and networking services; telecommunication services	A cloud service provider based in China that provides on-demand cloud computing services	4.5 years	17,709	9.9%
5	Guangxi Dongxin Yitong Technology Co., Ltd.	Telecommunication services	A company based in China that provides an integrated package of resources from multiple telecommunications companies	3 years	9,616	5.4%
<i>For the year ended December 31, 2021</i>						
1	China United Network Communications Group Co., Ltd.	Telecommunication services	One of the three major telecommunications companies in China	9.5 years	79,954	36.5%
2	China Telecom Corporation Limited	Telecommunication services	One of the three major telecommunications companies in China	9.5 years	31,347	14.3%
3	China Mobile Communications Group Co., Ltd.	Telecommunication services	One of the three major telecommunications companies in China	9.5 years	17,810	8.1%
4	Alibaba Group Holding Limited	Cloud computing and storage resources and networking services; telecommunication services	A cloud service provider based in China that provides on-demand cloud computing services	4.5 years	16,962	7.7%
5	Guangxi Dongxin Yitong Technology Co., Ltd.	Telecommunication services	A company based in China that provides an integrated package of resources from multiple telecommunications companies	3 years	12,965	5.9%

(1) In 2019, 2020 and 2021, we purchased cloud services in the amount of RMB2.4 million, RMB3.7 million and RMB3.2 million and telecommunication services in the amount of RMB6.5 million, RMB14.0 million and RMB13.8 million from Alibaba Group Holding Limited, respectively.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

Overlap between Clients and Suppliers

During the Track Record Period, certain of our five largest suppliers were also our clients.

China United Network Communications Group Co., Ltd. was one of our five largest suppliers and one of our clients in 2019, 2020 and 2021. During the Track Record Period, we purchased telecommunication services from it and provided it with Intelligent Contact Center Solutions. In 2019, 2020 and 2021, our purchase from it amounted to approximately RMB114.1 million, RMB73.9 million and RMB80.0 million, respectively, representing 63.8%, 41.4% and 36.5% of our total cost of sales. Our revenue derived from it in 2019, 2020 and 2021 amounted to approximately RMB2.0 million, RMB1.6 million and RMB2.1 million, respectively, representing 0.6%, 0.5% and 0.5% of our total revenue.

China Mobile Communications Group Co., Ltd. was one of our five largest suppliers and one of our clients in 2019, 2020 and 2021. During the Track Record Period, we purchased telecommunication services from it and provided it with Intelligent Contact Center Solutions. In 2019, 2020 and 2021, our purchase from it amounted to approximately RMB13.1 million, RMB22.6 million and RMB17.8 million, respectively, representing 7.3%, 12.7% and 8.1% of our total cost of sales. Our revenue derived from it in 2019, 2020 and 2021 amounted to RMB0.1 million, RMB0.3 million and RMB2.8 million, respectively, representing less than 1% of our total revenue.

China Telecom Corporation Limited was one of our five largest suppliers and one of our clients in 2019, 2020 and 2021. During the Track Record Period, we purchased telecommunication services from it and provided it with Intelligent Contact Center Solutions. In 2019, 2020 and 2021, our purchase from it amounted to approximately RMB10.8 million, RMB24.5 million and RMB31.3 million, representing 6.1%, 13.7% and 14.3% of our total cost of sales. Our revenue derived from it in 2019, 2020 and 2021 amounted to RMB0.8 million, RMB0.1 million and RMB0.5 million, representing less than 0.3% of our total revenue.

Alibaba Group Holding Limited was one of our five largest suppliers and one of our clients in 2019, 2020 and 2021. During the Track Record Period, we purchased cloud computing and storage resources and networking services and telecommunication services from it and provided it with Intelligent Contact Center Solutions and telecommunication services. In 2019, 2020 and 2021, our purchase from it amounted to approximately RMB8.9 million, RMB17.7 million and RMB17.0 million, representing 5.0%, 9.9% and 7.7% of our total cost of sales. Our revenue derived from it in 2019, 2020 and 2021 amounted to RMB7.1 million, RMB5.8 million and RMB5.5 million, representing 2.1%, 1.6% and 1.4% of our total revenue.

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To the best knowledge of our Directors, during the Track Record Period, there were no other overlap between our major suppliers and our clients or between our major clients and our suppliers. Our Directors confirm that the sales and purchases to/from such overlapping clients-suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm's length basis.

Cloud Services

Our solutions are built on a highly scalable, cloud-based technology infrastructure through our cooperation with leading cloud service providers. During the Track Record Period, we primarily worked with three cloud service providers, Alibaba Group Holding Limited, Beijing Sinnet Technology Co. Ltd. and Beijing Ultrapower Software Co., Ltd.. In 2019, 2020 and 2021, we purchased cloud services in the amount of RMB2.4 million, RMB3.7 million and RMB3.2 million from Alibaba Group Holding Limited and RMB6.3 million, RMB5.9 million and RMB4.7 million from Beijing Sinnet Technology Co. Ltd., respectively. Beijing Ultrapower Software Co., Ltd. was our new supplier in 2021, from whom we purchased RMB1.7 million in 2021. We believe that we maintain stable relationships with these providers. Although we expect to be able to obtain similar services from other third parties, if our arrangements with these providers were terminated, we may incur additional expenses in arranging for alternative services. For risks associated with our suppliers, see "Risk Factors – Risks Related to Our Business and Industry – Our business relies on the telecommunications and cloud infrastructure operated by third parties and any disruption of or interference with our use of such third-party services would adversely affect our business, results of operations and financial condition." In addition, we also work with other cloud computing platforms for software development purposes, such as developing and testing new functions or enhancing our compatibility with other cloud environments.

We enter into service agreements with cloud service providers to purchase cloud computing, storage and networking resources. The key terms are set out below:

- **Term:** These agreements typically have a fixed term of one year and are automatically renewable upon expiration of the original agreement unless otherwise indicated.
- **Services:** The cloud service providers are required to provide cloud resources in accordance with the service level agreements promised by them, to offer customary technical support, and to provide APIs for us to integrate their services with our platform.
- **Fee:** The fees charged depend on the type and amount of cloud computing, storage and networking resources used.
- **Payment arrangement:** We typically pay service fees on a monthly basis via bank transfer.

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We are subject to a minimum purchase amount in exchange for discounted service fees. If the amount we pay for the cloud computing, storage and networking resources purchased does not meet the minimum purchase amount, we will be required to pay the minimum amount. We generally agree to a conservative minimum amount based on our historical usage amount and our purchase amount from our two suppliers had consistently exceeded the minimum amount during the Track Record Period. Once beyond the minimum amount, we pay for the computing resources we and our clients use based on the agreed per-unit prices. We work with industry-leading cloud service providers in China that possess large-scale cloud resources and utilize advanced technologies and sophisticated mechanisms to manage capacity. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any incident where the capacity of our cloud service providers is insufficient in meeting our clients' demand.

During the Track Record Period and up to the Latest Practicable Date, we encountered one prolonged service interruption in June 2019, due to disruption in the service provided by Beijing Sinnet Technology Co. Ltd.. We voluntarily reduced the service fees of certain clients who were impacted by the disruption, which amounted to RMB311,117.5. The incident motivated us to transition to our active-active dual cloud architecture, which significantly improved our system's fault tolerance. For details of the incident, see "Risk Factors – Risks Related to Our Business and Industry – Our business relies on the telecommunications and cloud infrastructure operated by third parties and any disruption of or interference with our use of such third-party services would adversely affect our business, results of operations and financial condition."

The cloud services industry in the PRC is highly regulated. For example, as of the Latest Practicable Date, multiple municipal and provincial governments in the PRC had released plans or taken actions to establish "state-owned clouds" (國資雲) ("**State-Owned Public Cloud Platforms**"), including Shenzhen City, Chongqing City, Suzhou City, Sichuan Province and Zhejiang Province. According to the CIC Report, under the relevant policies, SOEs supervised by the relevant local state-owned assets supervision and administration commissions are expected to migrate their IT infrastructure to State-Owned Public Cloud Platforms, in lieu of public cloud platforms operated by private enterprises ("**Privately-Owned Public Cloud Platforms**"). This is in line with the trend of digitalization and increasingly stringent data security requirements for SOEs advocated in several policies issued by SASAC, including the Three-year Action Plan for SOEs' Reform (2020-2022) (《國企改革三年行動方案(2020-2022年)》), the Notice on Accelerating the Digital Transformation of SOEs (《關於加快推進國有企業數字化轉型工作的通知》) and the Notice on Further Promoting the Establishment of State-owned Assets Supervision Framework (《關於進一步推動構建國資監管大格局有關工作的通知》). According to the CIC Report, it is likely that similar policies will be implemented in other municipalities and provinces in the PRC.

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According to the CIC Report, State-Owned Public Cloud Platforms are multi-tenant public cloud computing platforms owned and operated by entities controlled by state-owned assets supervision and administration commissions at the provincial or municipal level. They exclusively provide services to SOEs. In contrast, Privately-Owned Public Cloud Platforms may be owned and operated by any entities, and their customers are not limited to SOEs. Even though State-Owned Public Cloud Platforms are owned and operated by SOEs, their architecture is expected to be similar to existing Privately-Owned Public Cloud Platforms. For example, based on publicly available information, the State-Owned Public Cloud Platforms used in Sichuan Province and Zhejiang Province are based on the technology platform of a Privately-Owned Public Cloud Platform.

During the Track Record Period and up to the Latest Practicable Date, none of our SOE clients had requested us to deploy our solutions on State-Owned Public Cloud Platforms or have turned to use State-Owned Public Cloud Platforms without engaging us. We believe that the implementation of such policies will in general have a positive impact on our business and the cloud-based customer contact solutions industry, in particular the public cloud customer contact solutions industry, in the PRC, for the following reasons:

- According to the CIC Report, such policies may negatively impact providers of Privately-Owned Public Cloud Platforms as they may no longer directly contract with SOEs affected by such policies. However, such policies do not affect public cloud customer contact solutions providers, such as us, who can deploy their solutions in any public cloud environments at the choice of their clients as long as such public cloud computing platforms are compatible with their systems. On the contrary, such policies are likely to accelerate the trend of digitalization and increase the penetration of public cloud customer contact solutions adopted by SOEs. According to the CIC Report, currently a vast majority of SOEs use on-premise customer contact solutions or solutions deployed in private clouds. Such policies will encourage SOEs to increasingly adopt public cloud solutions delivered via the SaaS model or VPC model.
- We believe that we, as the market leader in the public cloud customer contact solutions industry, are likely to benefit from such policies. According to the CIC Report, since the development of State-Owned Public Cloud Platforms is still at an early stage, there exist uncertainties as to their impact on cloud-based customer contact solutions providers of different sizes. According to the same source, leading public cloud customer contact solutions providers are expected to have a higher success rate in winning a place in the application marketplaces of State-Owned Public Cloud Platforms due to their proven track record, robust technology capabilities and comprehensive security mechanism, while long-tail providers may have difficulties in overcoming the entry barriers. In 2019, 2020 and 2021, our revenue attributable to SOEs who were our key accounts amounted to RMB45.4 million, RMB60.0 million and RMB63.1 million, respectively, accounting for 13.6%, 17.0% and 15.7% of our total revenue. We believe that such policies present opportunities for us to attract more SOE clients.

- We enjoy a competitive edge in terms of our platform's cross-cloud compatibility. One of our key strategy is to further grow our VPC model. Our VPC clients may choose to deploy our solutions in a variety of cloud environments. We have been making efforts to increase the adaptability of our solutions to different cloud environments. Through containerization, our key functional modules will be easily assembled and deployed in different clouds and only small-scale customizations are required for different cloud platforms. While, in our SaaS model, our platform is primarily deployed on two Privately-Owned Public Cloud Platforms, our platform has been deployed on various cloud platforms per clients' requests in the VPC model and we have successfully tested the compatibility of our platform with other major cloud computing platforms. Given that the key enabling technologies and architecture of cloud computing platforms are similar, we believe that we will not encounter material difficulties in integrating our platform with State-Owned Public Cloud Platforms.

Based on the foregoing, we believe that such policies had not had a material adverse impact on our business operations and financial performance as of the Latest Practicable Date and are not expected to have a material adverse impact in the foreseeable future.

Telecommunications Services

We cooperate with major telecommunications companies in China to jointly provide our clients and their customers with network services on demand. We primarily procure five types of telecommunication services from our suppliers, namely internet broadband, internet data centers (IDC), voice services, telephone numbers and dedicated leased lines, which are telecommunications circuit between different data centers. Among the telecommunication resources we purchase, voice minutes are largely variable in nature as we pay for what we use when the usage amount exceeds the minimum purchase requirement; internet broadband, IDCs, dedicated leased lines and telephone numbers are largely fixed in nature, as we pay for what we contract to rent or subscribe.

We enter into framework service agreements with telecommunications companies. The key terms are set out below:

- **Term:** These agreements typically have a fixed term of one year and are automatically renewable upon expiration of the original agreement unless otherwise indicated.
- **Fee:** The fees charged depend on usage of bandwidth, voice and other services.
- **Payment arrangement:** We are typically provided a credit term of 30 days. We make payments via bank transfer.

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In addition, telecommunications companies require real-name registrations from its network users in accordance with PRC laws. For detailed information about the relevant regulations, see “Regulations – Regulations Relating to Value-added Telecommunication Services – Telecommunication network information service.” To comply with such regulations, in our service agreements we require our clients to provide real-name verification materials for telecommunications companies through written agreements or undertakings.

INTELLECTUAL PROPERTY

Our copyrights, patents, trademarks, trade secrets, domain names and other intellectual property are critical to our business. We rely on a combination of intellectual property laws, unfair competition laws, nondisclosure agreements and other protective measures to protect our intellectual property rights. To protect our intellectual property rights, we strive to make timely registration, filing and application for intellectual property rights. Further, we require our employees to enter into standard employment contracts that include clauses acknowledging that all inventions, trade secrets, developments and other processes generated by them during their employment with us are our properties, and assigning to us any ownership rights that they may claim in those works.

We intend to protect our intellectual property rights vigorously, but there can be no assurance that our efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See “Risk Factors – Risks Related to Our Business and Industry – We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from any unauthorized use of our technologies” and “– We may be subject to claims by third parties for intellectual property infringement.”

As of the Latest Practicable Date, we had registered 49 software copyrights, 11 issued patents, 56 trademarks and 37 domain names, including www.ti-net.com.cn. For detailed information about our material intellectual property rights, see “Appendix IV. Statutory and General Information – B. Further Information about our Business – 2. Intellectual Property Rights of our Group.”

We use software licensed from third parties, primarily including regular office software, software for text-to-speech and ASR functions, software for searching, monitoring, and analyzing data, software for managing development workflows and software for team collaboration.

As of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties’ intellectual property rights in the PRC.

SALES AND MARKETING**Sales**

We sell our portfolio of solutions primarily through our in-house direct sales force with extensive professional experience and substantial knowledge about our solutions and technologies. As of December 31, 2019, 2020 and 2021, our sales team consisted of 97, 121 and 136 employees, respectively. Our sales force is specialized by client region, size, and vertical sector and serves national and regional clients from offices in Beijing, Shanghai, Shenzhen, Guangzhou and Nanjing. Our sales model consists of a dedicated sales team that sells our solutions into larger opportunities primarily through continuous high-touch interactions with clients' key decision makers and a team that sells our solutions into smaller opportunities primarily through client referrals and lead conversion. We intend to further expand our sales force to drive new business opportunities.

To a lesser extent, we also use third-party agents to increase our sales, to whom we pay commission for client referrals. In 2019, 2020 and 2021, we worked with 20, 21 and 36 third-party agents, respectively, which mainly consist of software sales, marketing and consulting agencies of various scale of operations. We are usually directly approached by third-party agents who know clients that need customer contact solutions but are unfamiliar with the major providers in the industry. We pay third-party agents commission expenses in exchange of such client resources. In 2019, 2020 and 2021, we paid commission expenses of RMB6.9 million, RMB5.0 million and RMB4.6 million to our third-party sales agents, respectively. During the same periods, according to our management accounts, our revenue attributable to third-party agents amounted to RMB67.9 million, RMB61.4 million and RMB114.2 million, respectively, accounting for 20.3%, 17.4% and 28.4% of our total revenue. During the same periods, the average commission rate charged by our third-party agents, calculated by dividing our commission expenses for the relevant period by the revenue attributable to third-party agents for the same period, was 10.1%, 8.1% and 4.0%, respectively. During the Track Record Period, the commission rate charged by our third-party agents for the referral of one client, calculated by dividing the commission paid for the referral during the relevant period by the revenue generated from the referred client for the same period, typically ranged between 1.0% and 18.8%. According to the CIC Report, the main methods we and our industry peers use in determining commission fees are similar. According to the same source, generally the commission rate charged by third-party agents to cloud-based customer contact solutions providers will not exceed 30%, which is consistent with the range of commission rates paid by us during the Track Record Period. Based on advice from CIC, we believe that the charging basis of the commission expenses was in line with the industry norm and the range of commission expenses payable are similar to those paid by our industry peers. The key terms of our agreements with our third-party sales agents include:

- Duration of the agreement: We typically enter into one-year agreements with our third-party sales agents.

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- Pricing terms: The commission expenses charged by third-party sales agents are negotiated on a case-by-case basis. The commission expenses may be based on i) a predetermined fee multiplied by the number of agent seats subscribed by the client referred to us, ii) a percentage of the revenue generated from the referred client during a predetermined period, or iii) a percentage of the recurring revenue generated from the referred client. We may also pay a negotiated lump sum fee for the referral.
- Payment terms: We are required to pay the agreed commission after we enter into service agreements with the referred clients and upon receipt of invoice.
- Credit terms: We are typically granted a credit term of 30 days to 90 days.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than 5% of our issued share capital) had any interest in any of our third-party sales agents. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, none of the third-party agents or their respective shareholders, directors or subsidiaries had any other relationship, transaction, agreement, arrangement or understanding with us, our affiliates, shareholders, directors or senior management, or any of their respective associates.

In addition, we leverage the word-of-mouth referrals by our existing clients and partners to achieve organic client acquisition and to expand our market presence in a cost-efficient manner. For example, since many of our clients are large conglomerates who own a portfolio of companies, they may connect us with their subsidiaries and affiliates.

In an effort to better anticipate and respond to our clients' needs, we require and foster the collaboration between our sales team and research and development team to improve existing solutions and develop additional functionalities to meet client needs.

Marketing

Our strong brand recognition has been an important driving force for our sales. To strengthen our brand, we invest in both online and offline marketing. We execute our online marketing strategy and generate sales leads through both search engine marketing (SEM) and search engine optimization (SEO). We work with major search engines in China to increase our visibility in search engine results pages. Based on in-depth marketing research, we include a wide range of keywords in our SEM campaigns to cover all of our solution offerings. In addition, we implement a number of SEO techniques to improve the quality and quantity of website traffic from search engines. For example, we frequently update and post contents to our official websites, and make sure that the published contents contain pre-determined keywords. We also collaborate with reputable websites and platforms to promote our websites and increase our ranking. Leveraging our in-depth understanding of the relevant computer algorithms, we make our websites crawler friendly so that new contents can be discovered and indexed by the search engines. We also participate in and sponsor seminars, conferences and special events to raise our profile with potential clients.

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In 2019, 2020 and 2021, our selling and distribution expenses amounted to RMB44.2 million, RMB50.4 million and RMB71.3 million, respectively, representing 13.2%, 14.2% and 17.7% of our total revenue during the same periods.

COMPETITION

The cloud-based customer contact solutions industry in China is fragmented and highly competitive. We compete with other cloud-based customer contact solutions providers and large legacy technology vendors that offer on-premise contact center systems. Additionally, vendors that historically provided other services and technologies, such as cloud service providers and telecommunications companies, may expand to offer cloud-based customer contact solutions. We face competition in various aspects of our business, including, among others, the comprehensiveness and adaptability of solutions, brand recognition, ability to continuously innovate services and solutions, and vertical expertise in developing industry-specific solutions. Leveraging our robust technological capabilities, proven go-to-market strategies, and a broad, high-quality and loyal client base, we believe we are positioned favorably in market competition. See “– Our Competitive Strengths.” With the introduction of new technologies and entry of new market participants, we expect competition to continue to intensify in the future. If we do not compete effectively, our operating results could be harmed. See “Risk Factors – Risks Related to Our Business and Industry – The market in which we participate is highly competitive, and if we do not compete effectively, our operating results could be harmed.” For more information on the competitive landscape of our industry, see “Industry Overview.”

In addition, we also face competition for highly skilled personnel, including management, software engineers and product managers. Our growth depends in part on our ability to retain our existing personnel and attract additional highly skilled employees. See “Risk Factors – Risks Related to Our Business and Industry – We depend on our senior management team and the loss of one or more key employees or an inability to attract and retain highly skilled employees could harm our business.”

HEALTH, WORK AND SAFETY

We do not operate any production facilities. Therefore, we are not subject to significant health, work or safety risks. To ensure compliance with applicable laws and regulations, our human resources department would, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and 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 with health, work or safety regulations and have not had any accident or claim for personal or property damage by our employees which had materially and adversely affected our financial condition or business operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations.

While our business operations do not produce pollutants that directly affect the environment, we have implemented internal policies to reduce our environmental impact and carbon footprint, including:

- sending daily energy-saving reminders to employees, which urge them to turn off indoor lights, electronic equipment and air conditioning in time after leaving the meeting room and before getting off work;
- imposing temperature controls for air conditioning;
- setting up a wastebasket to recycle paper that can be reused (such as those with only one side used);
- encouraging the use of online system for internal examination and approval and reducing the use of paper documents;
- conducting regular trainings on the foregoing requirements for electricity and paper saving;
- setting up waste sorting bins and conducting waste classification training; and
- putting in place a battery recycling container for used batteries to prevent pollution.

We are committed to corporate responsibility projects, both through charitable endeavors and by extending the benefits of our ecosystem to the society at large. In the fight against COVID-19 pandemic in China, we assisted a technology giant to launch an intelligent outbound call system. For details, see “– Our Offerings – ContactBot Solutions.” In February 2020, we also made a donation of RMB551,600 to a charitable organization in Hubei to assist with the COVID-19 relief efforts.

We are committed to cultivating a collaborative company culture that inspires teamwork. We value the contribution of each employee in different roles and strive to provide a fair and balanced compensation scheme that provides proper incentives. We want our employees to treat each other with care and respect and to feel cared and respected. We continue to foster a positive working atmosphere while enhancing equal job opportunities for all.

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We continuously invest in the training and career development of our employees. We have established a comprehensive training and development system covering corporate culture, employee rights and responsibilities, job performance, technical skills and safety management. We also support the health and well-being of our employees by, among other measures offering free annual health checkups.

Our Board of Directors has the collective responsibility for formulating, adopting and reviewing our environmental, social and corporate governance (“ESG”) vision, policy and target, and evaluating, determining and addressing our ESG-related risks at least once a year. Our Board of Directors may assess or engage independent third party(ies) to evaluate our ESG risks and review our existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate the risks.

RISK MANAGEMENT AND INTERNAL CONTROL

We face a variety of risks in our daily business operations, including operational risk, legal and compliance risk, financial reporting risk, human resource risk, credit risk and internal audit risk. We have established risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems. Our Chief Financial Officer is responsible for overseeing risk management activities. Our management proactively monitors the risks we are faced with and ensures our risk management policies and protocols are effectively implemented.

We have adopted and implemented the following risk management policies and protocols.

Operational Risk Management

We are faced with operational risks relating to our daily operations, which primarily arise from inadequate or failed internal controls and systems, human errors, IT system failures or external events. We consider these operational risks to be the key risks in our business and believe that, with adequate operational policies and procedures, these inherent risks can be controlled and mitigated. We developed a robust risk management system monitoring and addressing risks in our daily operations, such as the management of (1) our internal financial records, (2) company chops, seals and signatures, (3) key properties, and (4) business files.

To ensure the continuity of our business, we have put in place contingency plans for detecting and responding to emergency incidents. In the event of an emergency incident, our contingency plans set out prescribed response protocols applicable to our various business units. We continue to assess the effectiveness of our contingency plans, and would perform reviews after each emergency incident to identify potential areas for improvement. We also conduct regular emergency response drills to ensure our employees are familiar with our response protocols.

Legal and Compliance Risk Management

Our business is subject to regulation and supervision by national, provincial and local government authorities with regard to our business operations, which may be subject to changes. For further details on the applicable laws and regulations in relation to our business operations, see “Regulations” of this prospectus. If we fail to comply with these laws and regulations, we may be required to rectify and may incur penalties and losses. During the Track Record Period, we had not been challenged for any material non-compliance incidents by any regulatory authorities.

In addition, we have strengthened our legal and compliance risk management by:

- establishing anti-money laundering and anti-corruption reporting system and anti-fraud system;
- monitoring legal updates, including updates on the interpretation of applicable laws and regulations by relevant regulatory authorities and update our internal protocols and procedures in a timely manner; and
- reiterating the importance of adherence to our operational protocols and procedures to our employees and, in particular, new employees, to ensure effective implementation of our operational protocols and procedures.

We are subject to anti-bribery and anti-corruption laws in China and other jurisdictions we may expand into in the future. We have in place an anti-bribery and anti-corruption policy to safeguard against relevant risks. The policy explains potential bribery and corruption conduct and our anti-bribery and corruption measures. Improper payments prohibited by the policy include bribes, kickbacks, excessive gifts or facilitation payment, or any other payment made or offered to obtain an undue business advantage. We keep accurate books and records that reflect the substance of transactions and asset dispositions in reasonable detail. We will not approve the transactions or payment if the books and records do not reflect the substance of transactions. We plan to hold regular trainings for employees regarding anti-bribery and anti-corruption policy in the future to facilitate better implementation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any bribery or corruption incident involving us or our employees.

Financial Reporting Risk Management

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

Human Resources Risk Management

We provide regular and specialized trainings tailored to the needs of our employees in different departments. Our human resource department regularly organizes internal training sessions conducted by senior employees or outside consultants on topics of interest. Our human resource department schedules online trainings, reviews the content of the trainings, follows up with employees to evaluate the impact of such trainings and rewards lecturers for positive feedback they receive. Through these trainings, we ensure that our staff's skill sets remain up-to-date, enabling them to better meet clients' needs.

We have in place an employee handbook and a code of conduct approved by our management and have distributed them to all our employees. The handbook contains internal rules and guidelines regarding work ethics, fraud prevention mechanisms, negligence and corruption. We provide employees with regular trainings, as well as resources to explain the guidelines contained in the employee handbook.

Credit Risk Management

We face credit risks primarily arising from solutions delivered in the VPC model to the extent that our clients fail to perform their payment obligations as provided in the service agreements. We address such credit risks by carefully evaluating the credit profiles, liquidity position and market reputation of potential clients. We are not subject to material credit risks associated with our SaaS model because clients for our SaaS model usually prepay for our services or settle payments with us on a monthly basis.

Internal Audit

We have established an audit committee to monitor the implementation of our risk management policies across our company 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 members, namely Mr. LI Zhiyong (李志勇), Mr. LI Pengtao (李鹏涛) and Ms. WENG Yang (翁阳) (“**Ms. Weng**”), all of whom are independent non-executive Directors. Mr. LI Zhiyong is the chairman of the audit committee. For the professional qualifications and experiences of the members of our audit committee, see the section headed “Directors and Senior Management” in this prospectus.

We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee and senior management on any issues identified. Our internal audit department members are required to report to management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the audit committee to ensure that any major issues identified are channeled to the committee on a timely basis. The audit committee then discusses the issues and reports to the board of directors, if necessary.

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EMPLOYEES

As of December 31, 2019, 2020 and 2021, we had 268, 366 and 452 full-time employees, respectively.

The following table sets forth the number of our employees by function as of December 31, 2021:

<u>Functional Area</u>	<u>Number of Employees</u>	<u>% of Total</u>
Research and development.	211	46.7
Sales.	136	30.1
Operations.	73	16.2
Management	32	7.1
Total	<u>452</u>	<u>100.0</u>

The following table sets forth the number of our employees by geographical location as of December 31, 2021:

<u>Geographical Location</u>	<u>Number of Employees</u>	<u>% of Total</u>
Beijing	225	49.8
Nanjing.	154	34.1
Shanghai.	32	7.1
Shenzhen.	21	4.6
Guangzhou	11	2.4
Other ⁽¹⁾	9	2.0
Total	<u>452</u>	<u>100.0</u>

(1) Includes employees located in Shanxi, Henan, Shandong and Sichuan Province.

Our success depends on our ability to attract, retain and motivate qualified personnel. We believe we offer our employees competitive compensation packages and an environment that encourages initiative. Our recruiting efforts include online recruiting, internal referral and, to a lesser extent, on-campus recruiting and use of professional recruiters. We provide regular trainings and reviews for our employees to enhance their performance.

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As required by regulations in China, we participate in various government statutory employee benefit plans, including social insurance funds, namely a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund. We are required under PRC law to contribute to 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. During the Track Record Period, as advised by our PRC Legal Adviser, we complied with all material aspects of these requirements and were not subject to any material administrative fines or penalties.

We enter into standard labor contracts with our employees. We also enter into standard confidentiality and non-compete agreements with our senior management and key technical employees.

Our employees are not currently represented by any labor union. 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.

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations. As advised by our Industry Consultant, our insurance coverage is in accordance with the commercial practices in our industry. We participate in various government-sponsored employee benefit plans as required by PRC laws and regulations, including certain social insurance obligations. For details, see “– Employees.” In line with general market practice, we do not maintain insurance policies covering damages to our network infrastructures, information technology systems or property. We also do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain product liability insurance or key-man insurance, none of which is mandatory under PRC laws and regulations. The occurrence of any events not covered by our limited insurance coverage may result in interruption of our operations and subject us to significant losses or liabilities. See “Risk Factors – Risks Related to Our Business and Industry – We may not have insurance coverage to protect us from potential losses.”

PROPERTIES

Our corporate headquarters and principal place of business are located at 28-29/F, No. 1 Building, 2nd Compound, Ronghua South Road, Beijing Economic and Technological Development Zone, Beijing, China. We maintain additional offices in China in Nanjing, Shanghai, Guangzhou and Shenzhen. These offices are leased from third parties, and we do not own any real property. Our office leases generally have terms ranging from one to three years and may be renewed upon expiration of the lease terms.

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The following table sets forth a summary of properties leased by us as of the Latest Practicable Date:

<u>Location</u>	<u>Usage</u>	<u>GFA</u> <i>(sq.m.)</i>	<u>Lease Term</u>	<u>Expiry Date</u>
Beijing	Office	1,392.37	5 years	November 20, 2023
Beijing	Office	413.81	3 years and 7 months	November 20, 2023
Beijing	dormitory	121.10	2 years	November 14, 2022
Nanjing	Office	815.00	2 years and 2 months	October 31, 2022
Shanghai	Office	405.6	2 years and 10 days	April 30, 2024
Shanghai	Office	176.6	2 years and 10 days	April 30, 2024
Guangzhou	Office	205.00	2 years	May 24, 2024
Shenzhen	Office	186.92	1 year	December 31, 2022
Chengdu	Office	238.77	2 years	April 21, 2024

As of the Latest Practicable Date, we entered into nine lease agreements for our leased properties and eight of them had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. These properties are primarily used as our offices. We consider two leased properties in Beijing, with a GFA of 1,392.37 and 413.81 square meters, respectively, to be material to our business since they are where our headquarters are located. Our PRC Legal Adviser has advised us that failure to complete the registration and filing of lease agreements will not affect the validity of such leases or impede our use of the relevant properties but could result in fines of up to RMB10,000 per leased property that is unregistered if we fail to rectify such noncompliance within the time frame prescribed by the relevant authorities. As of the Latest Practicable Date, we were not aware of any notice or allegation of penalty from PRC government authorities for our failure on the registration of lease agreements.

Further, as of the Latest Practicable Date, the lessors of three of our leased properties, including the two leased properties in Beijing which we consider to be material to our business, failed to provide us with valid property ownership certificates, and our leased property interests under such properties may be defective. These properties are primarily used as our offices. If such lessors do not have the relevant property ownership certificates, the relevant rightful title holders or other third parties may challenge our use of such leased properties, and we may be forced to vacate these properties and be required to seek alternative properties for lease or choose to terminate the lease earlier while bearing the penalty of early termination under the lease. As of the Latest Practicable Date, the relevant lessors had provided with us

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authorization documents evidencing their rights to lease the properties to us, and we were not aware of any challenge made by a third party or competent government authority on the titles of any of these leased properties that might affect our current occupation. We believe that there are alternative properties at comparable rental rates readily available on the markets where our leased properties are located at and the estimated total relocation cost and time will not be material. Given the nature of our business, we believe that in the event that the relevant rightful title holders or other third parties challenge our use of such leased properties and we are required to move, we are able find suitable alternative properties within the proximate area, without incurring substantial additional costs nor imposing any material adverse effect on our business, financial condition and results of operations. If such claim or challenge raised by any other third parties, we may claim damages for breach of contract against the lessors based on relevant lease agreements and the PRC Civil Code. Our PRC Legal Adviser has advised us that the lack of valid property ownership certificates will not have a material and adverse effect on our business operations.

For risks related to our lease defects, see “Risk Factors – Risks Related to Our Business and Industry – Legal defects regarding some of our leased properties may adversely affect our business, financial condition and results of operations.”

LEGAL PROCEEDINGS

From time to time, we are subject to legal proceedings, investigations and claims incidental to the conduct of our business. For risks and uncertainties relating to such legal proceedings, please see “Risk Factors – Risks Related to Our Business and Industry – We may be subject to legal proceedings or arbitration claims in the ordinary course of our business, and the court ruling or arbitration award may not be favorable to us.”

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

COMPLIANCE

Our PRC Legal Adviser is of the opinion that, during the Track Record Period and up to the Latest Practicable Date, we had complied with relevant PRC laws and regulations in all material respects, and obtained all material requisite licenses and approvals from relevant governmental authorities for our operations in the PRC.

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The following table sets forth the material licenses and permits currently held by us.

<u>Holder</u>	<u>Certificate/License/Permit</u>	<u>Latest Grant Date</u>	<u>Expiration Date</u>
T&I Net Communication	VAT License (增值電信業務經營許可證), covering internet data center business (limited to internet resource collaboration services) and domestic contact center business	November 5, 2021	November 5, 2026
Xinfeng Information Technology	VAT License (增值電信業務經營許可證), covering internet data center business (limited to internet resource collaboration services) and domestic contact center business	February 25, 2019	February 25, 2024
Shanghai Tianrun Rongtong	VAT License (增值電信業務經營許可證), covering internet data center business (limited to internet resource collaboration services) and domestic contact center business	January 29, 2019	January 29, 2024
Xunchuan Rongtong Technology	VAT License (增值電信業務經營許可證), covering internet data center business (limited to internet resource collaboration services) and domestic contact center business	June 12, 2019	November 28, 2023
Guanxun Information Technology	VAT License (增值電信業務經營許可證), covering internet data center business (limited to internet resource collaboration services) and domestic contact center business	February 25, 2019	February 25, 2024

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BACKGROUND AND PRC LAWS AND REGULATIONS RESTRICTING FOREIGN OWNERSHIP

Principal Business

We offer customer contact solutions deployed fully in the cloud (the “**Principal Business**”). We are considered to be engaged in the provision of Internet resource collaboration services and contact center services, which are subcategories of value-added telecommunication services. Therefore, as a cloud-based contact solution provider, we are required to hold the VAT License, covering Internet resource collaboration services and contact center services. We conducted our Principal Business through our Consolidated Affiliated Entities in the PRC as the PRC laws, or their implementation by relevant government authorities, generally prohibit foreign ownership in the Principal Business we operate. Currently, the PRC laws restrict or prohibit foreign ownership of value-added telecommunications services providers.

As a result of the restrictions imposed by the PRC laws, we are unable to own or hold any direct equity interest in our Consolidated Affiliated Entities. Accordingly, the term ‘ownership’ or the relevant concept, as applied to our Company in this prospectus, refers to an economic interest in the assets or businesses through the Contractual Arrangements without holding any equity interest in our Consolidated Affiliated Entities. The Contractual Arrangements, through which we are able to exercise control over and derive the economic benefits from our Consolidated Affiliated Entities, are narrowly tailored to achieve our business purpose and minimize the potential for conflict with relevant PRC laws.

Pursuant to the Telecommunication Regulation of the People’s Republic of China (中華人民共和國電信條例), the Measures for the Administration of Telecommunications Business Licensing (電信業務經營許可管理辦法), and the Classification Catalogue of Telecommunications Services (2015 Version) (電信業務分類目錄(2015年)): enterprises engaged in Internet resource collaboration services and contact center services shall obtain a VAT License covering the above-mentioned services.

Pursuant to the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition) (外商投資准入特別管理措施(負面清單) (2021)) (the “**Negative List**”), within the scope of the telecommunications services that China has promised to open up in its accession to the WTO (“**China’s WTO Commitments**”), value-added telecommunications services (excluding e-commerce, domestic multi-party communications services, store-and-forward services and contact center services) fall under the “restricted” category of the Negative List and foreign investors are restricted from holding more than 50% of the equity interest of enterprises operating such value-added telecommunications services. Any value-added telecommunication services that are not included in the scope of China’s WTO Commitments, fall under “prohibited” category of the Negative List and are prohibited from foreign investment, except for certain allowed investment by certain qualified telecommunication service enterprise incorporated in Hong Kong or Macau. According to the Negative List, the contact center services fall under the “permitted” category.

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During a consultation with a director of the Information and Communication Development Department (信息通信發展司) of the MIIT in March 2021, the Company was advised that (i) the carrying out of our Principal Business (i.e. customer contact solutions deployed fully in public cloud) requires the VAT License, covering Internet resource collaboration services and contact center services; (ii) foreign investors are prohibited from holding equity interests in any enterprise engaging in Internet resource collaboration services; and (iii) in practice, no foreign-invested enterprises have obtained VAT License covering both Internet resource collaboration services and contact center services. As advised by our PRC Legal Adviser, MIIT is the competent authority to provide the relevant confirmations and the director consulted is of appropriate ranking to provide the relevant confirmations.

Based on consultation with the MIIT, and the fact that the Internet resource collaboration service is not among the scope of China's WTO Commitment and not included in the Negative List, our PRC Legal Adviser is of the view that: (i) the Internet resource collaboration service fall under the "prohibited" category of the Negative List; and (ii) our Principal Business, which involves the provision of Internet resource collaboration service, is prohibited from foreign investment.

See "Regulations – Regulations Relating to Foreign Investment – Foreign investment in the value-added telecommunications industry" for details of limitations on foreign ownership in PRC companies conducting value-added telecommunication services.

While contact center services are not strictly subject to foreign investment restrictions, it is necessary for us to operate our Principal Business under the Contractual Arrangements, and we are of the view that the Contractual Arrangements are narrowly tailored based on the reasons below:

- As confirmed by our PRC Legal Adviser, we must hold the VAT License, covering Internet resource collaboration services and contact center services, so as to operate our Principal Business in a compliant manner;
- Our Principal Business is cloud-centric and is considered to fall within the scope of Internet resource collaboration services and contact center services. Our cloud-based solutions primarily consist of three offerings, being (i) Intelligent Contact Center Solutions; (ii) Agile Agent Solutions; and (iii) ContactBot Solutions. Our PRC Legal Adviser is of the view that, the provision of each of the three solutions built on cloud is considered to fall under the scope of Internet resources collaboration services. As a matter of fact, our Principal Business is in substance the provision of cloud-based customer contact solutions. We currently hold a VAT License covering both the Internet resource collaboration services and contact center services, which are operated as one segment, and our contact center services can only be delivered through the provision of Internet collaboration services. It is technically and commercially impossible for us to provide contact center services segregated from our cloud-based customer contact solutions. Our contact center services are digitalized through cloud-based solutions and customer interactions

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engaged are recorded and stored in the cloud. In addition, our contact center services rely on practical applications embedded in our cloud-based solutions. As demonstrated above, our customer contact center solutions are fully deployed on cloud. Utilizing our cloud-native contact center solutions as the basis, our clients can establish their own customer contact functions. Our customer contact center solutions are deeply rooted in cloud-native, secure and reliable platforms, which is also the cornerstone of our customer contact center solutions. Therefore, the separation of contact center services from our cloud-based customer contact solutions (which is considered to fall within the scope of Internet resource collaboration services) (if any) would materially and adversely affect the quality of our services provided and fundamentally undermine our business; and

- Based on the consultation with the MIIT, foreign investors are prohibited from holding equity interests in any enterprise engaging in Internet resource collaboration services.

On the basis of the above, our PRC Legal Adviser agrees that, we need to operate our Principal Business (which are considered to fall within the scope of Internet resource collaboration services and contact center services), through Contractual Arrangements.

The Company undertakes that, only the Principal Business would be conducted through our Contractual Arrangement. As other services and product sales (including the sales of telecommunication equipment and use of phone number) are not subject to foreign investment restrictions, such businesses would not be conducted through the Consolidated Affiliated Entities. Any new contracts (whether prior to or after the Listing) in connection with the sales of telecommunication equipment (being one-off transactions) would be entered into by WFOE. Contracts in connection with the use of phone numbers are all entered into annually, and will expire within the next 12 months. As of the Latest Practicable Date, there were 13 contracts with such customers for the use of phone numbers which would all expire by September 2022, and the maximum amount of the aggregate revenue attributable to such customers during the remaining contract term is RMB49,333.74. The Company has negotiated with such existing customers. Due to the customers' internal procedures, it was practically difficult for such customers to transfer the contracts to WFOE before the expiry of the existing effective contracts. The Company undertakes that, all contracts with respect to such customers will be entered into by the WFOE upon renewal of the existing contracts. In addition, any new contracts (whether prior to or after the Listing) in connection with the use of phone numbers would be entered into by the WFOE.

Future Business Development

We will continue to invest in and enhance the video capabilities of our platform by, among others, integrating with 5G network. Our solutions may involve the function of 5G message, which may be considered to fall under the category of information services (excluding Internet information service); and the function of video conferencing, which encompasses audio communication, and may be considered to fall under the category of

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domestic multi-party communication services. As such, while our businesses currently do not involve information services (excluding Internet information service) and domestic multi-party communication services, with the achievement of new functions, our businesses may be considered to fall within these two categories in the future. Such services are subcategories of value-added telecommunications services, and would require the VAT License. In view of our future business development and to ensure our compliance with the relevant PRC laws and regulations, (1) T&I Net Communication holds the VAT License for information service business (excluding Internet information service) and domestic multi-party communication services; and (2) Shanghai Tianrun Rongtong, Guanxun Information Technology and Xinfeng Information Technology holds the VAT License for domestic multi-party communication services.

We undertake that we will only conduct businesses that fall under the “prohibited” category of the Negative List. Should our future business are considered to fall under the “restricted” or “permitted” category of the Negative List, or do not form part of the Negative List, we will obtain confirmation and consent from the relevant authorities and the Stock Exchange and comply with all relevant Listing Rules and guidance letters prior to conducting such businesses under the Contractual Arrangements.

Other Entity

Xunchuan Rongtong Technology currently holds a VAT License, while has not yet commenced substantive business operations and is not expected to commence any substantial business operations by the time of the Listing. We undertake that, Xunchuan Rongtong will only conduct businesses that are considered to fall under the “prohibited” category of the Negative List. Should the Xunchuan Rongtong’s future businesses are considered to fall under the “restricted” or “permitted” category of the Negative List, or do not form part of the Negative List, we undertake to obtain confirmation and consent from the relevant authorities and the Stock Exchange, and comply with all relevant Listing Rules and guidance letters prior to conducting such businesses under the Contractual Arrangements.

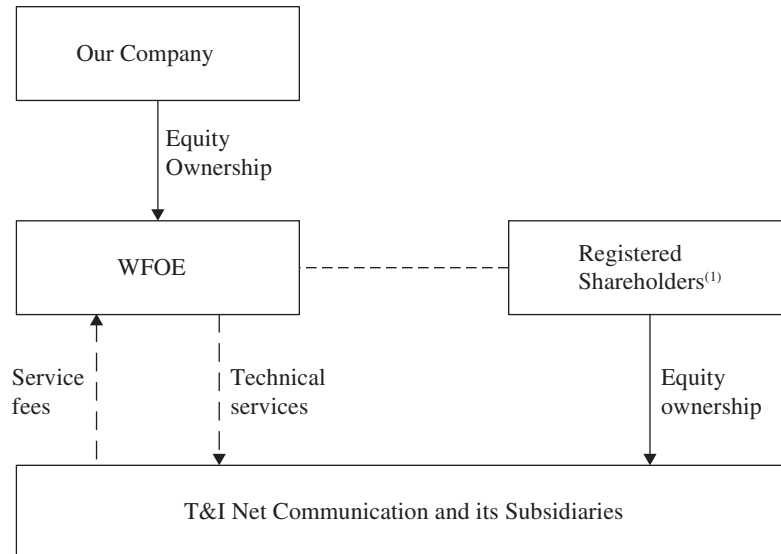
Circumstances in which we will unwind the Contractual Arrangements

We will unwind and terminate the Contractual Arrangements as soon as practicable, to the extent permissible, and we will directly hold the maximum percentage of ownership interest permissible under the relevant PRC laws if the relevant government authority grants the Value-added Telecommunications Business Operating License for Internet resource collaboration services to the sino-foreign entities currently held and to be established by our Company. In this event, WFOE will exercise its rights under the Exclusive Purchase Option Agreement to unwind and terminate the Contractual Arrangements to the extent permissible and we will directly operate our business without using the Contractual Arrangements.

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The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group under the Contractual Arrangements:



Notes:

- (1) The Registered Shareholders of T&I Net Communication include (i) individual shareholders (being Mr. Wu, Mr. Li, Mr. Pan, Mr. An, collectively, the “**Registered Individual Shareholders**”); and (ii) shareholders that are partnership entities (being Beijing Tianchuang Chuangrun, Beijing Yunjing, Beijing Yunhao, and Beijing Yunyu, collectively, the “**Registered Partnership Shareholders**”).

As of the Latest Practicable Date, Mr. Wu, Mr. Li, Mr. Pan, Mr. An, Beijing Tianchuang Chuangrun, Beijing Yunjing, Beijing Yunhao, and Beijing Yunyu held 35.11%, 5.58%, 5.07%, 3.09%, 24.63%, 11.80%, 11.72%, and 3.00% equity interest in T&I Net Communication, respectively.

For further information about the Registered Shareholders, please refer to “History, Reorganization and Corporate Structure”.

- (2) “→” denotes direct legal and beneficial ownership in the equity interest.
- (3) “---→” denotes contractual relationship.
- (4) “---” denotes the control by WFOE over the Registered Shareholders and T&I Net Communication through (i) powers of attorney to exercise all shareholders’ rights in T&I Net Communication, (ii) exclusive options to acquire all or part of the equity interests in T&I Net Communication and (iii) equity pledges over the equity interests in T&I Net Communication.

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Summary of the material terms of the Contractual Arrangements

Exclusive Technical Services Agreements

WFOE and T&I Net Communication entered into an exclusive consulting services agreement on May 12, 2021 (the “**Exclusive Technical Services Agreement**”), pursuant to which T&I Net Communication agreed to engage WFOE as the exclusive provider to T&I Net Communication of consultancy, technical support and relevant services, which may include technology development, technology promotion, technology transfer and other technological services; application software service; software development; software consulting; product design; model design; market research and business management consulting services. WFOE has also entered into an exclusive technical services agreement with each of the subsidiaries of T&I Net Communication whose terms are similar to the Exclusive Technical Services Agreement (collectively, “**Exclusive Technical Services Agreements**”).

Without the WFOE’s prior written consent, T&I Net Communication and its subsidiaries (the “**Consolidated Affiliated Entities**”) shall not receive services which are similar to the services covered by the Exclusive Technical Services Agreements from any third party.

WFOE is entitled to own all intellectual property rights arising out of the performance of these agreements. Our Consolidated Affiliated Entities agree to pay the entirety of their total income for the services provided by WFOE (net of costs, expenses, taxes and retained profits (if any)).

Under the Exclusive Technical Services Agreements, the Consolidated Affiliated Entities shall, among others: (1) subject to the relevant PRC laws and regulations, appoint the person recommended by WFOE as directors or senior management members of Consolidated Affiliated Entities, and shall not remove the members of their board of directors recommended by WFOE without the prior written consent of WFOE; (2) allow WFOE to inspect their accounts and provide other information relating to their operation, customers, financial information and employees; (3) hold the relevant certificates, licenses and seals (including business licenses, institutional credit code certificates, official seals, contract seals, financial seals and the name seals of legal representatives) that are material to their business operations, under the possession of the personnel recommended by WFOE and duly appointed by the Consolidated Affiliated Entities.

In addition, without the prior written consent of WFOE, our Consolidated Affiliated Entities shall not dispose of any material assets. To the extent permissible by the PRC laws and regulations, WFOE has the right to purchase all or part of the assets or businesses of the Consolidated Affiliated Entities at the minimum consideration permitted under the PRC laws and regulations.

The Exclusive Technical Services Agreements shall remain effective unless terminated by WFOE with a 30-day prior written notice.

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Exclusive Purchase Option Agreement

WFOE, T&I Communication and its Registered Shareholders entered into an exclusive purchase option agreement on May 12, 2021, which was replaced by the exclusive purchase option agreement entered into among WFOE, T&I Net Communication, its Registered Shareholders and Beijing Yunhao Industrial Investment Consulting (the general partner of Beijing Yunhao, Beijing Yunjing and Beijing Yunyu), Beijing Tiandi Rongchuang (the general partner of Beijing Tianchuang Chuangrun) and Mr. Tian (who ultimately controls Beijing Tiandi Rongchuang) (collectively, the “**Other Parties**”) on September 14, 2021) (the “**Exclusive Purchase Option Agreement**”). Pursuant to the Exclusive Purchase Option Agreement, WFOE or its designee was granted an irrevocable and exclusive right to purchase (i) from each of the Registered Shareholders all or any part of their equity interests in T&I Net Communication and/or (ii) from T&I Net Communication all or any part of its assets or interests in any of its assets.

The purchase price payable by WFOE or its designee in respect of the transfer of shares or assets shall be the minimum consideration permitted under the PRC laws and regulations, and the Registered Shareholders shall return the purchase price in full to WFOE or its designee (subject to the relevant tax payment being made under the relevant PRC laws and regulations).

The Exclusive Purchase Option Agreement shall remain effective until, among others, WFOE or its designee acquire all the equity interest in and/or all assets of T&I Net Communication.

The Other Parties (i) acknowledged that the arrangement contemplated under the Exclusive Purchase Option Agreement shall be legally binding on the Registered Partnership Shareholders; (ii) agreed to procure the Registered Partnership Shareholders to comply with the terms of the Exclusive Purchase Option Agreement; and (iii) agreed that their decision-making in connection with the disposal of the Registered Partnership Shareholders’ interests in T&I Net Communication shall be in accordance with the terms of the Exclusive Purchase Option Agreement and the Equity Pledge Agreement (as defined below).

The Registered Shareholders, among other things, have covenanted that, without WFOE’s prior consent:

- (i) they shall not sell, transfer, pledge or dispose legal or beneficial interest in T&I Net Communication, or impose any encumbrances on such rights and interests, other than the creation of pledge under the Equity Pledge Agreement;
- (ii) they shall not increase or decrease the registered share capital of T&I Net Communication or in any way alter its existing equity structure at the time of signing of the Exclusive Purchase Option Agreement;

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- (iii) they shall not transfer, mortgage or, in any other form, dispose of or procure the management of T&I Net Communication to transfer, mortgage or dispose of any domestic company assets, legitimate income and benefits in any other form (other than in the ordinary course of business, and to WFOE and/or the designated person);
- (iv) they shall not terminate or procure the management of T&I Net Communication to terminate any material contract entered into by T&I Net Communication or any other agreement that conflicts with any existing material contract;
- (v) they shall not appoint or replace the directors, supervisors or other managers of T&I Net Communication;
- (vi) they shall not procure or consent to T&I Net Communication's declaration of or actual distribution of any distributable profits or dividends; and
- (vii) they shall not procure or consent to T&I Net Communication to amend its articles of association.

The Registered Shareholders shall also ensure that:

- (i) T&I Net Communication maintains effective existence, and not be terminated, liquidated or dissolved;
- (ii) T&I Net Communication does not incur any debts, provide guarantees or other forms of security, or assume any material obligations outside its ordinary course of business; and
- (iii) T&I Net Communication does not merge with any person/entity, purchase assets, equity or invests in any person/entity in any way.

T&I Net Communication, among other things, has covenanted that, without WFOE's prior consent, it shall not:

- (i) amend its articles of association, increase or decrease its registered capital or in any way alter its existing equity structure at the time of the signing of the Exclusive Purchase Option Agreement;
- (ii) assist or permit the Registered Shareholders shall not sell, transfer, pledge or dispose legal or beneficial interest in T&I Net Communication, or impose any encumbrances on such rights and interests, other than the creation of pledge under the Equity Pledge Agreement;
- (iii) terminate any material contracts entered into by T&I Net Communication or enter into any other agreement in conflict with any existing material contract;

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- (iv) conduct liquidation, dissolution or declaration of termination;
- (v) merge with, purchase, or otherwise invest in any person's assets, equity;
- (vi) incur any debts, provide guarantees or other forms of security, or assume any material obligations outside its ordinary course of business; and
- (vii) enter into any material contracts outside its ordinary course of business.

The Registered Shareholders and T&I Net Communication, among other things, have further covenanted that:

- (i) T&I Net Communication shall not distribute any dividend or profits to the Registered Shareholders. In the event that the Registered Shareholders receive any profit distribution or dividend from our Consolidated Affiliated Entities, the Registered Shareholders must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant Laws) to WFOE or its shareholders;
- (ii) they shall immediately notify WFOE of any lawsuits, arbitrations, or administrative procedures relating to its shares or assets which have occurred or may occur;
- (iii) they shall abide strictly by the Contractual Arrangement, perform the obligations under such agreements effectively, and not take any actions or omissions which may adversely affect the validity and enforceability of such agreements; and
- (iv) T&I Net Communication shall purchase and maintain insurance for its assets and business from an insurance company in line with the requirements of WFOE.

Equity Pledge Agreement

On May 12, 2021, WFOE, T&I Net Communication and each of the Registered Shareholders entered into an equity pledge agreement. Subsequently on September 14, 2021, WFOE, T&I Net Communication, the Registered Partnership Shareholders and their respective general partner entered into a new sets of equity pledge agreements, which replaced the equity pledge agreements entered into by such Registered Partnership Shareholders on May 12, 2021. (equity pledge agreements entered into by the Registered Individual Shareholders on May 12, 2021, and the equity pledge agreements entered into by the Registered Partnership Shareholders on September 14, 2021, collectively, the “**Equity Pledge Agreements**”). The Equity Pledge Agreement in respect of Tianchuang Chuangrun has also been executed by Mr. Tian.

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Pursuant to the Equity Pledge Agreements, the Registered Shareholders pledged all of their respective equity interests in T&I Net Communication to WFOE as collateral security to guarantee performance of their contractual obligations under the Contractual Arrangements and all liabilities, monetary debts or other payment obligations arising out of or in relation with the Contractual Arrangements.

Where applicable, the general partners of the Registered Partnership Shareholders and Mr. Tian (i) acknowledged that equity pledge shall be legally binding on the Registered Partnership Shareholders; and (ii) agreed that their decision-making in connection with the disposal of the Registered Partnership Shareholders' interests in T&I Net Communication shall be in accordance with the terms of the Contractual Arrangements.

Among other things, the Registered Shareholders have warranted and undertaken that without WFOE's prior written consent, they shall not transfer or otherwise dispose of the pledged shares, or create any other pledge or security interest over the pledged shares.

Upon the occurrence of an event of default (as defined in the Equity Pledge Agreement), WFOE may with written notice, exercise its right of pledge immediately or any time thereafter or otherwise dispose of the pledged equity interest in accordance with applicable PRC laws and regulations and have priority in the entitlement to the sale proceeds.

The Equity Pledge Agreement shall remain valid until after all the contractual obligations of the Registered Shareholders and the T&I Net Communication under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders and the T&I Net Communication under the relevant Contractual Arrangements have been fully paid.

The registration of the Equity Pledge Agreement as required by the relevant laws and regulations has been completed on June 17, 2021 in accordance with the terms of the Equity Pledge Agreement and PRC laws and regulations.

Voting Proxy Agreement

WFOE, T&I Net Communication, the Registered Shareholders entered into a shareholder voting rights proxy agreement on May 12, 2021, which was replaced by the shareholder voting rights proxy agreement entered into among WFOE, T&I Net Communication, the Registered Shareholders and the Other Parties on September 14, 2021 (the "**Voting Proxy Agreement**"). Pursuant to the Voting Proxy Agreement, each of the then Registered Shareholders appointed WFOE and/or its designee (including but not limited to Directors and their successors and liquidators replacing the Directors) as their exclusive agent and attorney to act on their behalf on all matters concerning T&I Net Communication and to exercise all of their rights as shareholder of T&I Net Communication, including, among others:

- (i) attending the shareholders' meeting and exercising voting rights;

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- (ii) proposing to convene shareholders meetings, and signing any resolutions and minutes, approving amendments to the articles of association and filing documents with the relevant company registry;
- (iii) bringing proceedings or taking other legal action against the legal representative, director, supervisor, general manager and other senior managers of T&I Net Communication, in the event that their acts cause damages to the interests of T&I Net Communication or its shareholders;
- (iv) exercising voting rights in the event of bankruptcy, liquidation or dissolution of T&I Net Communication; and the right to the distribution of the remaining assets derived from the bankruptcy, liquidation, dissolution or termination of T&I Net Communication;
- (v) exercising, in accordance with the PRC laws, any shareholder rights to dispose of or manage the assets of T&I Net Communication; and
- (vi) any other shareholder rights under the articles of association of T&I Net Communication (as amended from time to time).

The Other Parties (i) acknowledged that the arrangement contemplated under the Voting Proxy Agreement shall be legally binding on the Registered Partnership Shareholders; (ii) agreed to procure the Registered Partnership Shareholders to comply with the terms of the Voting Proxy Agreement; and (iii) agreed that their decision-making in connection with the disposal of the Registered Partnership Shareholders' interests in T&I Net Communication shall be in accordance with the terms of the Voting Proxy Agreement.

The Registered Shareholders undertake that the authorization under the Voting Proxy Agreement will not lead to any actual or potential conflict of interest with WFOE and/or its designee(s). If there is any conflict of interest (subject to WFOE's sole discretion) with WFOE and other members of our Group, the Registered Shareholders shall prioritize to protect and will hold harmless of WFOE or any member of our Group and eliminate such conflict as soon as possible. Where the Registered Shareholders are the Directors or senior management of our Company, the rights in relation to the Voting Proxy Agreement will be granted to the Directors or senior management of our Company who are not the Registered shareholders. The Registered Shareholders shall not take or omit to take any actions which may lead to a conflict of interest with WFOE or its shareholders, nor the Registered Shareholders shall execute any agreement or make any undertaking therein which has the conflict of interest with any agreement signed or being preformed between T&I Net Communication, WFOE or its designee(s).

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A Registered Shareholder of T&I Net Communication may transfer or sell all or part of its shares in T&I Net Communication with WFOE's consent, subject to the transferee's agreement to undertake all rights and obligations of such Registered Shareholder under the Voting Proxy Agreement and the transferee shall become a party thereof in place of such Registered Shareholder of T&I Net Communication.

As a result of the Voting Proxy Agreement, the Company, through WFOE, is able to exercise management control over the activities that most significantly impact the economic performance of T&I Net Communication.

The Voting Proxy Agreement shall remain effective until being terminated by WFOE with written notice.

Other aspects of the Contractual Arrangements

Undertaking Letters

To support the stability and continued validity and enforceability of our Contractual Arrangements, and in particular the Equity Pledge Agreement, we received irrevocable undertakings (承諾函) on September 15, 2021 (collectively, the “**Undertaking Letters**”) from each limited partner of the Registered Partnership Shareholders. Pursuant to the Undertaking Letters, the undertaking shareholders would not (or procure respective Registered Partnership Shareholder not to, as the case may be) enter into an arrangement (including pledge, sale, disposal or creation of other third-party rights) in respect of the equity interests held by them (or that respective Registered Partnership Shareholder) in the T&I Net Communication that may reduce either the effectiveness of the Registered Partnership Shareholder's equity pledge to WFOE under the Contractual Arrangements or the stability of the Contractual Arrangements, unless: (i) they have obtained WFOE's consent; and (ii) the counterparties or beneficiaries of the proposed arrangement have executed similar written undertaking(s) to the effect that they will not affect the performance of our Contractual Arrangements.

The main purpose of the Undertaking Letters is to further support the stability of the operation of the Contractual Arrangements (and the VIE structure that is created by the Contractual Arrangements, the “**VIE Structure**”). It is envisioned that the Undertaking Letters would achieve this purpose through, among others:

- (a) preventing the undertaking limited partners from entering into any arrangement involving their respective interests in the Registered Partnership Shareholder that would adversely affect the first priority pledge granted by the Registered Partnership Shareholder to WFOE under the Equity Pledge Agreement;
- (b) requiring the undertaking shareholders to refrain from taking any action that would harm the operation of the Contractual Arrangements (and the VIE Structure that it underpins); and

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- (c) ensuring that the undertaking shareholders are aware of, and directly support, the Registered Partnership Shareholder's entry into, and obligations under, the Contractual Arrangements; and that any new person that proposes to obtain an interest in the T&I Net Communication would, before acquiring such interest, give similar undertakings to maintain the stability of the Contractual Arrangements (and the VIE Structure that it underpins).

The Registered Partnership Shareholders are partnership entities. They are legally bound by, and are required to perform under, the terms of the Contractual Arrangements. Notwithstanding the fact that the Registered Partnership Shareholders, being partnership entities, are under substantively the same obligations, and legal responsibility, to perform under the Contractual Arrangements, as those that would be imposed on a natural person in the position of the Registered Partnership Shareholder, the following factors, among others, provide further protection in maintaining the operation and effectiveness of our Contractual Arrangements:

- (a) the Undertaking Letters given by the undertaking limited partners ensure that the natural persons behind the Registered Partnership Shareholder are supportive of, and would not undermine the stability of, or jeopardise the Registered Partnership Shareholder's performance under, the Contractual Arrangements; and
- (b) although the undertaking limited partners may enter into arrangements that may directly or indirectly concern interests in the Registered Partnership Shareholder, as advised by our PRC Legal Adviser, under PRC Laws, these arrangements (which include any change in the shareholders of the Registered Partnership Shareholder) would not affect the validity of the Contractual Arrangements or its legally binding effect upon the Registered Partnership Shareholder.

Spousal consents

The spouse of each of the Registered Individual Shareholders of T&I Net Communication and the spouse of Mr. Tian has signed a spousal consent letter, pursuant to which the signing spouses unconditionally and irrevocably agreed that they are aware of the Exclusive Purchase Option Agreement, Equity Pledge Agreement, Voting Proxy Agreement and Power of Attorney, and have no objection regarding such contractual arrangements.

The signing spouses agree that: (i) any equity interests held by their respective spouse as a Registered Shareholder in T&I Net Communication do not fall within the scope of their communal properties; (ii) each of them will not take any measures that are in conflict with the Contractual Arrangements, including any claims on the interests through legal proceedings; and (iii) each of them will take any necessary measures to procure the execution of the Contractual Arrangements.

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Powers of Attorney

Pursuant to the Power of Attorney executed by each of the Registered Shareholders in favor of the WFOE (the “**Powers of Attorney**”), each of the Registered Shareholders irrevocably authorized WFOE as its representative to exercise all of its voting rights and other shareholder rights in the T&I Net Communication, including, among others:

- (i) attending the shareholders’ meetings and exercising voting rights;
- (ii) proposing to convene shareholders meetings, and signing any resolutions and minutes, approving amendments to the articles of association and filing documents with the relevant company registry;
- (iii) bringing proceedings or taking other legal action against the legal representative, director, supervisor, general manager and other senior managers of T&I Net Communication, in the event that their acts cause damages to the interests of T&I Net Communication or its shareholders;
- (iv) exercising voting rights in the event of bankruptcy, liquidation or dissolution of T&I Net Communication; and the right to the distribution of the remaining assets derived from the bankruptcy, liquidation, dissolution or termination of T&I Net Communication;
- (v) exercising in accordance with the law any shareholder rights to dispose of or manage the assets of T&I Net Communication; and
- (vi) any other shareholder rights under the articles of association of T&I Net Communication (as amended from time to time).

Each of the Powers of Attorney shall remain effective during the period when the relevant shareholder remains as a shareholder of T&I Net Communication.

Dispute resolution

In the event of any dispute under the Contractual Arrangements, each of them provides that:

- (a) all disputes shall first be settled through friendly negotiation;
- (b) if such dispute fails to be resolved by negotiations within thirty days, any party shall have the right to submit the disputes to the Beijing Arbitration Commission, and such dispute shall be arbitrated in accordance with the then prevailing arbitration rules by three arbitrators, with such arbitration award final and binding on all parties to the arbitration;

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- (c) prior to the final award, the arbitration institution shall have the right to grant WFOE with appropriate legal remedies, including relevant remedial measures regarding the shares or assets of T&I Net Communication, remedial injunctions, and dissolution or liquidation of T&I Net Communication; and
- (d) subject to, and in compliance with, the PRC laws, competent courts (including the courts of China, Hong Kong, the Cayman Islands and the place where the principal assets of our Consolidated Affiliated Entities are located) have the power to grant interim remedies before the formation of the arbitral tribunal or in appropriate cases to support arbitration.

However, our PRC Legal Adviser has advised that the above provisions may not be enforceable under the PRC laws. For instance, the arbitral tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of our Consolidated Affiliated Entities pursuant to the current PRC laws. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that any of our Consolidated Affiliated Entities or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. Please refer to “Risk factors – Risks Related to Our Corporate Structure” for details.

Succession

The Contractual Arrangements is binding on the successors of the Registered Shareholders. Under the succession laws of China, the statutory successors include one’s spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents and any breach by such successors would be a breach of the Contractual Arrangements. In case of a breach, WFOE can enforce its rights against the successors.

Pursuant to the Exclusive Purchase Option Agreement, Exclusive Technical Services Agreement and Voting Proxy Agreement, in the event of death, loss of capacity, marriage or divorce, bankruptcy termination, liquidation or other circumstances which would affect the exercise of equity interest in T&I Net Communication, the successors (including the spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents of the Registered Shareholders), assignees or other persons or entities obtain the equity interest in the T&I Net Communication as a result of any of the above events (the “**Successors**”) shall inherit or assume the rights and obligations under the relevant contracts, as if the inheritor was a signing party to such Contractual Arrangements.

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Based on the foregoing, our PRC Legal Advisor is of the view that (i) the Contractual Arrangements provide protection to the Group even in the event of loss of capacity, death, bankruptcy, termination or liquidation of the Registered Shareholders; (ii) loss of capacity, death, bankruptcy, termination or liquidation of the Registered Shareholders would not affect the validity of the Contractual Arrangements; and (iii) WFOE can enforce its rights under the Contractual Arrangements against the Successors as a result of any of the above events.

Conflicts of interest

Each of the Registered Shareholders has given their irrevocable undertakings in the Voting Proxy Agreement which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. For further details, please refer to “– Exclusive Purchase Option Agreement – Voting Proxy Agreement.”

Loss sharing

Neither the agreements constituting the Contractual Arrangements nor the PRC laws provide or require that our Company or the WFOE be obligated to share the losses of our Consolidated Affiliated Entities or provide financial support to our Consolidated Affiliated Entities. Further, each of our Consolidated Affiliated Entities is a separate legal entity and shall be solely liable for its own debts and losses with assets and properties owned by it.

Despite the foregoing, given that our Group conducts its businesses in the PRC through our Consolidated Affiliated Entities which hold the requisite PRC licenses and approvals, and that our Consolidated Affiliated Entities’ financial condition and results of operations are consolidated into our Company’s financial statements under the applicable accounting principles, our business, financial condition and results of operations would be adversely affected if our Consolidated Affiliated Entities suffer losses. Therefore, the provisions in the Contractual Arrangements are tailored so as to limit, to the greatest extent possible, the potential adverse effect on the WFOE and our Company resulting from any loss suffered by our Consolidated Affiliated Entities.

Liquidation

Pursuant to the Exclusive Technical Services Agreement, upon the liquidation or winding up of T&I Net Communication, WFOE is entitled to recommend, and T&I Net Communication shall appoint such recommended persons, to become members of the liquidation committee of T&I Net Communication. In the event of a liquidation or winding up, all of the remaining assets of T&I Net Communication shall be transferred to the WFOE after such liquidation or winding up pursuant to PRC laws.

Insurance

Our Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

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Our confirmation

Our Directors confirm that, as of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above, our PRC Legal Adviser is of the opinion that:

1. the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements are legal, valid and binding on the parties thereto, the contents of each agreement do not violate the mandatory provisions of current PRC laws, except in the following cases: under the current PRC laws, the arbitration body does not have the power to grant any injunctive relief, requiring civil entities to act or not to act, therefore the injunctive relief and other temporary relief measures under Contractual Arrangements may not be legally and effectively enforced under current PRC law;
2. the consummation of the Contractual Arrangements does not violate the M&A Rules;
3. the execution and performance of the Contractual Arrangements would not be deemed as ‘concealment of illegal intentions with a lawful form’ under PRC Civil Code;
4. the execution and performance of the Contractual Arrangements do not violate the provisions of the articles of association of WFOE and T&I Net Communication; and
5. the execution of the Contractual Arrangements does not require any approvals or authorizations from PRC governmental authorities, except that:
 - (a) the pledge of any equity interest in the T&I Net Communication in favor of the WFOE is subject to registration requirements with the relevant administration for market regulation;
 - (b) the exercise by WFOE of its option rights under the Exclusive Purchase Option Agreements to acquire all or part of the equity interests in T&I Net Communication is subject to the approval of, consent of, filing with and/or registration with PRC governmental authorities;
 - (c) the transfer of the equity interest in T&I Net Communication contemplated under the Contractual Arrangements is subject to applicable approval and/or registration requirements under the then applicable PRC laws;

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- (d) any arbitral awards or foreign rulings and/or judgements in relation to the performance of the Contractual Arrangements are subject to applications to competent PRC courts for recognition and enforcement; and
- (e) under PRC laws, an arbitral body does not have the power to grant any injunctive relief, requiring civil entities to act or not to act, or requiring winding-up of each of our Consolidated Affiliated Entities as interim remedies.

Based on all of the above, our Directors are of the view that the Contractual Arrangements are narrowly tailored because the Contractual Arrangements are only used to enable our Company to control our Consolidated Affiliated Entities that engage in the operation of our Principal Business where the PRC laws and regulations impose foreign ownership restrictions.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

According to IFRS 10 Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although our Company does not directly or indirectly own the Consolidated Affiliated Entities, the Contractual Arrangements enable our Company to exercise control over the Consolidated Affiliated Entities.

Under the Exclusive Technical Services Agreements, it was agreed that, in consideration of the services provided by the WFOE, the Consolidated Affiliated Entities will pay services fees to the WFOE. The services fees, equal to the Consolidated Affiliated Entities' total income (net of costs, taxes and retained profits (if any)). The WFOE may adjust the services scopes and fees at its discretion in accordance with China tax law and practice as well as the needs of the working capital of our Consolidated Affiliated Entities. The WFOE also have the right to periodically receive or inspect the accounts of our Consolidated Affiliated Entities. Accordingly, the WFOE has the ability, at its sole discretion, to extract all of the economic benefit of our T&I Net Communication through the Exclusive Consulting Services Agreement.

In addition, under the Exclusive Consulting Services Agreement and the Exclusive Purchase Option Agreement, the WFOE has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of our Consolidated Affiliated Entities as the WFOE's prior written consent is required before any distribution can be made. In the event that the Registered Shareholders receive any profit distribution or dividend from our Consolidated Affiliated Entities, the Registered Shareholders must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant Laws) to our Company.

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As a result of these Contractual Arrangements, our Company has obtained control of our Consolidated Affiliated Entities through the WFOE and, at our Company's sole discretion, can receive all of the economic interest returns generated by our Consolidated Affiliated Entities. Accordingly, our Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows are consolidated into our Company's financial statements. The basis of consolidating the results of our Consolidated Affiliated Entities is disclosed in note 1 to the Accountants' Report in Appendix I to this document.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (iii) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and
- (iv) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the WFOE and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

DEVELOPMENT IN PRC LEGISLATION ON FOREIGN INVESTMENT

Background of the Foreign Investment Law

On March 15, 2019, the National People's Congress approved the Foreign Investment Law which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law), which came into effect on January 1, 2020. The Foreign Investment Law replaced the Law on Sino-Foreign Equity Joint Ventures, the Law on Sino-Foreign Contractual Joint Ventures and the Law on Foreign-Capital Enterprises to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements.

CONTRACTUAL ARRANGEMENTS

Impact and consequences of the Foreign Investment Law

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. As advised by our PRC Legal Adviser, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law, and if regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes “foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council” without elaboration on the meaning of “other methods.” The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements. There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws. See “Risk factors – Risks Related to Our Corporate Structure – Our current corporate structure and business operations may be affected by the Foreign Investment Law.”

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The following is a summary of the material laws and regulations or requirements that affect our business activities in China or the rights of our shareholders to receive dividends and other distributions from us. We will maintain ongoing communications with government authorities regarding latest developments and requirements of new regulations and take necessary and timely measures.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION SERVICES

Value-added telecommunications services

An extensive regulatory scheme governing telecommunication services, including value-added telecommunication services and infrastructure telecommunications services, is promulgated by the State Council, MIIT, and other relevant government authorities. Value-added telecommunication service operators may be required to obtain additional licenses and permits in addition to those that they currently have given new laws and regulations may be adopted from time to time. In addition, substantial uncertainties exist regarding the interpretation and implementation of current and any future PRC laws and regulations applicable to the telecommunication activities.

On September 25, 2000, the State Council promulgated the Telecommunication Regulation of the People's Republic of China, or the Telecommunications Regulations, as last amended on February 6, 2016, to regulate telecommunications activities in China. According to the Telecommunications Regulations, there are two categories of telecommunication activities, namely "infrastructure telecommunications services" and "value-added telecommunications services." Pursuant to the Telecommunications Regulations, operators of value-added telecommunications services, or VATS, shall be approved by MIIT, or its provincial level counterparts, and obtain a license for value-added telecommunications business, or VAT License. The Measures for the Administration of Telecommunications Business Licensing, or the Licenses Measures, issued on March 1, 2009 and most recently amended on July 3, 2017 for the purpose of strengthening the administration of telecommunications business licensing, which set forth more specific provisions regarding the types of licenses required to operate VATS and the application for and the approval, use and administration of a telecommunications business permit. According to the Licenses Measures and Telecommunications Regulations, any entity conducting VATS without obtaining the VAT License or conducting business beyond the authorized scope on the VAT License may be subject to correction, confiscation of the illegal income, a fine ranging from three to five times the amount of the illegal income (where there is no illegal income, or the illegal income is less than RMB50,000, a fine ranging from RMB100,000 to RMB1 million), and suspension of business operation.

Under the Licenses Measures, where any entity conducting VATS change the name, legal representative or registered capital within the validity period of its VAT License, it shall file an application for updating the VAT License to the competent authority within thirty days immediately after the registration or filing with the State Administration for Market

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Regulation. Any entity conducting VATS who fail to comply with the required procedures may be ordered to make rectifications, warned or imposed a fine of RMB5,000 to RMB30,000 by the relevant authorities. MIIT issued the Interim Administrative Measures on Telecommunications Services Quality Supervision on January 11, 2001, as amended on September 23, 2014, which apply to the supervision and administration of the licensed telecommunication operators within the territory of the PRC. According to the Interim Administrative Measures on Telecommunications Services Quality Supervision, MIIT supervises and administers the quality of the telecommunication service provided by telecommunication service providers pursuant to applicable laws and regulations. Where a telecommunication operator violates the telecom service standards and injures the lawful rights and interests of the users, such telecommunication operator may be subject to a rectification order, a warning or fines ranging from RMB500 to RMB10,000.

The Classification Catalogue of Telecommunications Services (2015 Version), as last amended on June 6, 2019, defines (1) “domestic multi-party communications services” as real-time interactive or on-demand voice and image communication services realized domestically between two points or among multiple points by virtue of a multi-party communication platform, public communication network or the internet, (2) “contact center services” as business consultation, information consultation and data query services provided to users through the public communication network, by utilizing database technology and call center system which is connected to the public communication network or the internet, and by establishing an information base after information collection, processing and storage, (3) “information services” as the information services provided for users through public communications networks or internet by means of information gathering, development, processing and the construction of the information platform, which include, among others, internet information services and non-internet information service, (4) “internet data center services” as the services including the placement, proxy maintains, system configuration and management services provided for users’ servers or other internet/network-related equipment, the lease of equipment such as database systems or servers and lease of their storage spaces, rental agency service of telecommunication line and export bandwidth and other application services, which are in a form of outsource lease by utilizing corresponding engine room equipment; and (5) “Store-and-forward services” as message sending services provided for users based on the store-and-forward mechanism, which include the services of voice mail, e-mail, store-and-forward of fax.

In July 2013, MIIT promulgated the Regulations on Protection of Personal Information of Telecommunications and Internet Users, or Regulations on Network Information Protection, effective on 1 September 2013, to enforce the Network Information Protection Decision, promulgated by the Standing Committee of the PRC National People’s Congress in December 2012, with the goal of enhancing and protecting information security and privacy on the Internet. The Regulations on Network Information Protection require Internet operators to take various measures to ensure the privacy and confidentiality of user information, including supervision and management over those third-party services provided by Internet operators.

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On June 8, 2020, MIIT promulgated the Notice regarding Strengthening the Management of Call Center Business, or the Call Center Business Notice, which has further strengthening the management on the admittance, codes, accessing, operation activities and certain other items. According to the Call Center Business Notice, for a call center business operator, instant return visits, information consulting and other outbound call services shall only be provided with the consent of users. However, outbound call services without the consent of users shall not be provided for commercial marketing purposes.

Telecommunication network information service

Measures for Management of Telecommunication Network Code Number Resources, together with the Catalog of the Telecom Code Number Resources under Classified Administration, was issued by MIIT on January 29, 2003 and amended on September 23, 2014, or the Telecommunication Network Code Numbers Measures, according to which, code resources shall be owned by the State, and any telecommunication network information service providers and call center service providers who need to use telecommunication network code numbers shall be approved by MIIT or its provincial level counterparts to use telecommunication network code numbers to provide relevant services, and the time limit and scope of such approval shall be identical with that of the VAT License or other related approval documents obtained by such entity. The approved telecommunication network code numbers of users shall enter into a required agreement with the competent infrastructure telecommunications service operators, and file with the competent counterparts of MIIT. Telecommunication network code number users shall commence using telecommunication network code numbers allocated to them within the specified time limit and reach the minimum scale if any or the expected service capability if there is no such minimum scale requirement. In addition, no telecommunication network code number user is permitted to assign or lease telecommunication network code number, nor to use beyond the scope or in more than one local network. Any entity using telecommunication network code numbers without approval or beyond the authorized scope or time limit or assigning or leasing telecommunication network code number without approval may be subject to correction, confiscation of the illegal income, fine ranging from three to five times the amount of the illegal income (where there is no illegal income, or the illegal income is less than RMB50,000, a fine ranging from RMB50,000 to RMB1 million). On January 1, 2005, the Interim Administrative Measures on Telecommunication Network Code Number Resource Occupation Fee and the Standard of Telecommunication Network Code Number Resource Occupation Fee, jointly enacted by NDRC, the MOF and MIIT, entered into force. According to the Interim Administrative Measures on Telecommunication Network Code Number Resource Occupation Fee, telecommunication network code numbers are state property and the telecommunication service operators occupying or using telecom code numbers shall pay occupation fee accordingly to the applicable governmental authorities.

On April 15, 2004, MIIT issued the Notice on Certain Issues Regarding Standardizing Short Messaging Service, or SMS Notice. The SMS Notice provides that service providers are required to expressly advise users of the charge standards, collection methods and subscription and cancellation procedures. In addition, operators shall provide SMS strictly in accordance

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with users' requirements. The SMS Notice also specifies that operators shall examine the contents of short messages and automatically record and store for five months the time of sending and receiving the short messages, the mobile numbers or codes of the sending and receiving terminals.

On May 19, 2015, the MIIT published the Provisions on the Administration of Short Message Services, or the Short Message Provisions, which became effective on June 30, 2015. The Short Message Provisions further clarify that short messaging services providers and short message content providers shall not send commercial short messages to users without the users' consent or request, and shall provide convenient and effective ways for users to refuse receipt of such short messages.

On August 31, 2020, the MIIT promulgated the Administrative Provisions on Short Messaging and Voice Call Services (Draft for Comment) or the Draft, which add requirements for voice call services and further clarify the service specifications of short message services and voice call services, on the basis of the Short Message Provisions. The Draft requires that telemarketing calls shall not be made if users specifically refuse so.

The MIIT issued a Notice on the Official Commercial Use of Mobile Communication Resale Business, or the Official Notice on April 28, 2018, which took effect on May 1, 2018. the Official Notice requires the enterprise which engages in mobile communication resale business to establish network security management systems, deploy corresponding management personnel, implement the real-name registration for telephone users, protect users' personal information, effectively implement the prevention and crackdown of communication information fraud, and standardize its user service agreements and financial management systems.

REGULATIONS RELATING TO CYBER SECURITY, DATA SECURITY AND PRIVACY PROTECTION

Cyber Security

On December 28, 2000, the SCNPC enacted the Decision on the Protection of Internet Security, as amended on August 27, 2009, which provides that the following activities conducted through the internet are subject to criminal liabilities: (1) gaining improper entry into any of the computer information networks relating to state affairs, national defensive affairs, or cutting-edge science and technology; (2) violation of relevant provisions of the State in the form of unauthorized interruption of any computer network or communication service, as a result of which the computer network or communication system cannot function normally; (3) spreading rumor, slander or other harmful information via the internet for the purpose of inciting subversion of the state political power; (4) stealing or divulging state secrets, intelligence or military secrets via internet; (5) spreading false or inappropriate commercial information; or (6) infringing on the intellectual property.

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On December 13, 2005, the Ministry of Public Security issued the Provisions on the Technical Measures for Internet Security Protection, which took effect on March 1, 2006. These regulations require internet service providers to take proper measures including anti-virus, data back-up, keeping records of certain information such as the log-in and exit time of users, and other related measures, and to keep records of certain information about their users for at least 60 days. On June 22, 2007, the Ministry of Public Security, State Secrecy Bureau, State Cryptography Administration and the Information Office of the State Council jointly promulgated the Administrative Measures for the Multi-level Protection of Information Security, under which the security protection grade of an information system may be classified into five grades. Companies operating and using information systems shall protect the information systems and any system equal to or above level II as determined in accordance with these measures, a record-filing with the competent authority is required.

The Cybersecurity Law, as adopted by the National People's Congress on November 7, 2016, has come into force on June 1, 2017. Regarded as the fundamental law in the area of cybersecurity in China, the Cybersecurity Law regulates network operators and others from the following perspectives: the principle of Cyberspace sovereignty, security obligations of network operators and providers of network products and services, protection of personal information, protection of critical information infrastructure, data use and cross-border transfer, network interoperability and standardization. Network operators shall, according to the requirements of the rules for graded protection of cybersecurity, fulfill security protection obligations, so as to ensure that the network is free from interference, damage or unauthorized access, and prevent network data from being divulged, stolen or falsified. In addition, any network operator to collect personal information shall follow the principles of legitimacy, rationality and necessity and shall not collect or use any personal information without due authorization of the person whose personal information is collected. Each individual is entitled to require a network operator to delete his or her personal information if he or she finds that collection and use of such information by such operator violate the laws, administrative regulations or the agreement by and between such network operator and such individual; and is entitled to require any network operator to make corrections if he or she finds errors in such information collected and stored by such network operator. Such network operator shall take measures to delete the information or correct the error.

On December 28, 2021, the CAC and other regulatory authorities jointly revised and promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on February 15, 2022. According to Articles 5 and 7 of the Cybersecurity Review Measures, enterprises shall apply for cybersecurity review under the following circumstances: (i) critical information infrastructure operators purchasing network products and services and internet platform operators carrying out data processing activities in a manner which affects or may affect national security; and (ii) internet platform operators holding personal information of more than one million users and seeking a listing overseas. According to Article 16 of the Cybersecurity Review Measures, the competent PRC government authority may initiate cybersecurity review if the authority believes that any network product, service or data processing activity affects or is likely to affect national security.

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On November 14, 2021, the CAC published the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “Draft Cybersecurity Regulation”), which governs the use of networks to carry out data processing activities, and the supervision and management of data security in the PRC. The Draft Cybersecurity Regulation mainly focuses on the data processing activities of data processors. It provides that data processors conducting the following activities shall apply for cybersecurity review: (i) merger, reorganization or separation of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (ii) listing abroad (國外上市) of data processors processing over one million users’ personal information; (iii) listing in Hong Kong which affects or may affect national security; (iv) other data processing activities that affect or may affect national security. “Data processor” is defined as “an individual or organization that independently makes decisions on the purpose and manner of data processing activities” in the Draft Cybersecurity Regulation. The Draft Cybersecurity Regulation also provides that operators of large internet platforms that set up headquarters, operation centers or R&D centers overseas shall report to the national cyberspace administration and competent authorities.

Data Security

On June 10, 2021, the SCNPC promulgated the Data Security Law, which came into effect on September 1, 2021. According to the Data Security Law, the enterprises conducting data processing activities shall establish and improve their data security management systems, organize data security trainings and adopt corresponding technical measures and other necessary measures, with a view to guaranteeing the data security. Chapter 4 of the Data Security Law provides for the obligations of general data processing and data security protection, including: (1) establishing and improving the whole-process data security management system; (2) strengthening risk monitoring and properly handling data security incidents; and (3) legally and properly collecting and using data. According to the materials provided by the company, the company has established a relatively complete data security management system, organized and carried out data security education and training, adopted corresponding technical measures and organizations to protect data security, formulated a data security incident management system, carried out risk monitoring and assessment, handled information security level protection filing and assessment for call center service platforms, and performed corresponding network security level protection obligations. In addition, pursuant to the Data Security Law, the State shall establish a data security system to administer data at different levels and by different categories, and impose specific compliance obligations on processors of important data, including: (1) specifying the person and institution responsible for data security and implementing data security protection responsibilities; (2) conducting regular risk assessment of its data processing activities; and (3) fulfilling the regulatory requirements for transmitting important data overseas. Further, remedial measures shall be taken immediately upon discovery of any data security defects or bugs, and users shall be timely notified and competent authorities shall be informed in accordance with relevant provisions if any data security incident occurs. If an enterprise conducting data processing activities fails to meet such requirements, it would be subject to regulatory penalties, including fine, suspension of the relevant business, close of business for rectification and revocation of the relevant business permit or business license.

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Privacy Protection

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of such rights. In recent years, PRC government authorities have enacted legislation on Internet use to protect personal information from any unauthorized disclosure. On May 28, 2020, the National People's Congress of the PRC approved the PRC Civil Code, which took effect on January 1, 2021. Pursuant to the PRC Civil Code, the personal information of a natural person shall be protected by the laws. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others. The ICP Measures prohibit an ICP operator from insulting or slandering a third-party or infringing the lawful rights and interests of a third-party.

On December 29, 2011, the MIIT promulgated the Several Provisions on Regulating the Market Order of Internet Information Services, which became effective on March 15, 2012. On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection to enhance the legal protection of information security and privacy on the internet. The Provisions on Protection of Personal Information of Telecommunications and Internet Users promulgated by the MIIT on July 16, 2013 contains detailed requirements on the use and collection of personal information as well as the security measures to be taken by internet service providers. Specifically, (1) the users' personal information shall not be collected without prior consent; (2) the personal information shall not be collected other than those necessary for internet service providers to provide services; (3) the personal information shall be kept strictly confidential; and (4) a series of detailed measures shall be taken to prevent any divulge, damage, tamper or loss of personal information of users.

Pursuant to the Notice of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens, issued in April 2013, and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens, which was issued on May 8, 2017 and took effect on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (1) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of relevant national provisions; (2) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person and not recoverable); (3) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (4) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations. Pursuant to the PRC Civil Code, the collection, storage, use, process, transmission, provision and disclosure of personal information shall follow the principles of legitimacy, properness and necessity.

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The Cybersecurity Law provides that network operators shall obtain the individual's prior consent before collecting the personal data of such individual and take necessary technical measures or other appropriate measures to protect the personal data, and shall not provide the personal data to any third-party without the individual's prior consent unless such personal data has been processed in a proper way that a specific person will not be identified. For the operators of crucial information infrastructure, the personal data and crucial data must be stored within the territory of the People's Republic of China. Where such data need to be provided to overseas parties due to business requirements, a security assessment shall be conducted before the transmission of the data.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the People's Republic of China (the "**Personal Information Protection Law**"), which came into effect on November 1, 2021. The law aims to protect the rights and interests of personal information and regulate the processing of personal information. The Personal Information Protection Law stipulates certain important concepts with respect to personal information processing: (a) "personal information" refers to all kinds of information related to identified or identifiable natural persons recorded by electronic or other means, excluding the information processed anonymously; (b) "processing of personal information" includes the collection, storage, use, processing, transmission, provision, disclosure and deletion, etc. of personal information; and (c) "personal information processor" refers to an organization or individual that independently determines the purpose and method of the processing in the processing of personal information.

The Personal Information Protection Law also stipulates the obligations in the circumstance of entrusted processing. Where a personal information processor entrusts others with the processing of personal information, a) the personal information processor shall agree with the agent on substantial matters like purpose, method of entrusted processing, type of information and protection measures, as well as supervise the processing activities of the agent; b) the agent shall process personal information strictly within the scope as agreed, and ensure the security of the personal information processed and assist the personal information processor to perform his legal obligations.

The regulatory frameworks regarding privacy issues in many jurisdictions are constantly evolving and can be subject to significant changes from time to time. Any failure to comply with applicable regulations could result in regulatory enforcement actions against us and materially and adversely affect our business, results of operations and financial condition. See "Risk Factors – Risks Related to Our Business and Industry – Our business is subject to a variety of evolving laws and regulations regarding cybersecurity, data security and data privacy. Any failure of our platform to comply with applicable laws and regulations could harm our business, operating results and financial condition."

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Unauthorized Calls and Text Messages

We could be required to comply with rules and regulations regarding the control and management of unauthorized calls. The Proposal for Special Action against Unauthorized Calls promulgated by the MIIT, the Supreme People's Court, the Supreme People's Procuratorate and the other ten departments of PRC Government on July 18, 2018 which decide to organize a special action to comprehensively combats the unauthorized phone calls nationwide for one and half a year from July 2018. Outbound calling centers shall comprehensively regulate business qualification, self-operation and outsourcing business. Before conducting telemarketing services, telephone subscribers' consent shall be obtained in advance.

The Work Plans for Promoting the Special Campaign Program for Comprehensive Action against Unauthorized Calls issued by MIIT issued and came into effect on October 27, 2018, pursuant to which, enterprises including basic telecommunications service providers and call center service providers shall coordinate with the MIIT and its local authorities to control and rectify unauthorized calls, and call center service provider like us shall strictly control the channels for unauthorized calls, including but not limit to (1) establish forbidden call lists so that the telemarketing calls could not reach those end-users who have explicitly refused to be reached by telemarketing calls of a particular industry or business, (2) strictly control the timing and frequency of active call-out and reserve the record of such call within a certain period of time (generally not less than 30 days), and (3) improve technical abilities regarding prevention and monitoring of unauthorized calls and risk precaution.

In addition, the Short Message Provisions and the Draft also impose similar requirement on short message and voice call service providers, and without the users' consent or request, they shall not make telemarketing calls or shall cease to make such calls to users when the latter explicitly present their refusal after their early consent.

While we have established certain systems and take certain acts to control the unauthorized calls, we cannot assure you that our current systems and acts will be sufficient or effective under applicable laws and regulations. See "Risk Factors – Risks Related to Our Regulatory Compliance – Our brand image, business and results of operations may be adversely affected by third-party misconduct and misuse of our solutions, many of which are beyond our control."

REGULATIONS ON CLOUD COMPUTING BUSINESS

On January 6, 2015, the State Council issued the Opinions of the State Council on Promoting the Creative Development of Cloud Computing and Cultivating New Business Types in the Information Industry, which provided the principles on promoting the development of cloud computing and the innovation of cloud computing industry.

On November 24, 2016, MIIT issued the Announcement on Seeking Comments on the Notice on Regulating Business Activities in the Cloud Services Market, or Draft Cloud Business Announcement. The Draft Cloud Business Announcement provided that, to provide

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cloud services within the territory of China, business operators shall meet relevant requirements on capital, staff, premises and facilities, pass the relevant technical evaluation, and obtain the corresponding business license for value-added telecommunications services in accordance with the Administrative Measures on Telecommunications Business Operating License and the Circular of the MIIT of the People's Republic of China on Further Regulating the Market Access for Businesses of Internet Data Centers and Internet Services Providers. Moreover, cloud service operators shall build a cloud service platform within the territory of the PRC. If the related servers need to connect with internet sites outside of the PRC, the data shall be routed through the international internet gateways approved by the MIIT, and the cloud service operators shall not build or use other channels via leased lines or VPN to connect with foreign sites. No formal regulations in connection with the Draft Cloud Business Announcement is promulgated to date.

REGULATIONS RELATING TO FOREIGN INVESTMENT

Foreign Investment Law

The Foreign Investment Law, promulgated by the National People's Congress on March 15, 2019, has come into effect on January 1, 2020 and has replaced the major existing laws and regulations governing foreign investment in the PRC, including the Sino-foreign Equity Joint Ventures Enterprises Law, the Sino-foreign Co-operative Enterprises Law, the Wholly Foreign-invested Enterprise Law, and together with their implementation rules and ancillary regulations. Pursuant to Foreign Investment Law, the existing foreign invested enterprises established prior to the effective of the Foreign Investment Law may keep their corporate organization forms within five years after the effective of the Foreign Investment Law before such existing foreign invested enterprise change their organization forms, organization structures, and their activities of foreign-invested enterprises in accordance with the Company Law, the Partnership Enterprise Law and other laws. According to the Foreign Investment Law, "foreign-invested enterprises" thereof refers to enterprises that are wholly or partly invested by foreign investors and registered within China under the PRC laws, "foreign investment" thereof refers to any foreign investor's direct or indirect investment in China, including: (1) establishing foreign-invested enterprises in China either individually or jointly with other investors; (2) obtaining stock shares, stock equity, property shares, other similar interests in Chinese domestic enterprises; (3) investing in new projects in China either individually or jointly with other investors; and (4) making investment through other means provided by laws, administrative regulations, or State Council provisions.

Investments conducted by foreign investors in the PRC are subject to the Catalogue of Industries for Encouraging Foreign Investment, or the Catalogue, and the Negative List, which were jointly issued by the National Development and Reform Commission of the PRC, or the NDRC, and the Ministry of Commerce of the PRC, or the MOFCOM. The version of the Catalogue currently in force was amended in 2020 and became effective on January 27, 2021, and the version of the Negative List currently in force was amended in December 2021 and became effective on January 1, 2022, both of which further reduce restrictions on the foreign investment. According to the Negative List, industries such as Value-Added

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Telecommunication Services (excluding e-commerce, domestic multi-party communications services, store-and-forward services, and contact center services) fall into restricted category, where the shareholding percentage of the foreign investors in the joint venture enterprises shall not exceed 50%. Compared with the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020) (《外商投資准入特別管理措施(負面清單)(2020年版)》), or the 2020 Negative List, the main changes under the Negative List include, among other things, the overseas securities offering and listing of a domestic enterprise shall be subject to the review and approval by the relevant regulatory authorities, if such domestic enterprise engages in the business prohibited from foreign investment under the Negative List. Article 6 of the Interpretation Note of the Negative List (the “Article 6”), which is newly promulgated, provides that if a domestic company conducts business in the prohibited areas provided in the Negative List seeks to issue and list its shares overseas, it shall complete the examination process and obtain approval by the relevant competent authorities; foreign investors shall not participate in the operation and management of the company; its shareholding percentage shall be subject to the relevant provisions on the administration of domestic securities investment by foreign investors. On January 18, 2022, a press conference was held by the NDRC to further clarify Article 6, during which the spokesperson made it clear that Article 6 shall only be applying to the situations where domestic enterprises are seeking a direct overseas issuance and listing. Therefore, the requirements stipulated in Article 6 are currently not applicable to a company with a VIE structure.

On December 26, 2019 the State Council issued Implementation Regulations for the Foreign Investment Law, or the Implementation Regulations which came into effect on January 1, 2020. According to the Implementation Regulations, in the event of any discrepancy between the Foreign Investment Law, the Implementation Regulations and relevant provisions on foreign investment promulgated prior to January 1, 2020, the Foreign Investment Law and the Implementation Regulations shall prevail. The Implementation Regulations also indicated that foreign investors that invest in sectors on the Negative List in which foreign investment is restricted shall comply with special management measures with respect to shareholding, senior management personnel and other matters in the Negative List.

Foreign investment in the value-added telecommunications industry

The FITE Regulations was promulgated by the State Council on December 11, 2001 and its latest amendment became effective on May 1, 2022. It requires foreign-invested value-added telecommunications enterprises in China to be established as Sino-foreign equity joint ventures with the foreign investors owning no more than 50% of the equity interests of such enterprise.

On January 13, 2015, the MIIT issued the Circular on Removing the Restrictions on Shareholding Ratio Held by Foreign Investors in Online Data Processing and Transaction Processing (Operating E-commerce) Business in the China (Shanghai) Pilot Free Trade Zone, according to which, a foreign investor is allowed to hold 100% of the equity interest in a PRC entity that provides online data processing and transaction processing services (for profit E-commerce) in China (Shanghai) Pilot Free Trade Zone. On June 19, 2015, the MIIT

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promulgated the Circular of the Ministry of Industry and Information Technology on Removing the Restrictions on Shareholding Ratio Held by Foreign Investors in Online Data Processing and Transaction Processing (Operating E-commerce) Business, or Circular 196. According to Circular 196, the restrictions over foreign shareholding percentage in online data processing and transaction processing (operating e-commerce) business have been reduced nationwide, and the foreign investor may hold up to 100% of the equity interest in a PRC company which engages in online data processing and E-commerce business; provided that such foreign investor demonstrates a good track record and experience in operating value-added telecommunications services and obtains approvals from the competent MIIT and MOFCOM.

In June 2016, the MIIT issued Notice of the Ministry of Industry and Information Technology on Issues Relating to Hong Kong and Macau Service Providers Engaging in Telecommunication Business in Mainland China, or Notice 222, according to which, (1) Hong Kong and Macau service providers are allowed to establish wholly-owned enterprises or joint venture enterprises in Mainland China with no restriction on shareholding percentage for provision of the value-add telecommunication businesses with respect to online data processing and transactions processing (limited to for profit E-commerce), domestic multi-party communications services (under the Classification Catalogue of Telecommunications Services), store-and-forward services, and contact center services, internet access services business (limited to providing internet access services for online users) and information services business (limited to application stores), and (2) Hong Kong and Macau service providers are allowed to establish joint venture enterprises in Mainland China with the shareholding percentage of Hong Kong and Macau investors in the joint venture enterprises not exceeding 50%, for provision of the value-add telecommunication businesses with respect to online data processing and transactions processing (excluding for profit E-commerce), domestic internet virtual private network business (under the Classification Catalogue of Telecommunications Services), internet data center business, internet access services business (except for providing internet access services for online users), and information services business (except for application stores). Hong Kong and Macau service providers referred to in above Notice 222 shall be subject to relevant provisions in the Mainland and Hong Kong Closer Economic Partnership Arrangement or the Mainland and Macau Closer Economic Partnership Arrangement and its relevant supplements.

Due to the lack of interpretative guidance from the relevant PRC governmental authorities, there are uncertainties regarding whether PRC governmental authorities would consider our corporate structure and contractual arrangements to constitute foreign ownership of a value-added telecommunications business. See “Risk Factors – Risks Related to Our Corporate Structure – If the PRC government finds that the agreements that establish the structure for operating our operations in China do not comply with applicable PRC regulations, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe consequences, including the nullification of the contractual arrangements and being forced to relinquish our interests in those operations.” If our current ownership structure is found to be in violation of current or future PRC laws, rules or regulations regarding the legality of foreign investment in value-added telecommunications services and other types of businesses in which foreign investment is restricted or prohibited, we could be subject to severe penalties.

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REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Software Registration

The State Council and the NCA have promulgated various rules and regulations relating to protection of software in China. According to these rules and regulations, software owners, licensees and transferees may register their rights in software with the Copyright Protection Center of China or its local branches and obtain software copyright registration certificates. Although such registration is not mandatory under PRC law, software owners, licensees and transferees are encouraged to go through the registration process and registered software rights may be entitled to better protections.

Patent

The National People's Congress adopted the Patent Law of the People's Republic of China in 1984 and amended it in 1992, 2000, 2008 and 2020. A patentable invention, utility model or design must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining and approving patent applications. A patent is valid for a twenty-year term for an invention and a ten-year term for a utility model or design, starting from the application date. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, or else the use will constitute an infringement of the rights of the patent holder.

According to the PRC Patent Law, if the Patent Office finds the application of an invention conforms to the legal requirements after its preliminary examination of such application documents, it shall publish the application promptly within 18 full months after the filing date. According to the Guidelines of Patent Examination that took effect on July 1, 2006, as amended in 2010, 2013, 2014, 2017, 2019 and 2020 the examination of patent shall include the preliminary examination, the substantive examination, examination of international applications entering the national phase and review. However, the above-mentioned regulations do not explicitly state how long it takes for a patent application to be approved or denied. In practice, it generally may take up to one year for the Patent Office to review and approve or deny applications of patents in the category of utility model or design and two to five years in the category of invention.

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Copyright

The Copyright Law of the People's Republic of China, promulgated in 1990 and amended in 2001, 2010 and 2020, or the Copyright Law, and its related implementation regulations, promulgated in 2002 and amended in 2013, are the principal laws and regulations governing the copyright related matters. The Copyright Law provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright of their works, which includes, among others, works of literature, art, natural science, social science, engineering technology and computer software. Under the Copyright Law, the term of protection for copyrighted software is 50 years. The Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks, which was most recently amended on January 30, 2013, provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and internet service providers.

Trademark

The PRC Trademark Law was adopted in 1982 and then amended in 1993, 2001, 2013 and 2019 respectively. The implementation rules of the PRC Trademark Law were adopted in 2002 and amended in 2014. Registered trademarks are protected under the Trademark Law of the PRC and related rules and regulations. The Trademark Office of National Intellectual Property Administration handles trademark registrations and grants a protection term of ten years to registered trademarks. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

Domain name

In June 2019, the China Internet Network Information Center, or the CNNIC issued the Implementation Rules for Registration of National First Tier Domain Names, which became effective on June 18, 2019. On August 24, 2017, the MIIT promulgated the Measures for the Administration of Internet Domain Names, or the Domain Name Measures. The Domain Name Measures regulate the registration of domain names, such as the first-tier domain name “.cn”. The applicants will become the holder of such domain names upon the completion of the registration procedure. The permits for registered domain names are effective for five years, which are subject to renewals, cancellations or revocations. On November 27, 2017, the Ministry of Industry & Information Technology issued the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services which has come into force on January 1, 2018. Internet access service providers shall verify the real identity information about the domain name registrant through the Recordation System and shall verify the status of domain names used by Internet information service providers through the Recordation System on a regular basis.

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Trade secrets

According to the PRC Anti-Unfair Competition Law, promulgated by the SCNPC in September 1993, as amended on November 4, 2017 and April 23, 2019 respectively, the term “trade secrets” refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others’ trade secrets by: (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item (1) above; or (3) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence.

Pursuant to the PRC Civil Code, if one intentionally infringes upon the intellectual property rights of others and the circumstance is severe, the infringed party is entitled to request for the corresponding punitive compensation.

Internet Infringement

Under the PRC Civil Code, an internet user or an internet service provider that infringes upon the civil rights or interests of others through using the internet assumes tort liability. If an internet user infringes upon the civil rights or interests of another through using the internet, the person being infringed upon has the right to notify and request the internet service provider whose internet services are facilitating the infringement to take necessary measures including the deletion, blocking or disconnection of an internet link. If, after being notified, the internet service provider fails to take necessary measures in a timely manner to end the infringement, it will be jointly and severally liable for any additional harm caused by its failure to act.

REGULATIONS RELATING TO EMPLOYMENT

According to the Labor Law promulgated on July 5, 1994 and amended on August 27, 2009 and December 29, 2018, the PRC Labor Contract Law promulgated on June 29, 2007 and amended on December 28, 2012, and the Implementing Regulations of the Employment Contracts Law of the PRC promulgated by the State Council on September 18, 2008, employers must execute written labor contracts with full-time employees and employers have obligation to sign an unfixed-term labor contract with any employee who has worked for the employer for ten consecutive years. In addition, all employers must comply with local minimum wage standards. The employers must establish a system for labor safety and sanitation, strictly abide by State rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with State rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

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According to the Law on Social Insurance of the PRC promulgated by SCNPC on October 28, 2010 and amended on December 29, 2018, and the Regulations on the Administration of Housing Funds promulgated by the State Council on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers in China must provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds. An enterprise must provide social insurance by going through social insurance registration with local social insurance authorities or agencies and shall pay or withhold relevant social insurance premiums for or on behalf of employees. On July 20, 2018, the General Office of the State Council issued the Plan for Reforming the State and Local Tax Collection and Administration Systems, which stipulated that the State Administration of Taxation of the PRC, or SAT, become solely responsible for collecting social insurance premiums.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The principal laws and regulations regulating the dividend distribution of dividends by foreign invested enterprises in the PRC include the Company Law of the PRC, as amended in August 2004, October 2005, December 2013 and October 2018, the Law of Wholly Foreign-owned Enterprises promulgated in April 1986 and amended in October 2000 and September 2016 and its implementation regulations promulgated in December 1990 and subsequently amended in April 2001 and February 2014, the Sino-Foreign Equity Joint Venture Law of the PRC promulgated in July 1979 and subsequently amended in April 1990, March 2001 and September 2016 and its implementation regulations promulgated in September 1983 and subsequently amended in January 1986, December 1987, July 2001, January 2011, February 2014 and March 2019, and the Sino-Foreign Cooperative Joint Venture Law of the PRC promulgated in April 1988 and amended in October 2000, September 2016 and November 2017 and its implementation regulations promulgated in September 1995 and amended in March 2014, March 2017 and November 2017 respectively. The Wholly Foreign-owned Enterprise Law, the Sino-Foreign Equity Joint Venture Law of the PRC and the Sino-Foreign Cooperative Joint Venture Law of the PRC were replaced by the Foreign Investment Law on January 1, 2020. Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as statutory reserve funds at least 10% of its after-tax profit, until the cumulative amount of such reserve funds reaches 50% of its registered capital unless laws regarding foreign investment provide otherwise. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

According to the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control promulgated by the SAFE, on January 26, 2017, (1) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (2) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, domestic entities shall make detailed explanations of sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

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REGULATIONS RELATING TO FOREIGN EXCHANGE

Regulations on foreign currency exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, as last amended on August 1, 2008, or the FEA Regulations. Pursuant to the FEA Regulations, international payments in foreign exchange and the transfer of foreign exchange under the current account items shall not be subject to any state control or restriction when complying with certain procedural requirements. In contrast, the conversion of RMB into foreign currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires prior approval from SAFE or its local branches.

According to the Circular of SAFE on Further Improving and Adjusting the Foreign Exchange Policies on Direct Investment and its appendix, the Operating Rules for Foreign Exchange Issues with Regard to Direct Investment under Capital Account, promulgated on November 19, 2012 and amended on May 4, 2015, foreign exchange control measures related to foreign direct investment are improved, such as (1) the open of and payment into the foreign exchange account related to direct investment are no longer subject to approval by SAFE; (2) reinvestment with legal income of foreign investors in China is no longer subject to approval by SAFE; (3) purchase and external payment of foreign exchange related to foreign direct investment are no longer subject to approval by SAFE. Later, on February 13, 2015, SAFE issued the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment, or Circular 13, effective from June 1, 2015, providing that the bank, instead of SAFE, can directly handle the foreign exchange registration and approval for foreign direct investment and SAFE and its branches.

SAFE released the Notice of the State Administration of Foreign Exchange on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign Invested Enterprises, or Circular 19, on March 30, 2015, which came into force on June 1, 2015. Under Circular 19, a foreign-invested enterprise, within the registered scope of business, may settle their foreign exchange capital following a principal of authenticity on a discretionary basis according to the actual needs of their business operation, and the RMB capital so converted can be used for equity investments within the PRC, which will be regarded as the reinvestment of foreign-invested enterprise, provided that such foreign invested enterprises are not registered as an enterprises mainly engaged in investment business, including foreign investment companies, foreign funded venture capital enterprises and foreign funded equity investment enterprises. The RMB converted from the foreign exchange capital will be kept in a designated account and is not allowed to be used directly or indirectly for purposes beyond its business scope or used to provide RMB entrusted loans (unless permitted within its registered business scope), repayment of inter-company loans (including third-party advances), and repayment of bank RMB loans that have been re-loaned to third parties, and other uses expressly forbidden under Circular 19.

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The Circular of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or the SAFE Circular No. 16, was promulgated and became effective on June 9, 2016. According to the SAFE Circular No. 16, enterprises registered in PRC may also convert their foreign debts from foreign currency into RMB on self-discretionary basis. The SAFE Circular No. 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on self-discretionary basis, which applies to all enterprises registered in the PRC. The SAFE Circular No. 16 reiterates the principle that RMB converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope and may not be used for investments in securities or other investment excluding banks' principal-secured financing products within the PRC unless otherwise specifically provided. Besides, the converted RMB shall not be used to make loans for non-affiliated enterprises unless it is permitted within the business scope or to build or to purchase any real estate that is not for the enterprise's own use unless it is a real estate enterprise.

On October 23, 2019, SAFE issued SAFE Circular 28, which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign-invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. The interpretation and implementation in practice of Circular 28 are still subject to substantial uncertainties given it is a newly issued regulation.

Regulations on foreign exchange registration of overseas investment by PRC domestic residents

On July 4, 2014, SAFE issued Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37, to regulate foreign exchange matters in relation to the use of Special Purpose Vehicles, or SPVs, by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China.

Pursuant to SAFE Circular 37, a SPV refers to an overseas enterprise directly formed or indirectly controlled for investment or financing purposes by a domestic resident (domestic institution or domestic individual resident) with the assets or interests it legally holds overseas or in a domestic enterprise, while "round trip investment" refers to the direct investments made in China by domestic residents directly or indirectly through SPVs, namely, the behavior of establishing foreign invested enterprises or projects, or foreign-funded enterprises, in China by formation, acquisition, merger, or any other means, and acquiring interests, such as ownership, control, or operating right, in them. SAFE Circular 37 provides that, before making contribution into an SPV, PRC residents are required to complete foreign exchange registration with SAFE or its local branch according to SAFE Circular 37 and applicable currently effective SAFE regulations including the Administration of Foreign Exchange in Foreign Direct

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Investments by Foreign Investors. According to the Circular 13, local banks, instead of SAFE, will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration.

Failure to comply with the registration procedures set forth in SAFE Circular 37 and the subsequent notice, or making misrepresentation on or failure to disclose controllers of the foreign invested enterprise that is established through round-trip investment, may result in restrictions being imposed on the foreign exchange activities of the relevant foreign invested enterprise, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations.

We have used our best efforts to notify PRC residents (domestic institution or domestic individual resident) who directly or indirectly hold shares in our Cayman Islands holding company and who are known to us as being PRC residents to complete the foreign exchange registrations. However, we may not at all times be fully aware or informed of the identities of all our shareholders or beneficial owners, and we cannot compel them to comply with SAFE registration requirements. See “Risk Factors – Risks Related to Doing Business in China – We may be subject to penalties, including registration on our ability to inject capital into our PRC subsidiaries, and on our PRC subsidiaries’ ability to distribute profits to us, if our PRC resident shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.”

Regulations on stock incentive plans

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE on February 15, 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our wholly foreign owned subsidiaries in China and limit these subsidiaries’ ability to distribute dividends to us. The PRC agents shall, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents’ exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC established by the PRC agents before distribution to such PRC residents. In addition, the PRC agents shall quarterly submit the form for record-filing of information of the Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies with

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SAFE or its local branches. We and our PRC citizen employees who have been granted share options, or PRC optionees, are subject to the Stock Option Rules. If we or our PRC optionees fail to comply with the Individual Foreign Exchange Rule or the Stock Option Rules, we and our PRC optionees may be subject to fines and other legal sanctions. In addition, the PRC agents are required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan. Moreover, the SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with local branches of SAFE before exercising rights.

In addition, the SAT has issued circulars concerning employee share options, under which our employees working in the PRC who exercise share options will be subject to PRC individual income tax. Our PRC subsidiary and affiliated entities have obligations to file documents related to employee share options with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or if we fail to withhold their income taxes as required by relevant laws and regulations, we may face sanctions imposed by the PRC tax authorities or other PRC government authorities.

REGULATIONS RELATING TO TAXATION

Dividend withholding tax

The National People's Congress enacted the Enterprise Income Tax Law, which became effective on January 1, 2008 and last amended on December 29, 2018. According to Enterprise Income Tax Law and the Regulation on the Implementation of the Enterprise Income Tax Law, or the Implementing Rules, which became effective on January 1, 2008 and further amended on April 23, 2019, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign enterprise investors are subject to a 10% withholding tax, unless any such foreign enterprise investor's jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

According to the Notice of the SAT on Negotiated Reduction of Dividends and Interest Rates issued on January 29, 2008, revised on February 29, 2008, and the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income, or Double Tax Avoidance Arrangement, the withholding tax rate in respect of the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise and certain other conditions are met, including: (1) the Hong Kong enterprise must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (2) the Hong Kong enterprise must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due

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to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement on Certain Issues with Respect to the “Beneficial Owner” in Tax Treaties issued by the SAT on February 3, 2018 and effective from April 1, 2018, if an applicant’s business activities do not constitute substantive business activities, it could result in the negative determination of the applicant’s status as a “beneficial owner,” and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Enterprise income tax

The Enterprise Income Tax Law and the Implementing Rules impose a uniform 25% enterprise income tax rate to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. Among other tax incentives, the preferential tax treatment continues as long as an enterprise can retain its high and new technology enterprise status.

Under the PRC Enterprise Income Tax Law, an enterprise established outside China with “de facto management bodies” within China is considered a “resident enterprise” for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. A circular issued by the SAT in April 2009 and amended in 2017 regarding the standards used to classify certain Chinese invested enterprises controlled by Chinese enterprises or Chinese enterprise groups and established outside of China as “resident enterprises,” which also clarified that dividends and other income paid by such PRC “resident enterprises” will be considered PRC source income and subject to PRC withholding tax, currently at a rate of 10%, when paid to non PRC enterprise shareholders. This circular also subjects such PRC “resident enterprises” to various reporting requirements with the PRC tax authorities. Under the implementing rules, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise.

On October 17, 2017, the SAT issued the SAT Bulletin 37, which replaced the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, issued by the SAT, on December 10, 2009, and partially replaced and supplemented by the rules under the SAT Bulletin 7, issued by the SAT, on February 3, 2015. Under SAT Bulletin 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. In respect of an indirect offshore transfer of assets of a PRC establishment, the relevant gain is to be regarded as effectively connected with the PRC establishment and therefore included in its enterprise income tax filing, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immovable properties in China or to equity investments in a PRC resident enterprise, which is not effectively connected to a PRC establishment of a non-resident

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enterprise, a PRC enterprise income tax at 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments bears the withholding obligation. Pursuant to SAT Bulletin 37, the withholding party shall declare and pay the withheld tax to the competent tax authority in the place where such withholding party is located within 7 days from the date of occurrence of the withholding obligation. Both SAT Bulletin 37 and SAT Bulletin 7 do not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange.

Value-added tax

The Provisional Regulations of the PRC on Value-added Tax were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994 which were subsequently amended in 2008, 2016 and 2017, or the VAT Regulation. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) was promulgated by the MOF on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, and together with the VAT Regulation, or the VAT Law. The PRC State Council approved, and the SAT and the MOF officially launched a pilot value-added tax reform program starting from January 1, 2012, or the Pilot Program, applicable to businesses in selected industries. Businesses in the Pilot Program would pay value-added tax instead of business tax. The Pilot Program was initiated in Shanghai, then further applied to ten additional regions such as Beijing and Guangdong province. On November 19, 2017, the State Council promulgated the Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax, or the Order 691.

According to the VAT Law and the Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC are the taxpayers of VAT. The VAT rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT rate applicable to the small-scale taxpayers is 3%.

On April 4, 2018, Adjustment to Value-added Tax Rates issued by the Ministry of Finance and the SAT was promulgated by MOF and SAT, which came into effect on May 1, 2018, or the Bulletin 32. According to Bulletin 32, the VAT tax rates of 17% and 11% are changed to 16% and 10%, respectively. On March 20, 2019, the Ministry of Finance, State Taxation Administration and General Administration of Customs jointly promulgated the Announcement on Policies for Deepening the VAT Reform or Notice 39, which came into effect on April 1, 2019. Notice 39 further changes the VAT tax rates of 16% and 10% to 13% and 9%, respectively.

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REGULATIONS RELATING TO M&A RULE AND OVERSEAS LISTING IN THE PRC

The MOFCOM, the SASAC, the SAT, the SAIC, the China Securities Regulatory Commission, or the CSRC, and the SAFE jointly adopted the Rules on Acquisition of Domestic Enterprises by Foreign Investors on August 8, 2006, as later amended on June 22, 2009, or the M&A Rules. The M&A Rules require in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise where any of the following situations exist: (i) the transaction involves an important industry in China, (ii) the transaction may affect national economic security, or (iii) the PRC domestic enterprise has a well-known trademark or historical Chinese trade name in China. The M&A Rules, among other things, also require that (i) PRC entities or individuals obtain MOFCOM approval before they establish or control an SPV overseas, provided that they intend to use the SPV to acquire their equity interests in a PRC company at the consideration of newly issued share of the SPV, or the Share Swap, and list their equity interests in the PRC company overseas by listing the SPV in an overseas market; (ii) the SPV obtains MOFCOM's approval before it acquires the equity interests held by the PRC entities or PRC individual in the PRC company by Share Swap; and (iii) the SPV obtains CSRC approval before it lists overseas.

The M&A Rules further requires that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor acquires control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, issued by the State Council, are triggered. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the NPC requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds be cleared by the MOFCOM before they can be completed.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Wu is interested in and control, through various intermediary entities (being Hanyun Inc., Xinyun Inc. and EastUp Holding Limited, collectively, the “**Intermediary Shareholders**”), an aggregate of 40.0% equity interest in our Company.

Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Wu will be indirectly interested in and control, through the Intermediary Shareholders, an aggregate of 34.48% equity interest. Pursuant to the deeds of voting proxy, dated June 6, 2021, with each of Connect The Unconnected Limited, Flyflux Holding Limited and Technolo-Jin CO., LTD (each, a “**Principal Shareholder**”), respectively, Mr. Wu will also be interested in and controlled an aggregate of approximately 15.23% equity interest held by them in the issued share capital of the Company upon the completion of the Global Offering (without taking into account any Shares to be allotted and issued upon the exercise of the Over-allotment Option), as a result of which Mr. Wu and Principal Shareholders are in substance parties acting in concert.

Accordingly, immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Wu, Mr. Pan, Mr. Li, Mr. An, Intermediary Shareholders and Principal Shareholders, will be a group of Controlling Shareholders, which will be interested in and will control, 49.72% equity interest in our Company. For the background of Mr. Wu, Mr. Pan, Mr. Li and Mr. An, please refer to the section headed “Directors and Senior Management.”

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able to carry on our business independently of our Controlling Shareholders after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will consist of seven Directors comprising four executive Directors and three independent non-executive Directors. For more information, see the section headed “Directors and Senior Management” in this prospectus.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders because:

- (a) each Director is aware of his fiduciary duties as a director which require, among other things, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions. In addition, the interested Director shall not vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or any other proposal in which he or she or any of his or her close associates (as defined in the Articles) is materially interested in except for certain circumstances as set out in the Articles. For details, see the section headed “Summary of the Constitution of the Company and the Company Laws of the Cayman Islands” in Appendix III to this prospectus; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please see “– Corporate Governance Measures” in this section below for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

We operate independently of our Controlling Shareholders. Our Company (through our subsidiaries and our Consolidated Affiliated Entities) holds all relevant licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our clients and an independent management team to operate our business.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Financial Independence

Our Group has an independent financial reporting system and makes financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. More importantly, we have been and are capable of obtaining equity and debt financing from third parties.

There are no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates as of the Latest Practicable Date.

Based on the above, our Directors are of the view that our Directors and senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders after the Listing.

COMPETITION ISSUE UNDER RULE 8.10 OF THE LISTING RULES

Save and except for the interests of our Controlling Shareholders in our Company, its subsidiaries and the Consolidated Affiliated Entities, our Controlling Shareholders and Directors confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interest. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders:

- (a) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of his associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with a Controlling Shareholder or any of his associates, our Company will comply with the applicable Listing Rules;

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;
- (e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- (g) we have appointed Fortune Financial Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders’ interests after the Listing.

CONNECTED TRANSACTIONS

Upon the Listing, the following transactions between our connected persons and us will constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

A. CONTINUING CONNECTED TRANSACTION

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions for our Group, which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Contractual Arrangements

A waiver application from (i) strict compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, for the fees payable to WFOE from Consolidated Affiliated Entities under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less, for so long as our Shares are listed on the Stock Exchange, has been submitted to and granted by the Stock Exchange subject to certain conditions. If any terms of the Contractual Arrangements are altered or if we enter into any new agreements with any connected persons in the future, we must comply with the relevant requirements under Chapter 14A of the Listing Rules and obtain a separate waiver from the Stock Exchange.

Background for the Contractual Arrangements

As disclosed in the section headed "Contractual Arrangements" in this prospectus, due to regulatory restrictions on foreign ownership in the PRC, we conduct our business through Consolidated Affiliated Entities, which hold the requisite license, permit and approval required for provisions of value-added telecommunication services in the PRC. The Contractual Arrangements entered into among WFOE, Consolidated Affiliated Entities and the Registered Shareholders of T&I Net Communication enable us to (i) receive substantially all of the economic benefits from Consolidated Affiliated Entities in consideration for the services provided by WFOE to Consolidated Affiliated Entities under the Exclusive Technical Services Agreements; (ii) exercise effective control over Consolidated Affiliated Entities to conduct the relevant business; and (iii) hold an exclusive purchase option to purchase all or any part of equity interests in T&I Net Communication and/or assets or interests in any of the assets of T&I Net Communication.

The transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Group and are subject to reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Principal Terms of the Transactions

The Contractual Arrangements comprise the following agreements: Exclusive Technical Services Agreements, Exclusive Purchase Option Agreement, Equity Pledge Agreement, Voting Proxy Agreement, Powers of Attorney and Spousal Consents made by the spouse of each of the individual Registered Shareholders. See the section headed “Contractual Arrangements” in this prospectus for detailed terms of the Contractual Arrangements.

Reasons for the Waiver Application and the View of Our Directors on the Continuing Connected Transactions

Our Directors, including our independent non-executive Directors, are of the view that (i) the Contractual Arrangements are fundamental to our Group’s legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group’s business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement, circular and approval of independent Shareholders.

Application for and Conditions of Waiver

In relation to the Contractual Arrangements, we have applied to the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules for, and the Stock Exchange has granted, a waiver from (i) strict compliance with the announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, for the fees payable to WFOE from Consolidated Affiliated Entities under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less, for so long as our Shares are listed on the Stock Exchange subject to the following conditions:

(a) No Change without Independent Non-executive Directors’ Approval

No changes to the terms of any of the agreements constituting the Contractual Arrangements will be made without the approval of the independent non-executive Directors.

CONNECTED TRANSACTIONS

(b) *No Change without Independent Shareholders' Approval*

Save as described in paragraph (d) below, no changes to the terms of any of the agreements constituting the Contractual Arrangements will be made without the approval of the independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement, circular or approval of the independent Shareholders, will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (c) below) will however continue to be applicable.

(c) *Economic Benefits Flexibility*

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through: (i) our Group's potential right (if and when so allowed under the applicable PRC laws) to acquire the equity interests in and/or assets of T&I Net Communication; (ii) the business structure under which the total income generated by the Consolidated Affiliated Entities (net of costs, taxes and retained profits (if any)) is substantially retained by us (such that no annual caps shall be set on the amount of services fees payable to WFOE under the Exclusive Technical Services Agreements); and (iii) our right to control the management and operation of, as well as, in substance, all of the voting rights of T&I Net Communication.

(d) *Renewal and reproduction*

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and our subsidiaries in which our Company has direct shareholding, on one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as described under the section headed "Contractual Arrangements" in this prospectus. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish when justified by business expediency will, upon renewal and/or cloning of the Contractual Arrangements, however be treated as our Group's connected persons and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to the relevant PRC laws, regulations and approvals.

CONNECTED TRANSACTIONS

(e) Ongoing Reporting and Approvals

We will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:

- (i) The Contractual Arrangements in place during each financial period will be disclosed in our annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- (ii) Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our annual report and accounts for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (iii) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of the Company and the Shareholders as a whole.
- (iii) Our auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions carried out pursuant to the Contractual Arrangements have received the approval of our Directors and that no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned/transferred to our Group.
- (iv) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of “connected person,” the Consolidated Affiliated Entities will be treated as the Company’s wholly-owned subsidiaries, and the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Consolidated Affiliated Entities and their associates will be treated as the Company’s “connected persons.” As such, transactions between these connected persons and our Group (including, for this purpose, the Consolidated Affiliated Entities) other than those under the Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.

The Consolidated Affiliated Entities further undertake that, for so long as the Shares are listed on the Stock Exchange, the Consolidated Affiliated Entities will provide our Group’s management and our auditors with full access to its relevant records for the purpose of procedures to be carried out by our auditors’ on the connected transactions.

CONNECTED TRANSACTIONS

Listing Rules Implications

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

B. DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions described in this section have been entered into in the ordinary and usual course of our business, on normal commercial terms or better, which are fair and reasonable and in the interests of our Shareholders as a whole.

C. SOLE SPONSOR'S VIEWS

Based on the relevant documents and information provided by our Group and the Sole Sponsor's participation in the due diligence and discussions with the management of our Company, the Sole Sponsor is of the view that (i) the Contractual Arrangements are fundamental to our Group's legal structure and business operations; (ii) the continuing connected transactions described in this section have been entered into in the ordinary and usual course of our business, on normal commercial terms or better, which are fair and reasonable and in the interests of our Shareholders as a whole; and (iii) it is normal business practices for the Contractual Arrangements to be of a term greater than three years.

DIRECTORS AND SENIOR MANAGEMENT

As at the date of this prospectus, our Board of Directors comprises seven (7) Directors, including four (4) executive Directors and three (3) independent non-executive Directors. Our executive Directors and independent non-executive Directors will be subject to rotation and re-election at the annual general meetings of our Company in accordance with the Articles of Association.

The following table sets out information in respect of the Directors of our Company:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director
Mr. WU Qiang (吳強).	50	Executive Director, Chairman of the Board and Chief Executive Officer	Overall strategic planning and business direction of our Company and day-to-day management of our Company	April 2006	March 31, 2021
Mr. PAN Wei (潘威).	49	Executive Director and Vice President	Participating in the Board's work related to the operation and management of our Company	September 2009	May 20, 2021
Mr. LI Jin (李晉).	48	Executive Director and Vice President	Participating in the Board's work related to the operation and management of our Company	September 2007	May 20, 2021
Mr. AN Jingbo (安靜波).	39	Executive Director, Vice President and Chief Technology Officer	Overseeing and managing the operation and development of our Company's system and technology	November 2008	May 20, 2021
Ms. WENG Yang (翁陽).	49	Independent Non-executive Director	Providing independent opinion and judgement to the Board	N/A	September 3, 2021 with effect from the Listing Date

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director
Mr. LI Pengtao (李鵬濤) . . .	45	Independent Non-executive Director	Providing independent opinion and judgement to the Board	N/A	September 3, 2021 with effect from the Listing Date
Mr. LI Zhiyong (李志勇) . . .	49	Independent Non-executive Director	Providing independent opinion and judgement to the Board	N/A	May 26, 2021 (with effect from the Listing Date)

EXECUTIVE DIRECTORS

Mr. WU Qiang (吳強), aged 50, is an executive Director, Chairman of the Board, Chief Executive Officer and founder of our Company. Mr. Wu was appointed as our Director on March 31, 2021, and re-designated as our executive Director on May 26, 2021. Mr. Wu founded our Group in 2006. He has served as the president of T&I Net Communication since June 2006; director of Shanghai Tianrun Rongtong since November 2012; a supervisor of Xinfeng Information Technology since April 2014; and a supervisor of Guanxun Information Technology since April 2018.

After obtaining his master's degree in 2000, Mr. Wu worked at China Netcom (中國網絡通信有限公司) and held various positions from 2000 to 2006 successively. Mr. Wu has also been serving as an executive director of Beijing Yunhao Xingye Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司) since June 2015.

Mr. Wu received a bachelor's degree in industrial management engineering from Dalian University of Technology (大連理工大學) in July 1994 and a master's degree in business administration from Tsinghua University (清華大學) in June 2000.

Mr. PAN Wei (潘威), aged 49, is an executive Director and Vice President of our Company. Mr. Pan was appointed as our Director on May 20, 2021 and re-designated as our executive Director on May 26, 2021. Mr. Pan joined our Group in September 2009. He has been serving as the deputy general manager of T&I Net Communication since September 2009, a supervisor of Shanghai Tianrun Rongtong since April 2014 and a director of T&I Net Communication since September 2015.

Prior to joining our Company in September 2009, Mr. Pan worked at Beijing Jinggao Integrated Communication Equipment Co., Ltd. (北京京高綜合通信設備有限公司) as the regional manager from 1994 to 1998. From January 2007 to September 2009, Mr. Pan served as the chief operating officer at Beijing VIVA Information Technology Co. Ltd. (北京維旺明信息技術有限公司). Mr. Pan has been serving as a supervisor of Beijing Yunhao Xingye Investment Consulting Co., Ltd. since May 2018.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Pan received a bachelor's degree in precision equipment from Beijing University of Posts and Telecommunications (北京郵電大學) in July 1994 and a master's degree in business administration from Tsinghua University (清華大學) in June 2000.

Mr. LI Jin (李晉), aged 48, is an executive Director and Vice President of our Company. Mr. Li was appointed as our Director on May 20, 2021, and re-designated as our executive Director on May 26, 2021. Mr. Li joined our Group in September 2007. He has been serving as a deputy general manager and a director of T&I Net Communication since September 2007 and September 2015, respectively.

Prior to joining our Company in September 2007, Mr. Li served as the general business manager of enterprises at Net263 Ltd. (263網絡通信股份有限公司) from July 1997 to August 2007.

Mr. Li studied centralized control of heat-engine plant at Beijing Electricity College (北京電力高等專科學校) (later becoming a part of Beijing Jiaotong University (北京交通大學)) from September 1991 to July 1994. Mr. Li graduated from Tsinghua University (清華大學) in July 1999 majoring in applied electronic technology, and received a master's degree in business administration from Royal Roads University in Canada in June 2006.

Mr. AN Jingbo (安靜波), aged 39, is an executive Director, Vice President and Chief Technology Officer of our Company. Mr. An was appointed as our Director on May 20, 2021 and re-designated as our executive Director on May 26, 2021. Mr. An joined our Group in November 2008 and since then has been serving as our Chief Technology Officer.

Prior to joining our Group in November 2008, Mr. An served as an engineer at VIA Technologies (China) Co., Ltd. (威盛電子(中國)有限公司) from April 2007 to October 2008.

Mr. An received a bachelor's degree and a master's degree in computer science and technology from Beijing University of Posts and Telecommunications (北京郵電大學) in July 2004 and April 2007, respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. WENG Yang (翁陽), aged 49, was appointed as our independent non-executive Director on September 3, 2021 with effect from the Listing Date.

Ms. Weng worked at China International Capital Corporation Limited (中國國際金融股份有限公司) from July 2000 to October 2017, holding various positions including the managing director of investment banking division and fixed income division. As confirmed by Ms. Weng, prior to 2016, Ms. Weng worked at the fixed income product department under the Investment Banking Division of China International Capital Corporation Limited. After 2016, Ms. Weng transferred to the Fixed Income Division, a division in parallel with the Investment Banking Division. Ms. Weng acquired extensive capital markets and corporate governance experience during her tenure at China International Capital Corporation Limited, where her work all related to fixed income products, such as the offering of debt securities.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Weng received a bachelor's degree in library science from Nanjing University (南京大學) in July 1993 and a master's degree in business administration from Tsinghua University (清華大學) in June 2000.

Mr. LI Pengtao (李鵬濤), aged 45, was appointed as our independent non-executive Director on September 3, 2021 with effect from the Listing Date.

Mr. LI Pengtao served as the head of administration department of Beijing Jingdong Shangke Information Technology Co., Ltd. (北京京東尚科信息技術有限公司) from March 2012 to July 2020, from which he has acquired extensive corporate governance experience. Mr. LI Pengtao has been serving as the general partner at Gongqingcheng Shanban Xingyuan Investment Partnership (Limited Partnership) (共青城山般星元投資合夥企業(有限合夥)) since January 2021, where he is mainly responsible for the overall business operation.

Mr. LI Pengtao received a bachelor's degree in aircraft manufacturing engineering and a master's degree in aerospace manufacturing engineering from Northwestern Polytechnical University (西北工業大學) in July 1998 and April 2001, respectively. In July 2010, Mr. LI Pengtao received a master's degree in business administration from Tsinghua University (清華大學).

Mr. LI Zhiyong (李志勇), aged 49, was appointed as our independent non-executive Director on May 26, 2021 with effect from the Listing Date.

In March 2001, Mr. LI Zhiyong joined Wison Engineering Ltd. (惠生工程(中國)有限公司) ("Wison Engineering," formerly known as Shanghai Wison Chemical Engineering Co., Ltd. (上海惠生化工工程有限公司)) and served as the financial controller until March 2011. Mr. LI Zhiyong also served as an executive director of Wison Engineering Services Co., Ltd. (惠生工程技術服務有限公司) from June 2007 to April 2011. From February 2012 to November 2013, Mr. LI Zhiyong was the chief financial officer of Jiangsu Shenma Electric Co., Ltd. (江蘇神馬電力股份有限公司) ("Jiangsu Shenma"). From March 2014 to December 2016, Mr. LI Zhiyong was a partner and the general manager of Vado Consulting (Shanghai) Co., Ltd (凡道管理諮詢(上海)有限公司). From January 2017 to August 2020, Mr. LI Zhiyong served as the executive director and chief financial officer of Wison Engineering whose shares are listed on the Stock Exchange (stock code: 2236). Since July 2017, Mr. LI Zhiyong has been serving as an independent director in Jiangsu Shenma, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603530). Since August 2020, Mr. LI Zhiyong has been serving as the chief financial officer of Shanghai Wison Offshore & Marine Co., Ltd. (上海惠生海洋工程有限公司).

Mr. LI Zhiyong received a bachelor's degree in electrical technology from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in July 1993, a master of business administration degree from Tsinghua University (清華大學) in June 2000 and a master of business administration degree jointly conferred by Northwestern University (the United States of America) and The Hong Kong University of Science and Technology (Hong Kong) in June 2011.

DIRECTORS AND SENIOR MANAGEMENT

Mr. LI Zhiyong was recognized as a Chartered Financial Analyst by the CFA Institute in September 2009.

Mr. LI Zhiyong possesses appropriate professional accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules and confirms that he has gained such expertise through his experiences, including the following:

- serving as the financial controller of Wilson Engineering from March 2001 to March 2011;
- serving as the chief financial officer of Jiangsu Shenma from February 2012 to November 2013; and
- serving as the chief financial officer of Wilson Engineering from January 2017 to August 2020.

Save as disclosed above, none of our Directors holds any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this prospectus. See “Appendix IV. Statutory and General Information” in this prospectus for further information about the Directors, including the particulars of their service contracts and remuneration, and details of the interests of the Directors in the Shares (within the meaning of Part XV of the SFO).

None of our Directors have any interest in any business, other than our Group’s business, which compete or is likely to compete, either directly or indirectly, with our Group’s business.

Save as disclosed in this prospectus, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, as of the Latest Practicable Date, there were no other matters in respect of each of our Directors which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there were no other material matters relating to our Directors that need to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company (other than our executive Directors):

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Roles and responsibilities</u>	<u>Date of joining our Group</u>
Mr. ZHANG Tao (張濤)	52	Chief Financial Officer	Overseeing the finance, legal, IT and the investing and financing activities of our Company	March 2021

DIRECTORS AND SENIOR MANAGEMENT

Our senior management team comprises of four executive Directors, being Mr. Wu, Mr. Pan, Mr. Li and Mr. An, and our Chief Financial Officer, Mr. ZHANG Tao (“Mr. Zhang”). For the biographies of our executive Directors, please refer to the paragraph headed “– Executive Directors” in this section.

Mr. ZHANG Tao (張濤), aged 52, is our Chief Financial Officer. Mr. Zhang was appointed as our Chief Financial Officer in March 2021.

Prior to join our Company in March 2021, Mr. Zhang held various positions, including the head of technology group and executive director of investment banking division of BOC International (China) Co., Ltd. (中銀國際證券有限公司) and its predecessor, BOC International Holding Limited (Beijing Office), from July 2000 to June 2009; managing director of Credit Suisse Founder Securities Limited (瑞信方正證券有限公司) from June 2009 to March 2015; head of investment banking division of Huarong Securities Co., Ltd. (華融證券股份有限公司) from March 2015 to October 2017; and managing partner of Hangzhou Hualu Capital Limited (杭州華麓投資管理有限公司) from October 2017 to February 2021.

Mr. Zhang received a bachelor’s degree of science from University of Science and Technology of China (中國科學技術大學) in June 1990 and a master’s degree of business administration from Tsinghua University (清華大學) in June 2000.

Mr. Zhang was recognized as a Chartered Financial Analyst by the CFA Institute in November 2004.

JOINT COMPANY SECRETARIES

Mr. WANG Huan (王歡), aged 34, the head of our Securities Legal Department since November 2020, was appointed as one of our joint company secretaries on May 26, 2021.

Prior to join our Group in November 2020, Mr. Wang served as an integrated teller at the Langfang branch of Bank of China (中國銀行廊坊分行) from July 2010 to September 2011; manager of securities department and legal affairs of Staidson (Beijing) BioPharmaceuticals Co., Ltd. (舒泰神(北京)生物製藥股份有限公司) from July 2012 to December 2016; senior securities manager of Guangdong Chutian Dragon Intellectual Card Co., Ltd. (廣東楚天龍智能卡有限公司) from April 2017 to October 2017; deputy general manager and board secretary of Beyondsoft Corporation (博彥科技股份有限公司) from February 2018 to January 2019; and deputy general manager of Hebei Jindiao Enterprise Management Co., Ltd. (河北金雕企業管理有限公司) from February 2019 to October 2020.

Mr. Wang received a bachelor’s degree in law in June 2010 and a bachelor’s degree in business administration in June 2009 from Jilin University (吉林大學), respectively.

Mr. Wang acquired PRC Legal Professional Qualification Certificate from PRC Ministry of Justice in August 2010 and was certified as board secretary in November 2012 and independent director in June 2017 from Shenzhen Stock Exchange, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lui Wing Yat Christopher (呂穎一), aged 32, was appointed as one of our joint company secretaries on November 29, 2021 and a senior manager of corporate services of Tricor Services Limited.

Mr. Lui has over ten years of experience in the corporate secretarial field. He has been working for Tricor Services Limited since October 2011. He has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Mr. Lui is currently the joint company secretary of TOT BIOPHARM International Company Limited (a company listed on the Stock Exchange (stock code: 1875)) and HBM Holdings Limited (a company listed on the Stock Exchange (stock code: 2142)), and the company secretary of CARsgen Therapeutics Holdings Limited (a company listed on the Stock Exchange (stock code: 2171)). He was also the company secretary of Brainhole Technology Limited (a company listed on the Stock Exchange (stock code: 2203)) from June 2018 to March 2020.

Mr. Lui received his bachelor's degree of science in economics and statistics from University College London in the United Kingdom in August 2011. He became a chartered secretary and an associate of both the Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom in 2017.

COMMITTEES UNDER THE BOARD OF DIRECTORS

We have established the following committees in our Board of Directors: an Audit Committee, a Remuneration Committee and a Nomination Committee. The committees operate in accordance with the terms of reference established by our Board of Directors.

Audit Committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and to advise the Board. The Audit Committee comprises three independent non-executive Directors, namely Mr. LI Zhiyong, Mr. LI Pengtao and Ms. WENG Yang. Mr. LI Zhiyong, being the chairperson of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The Remuneration Committee comprises one executive Director, namely Mr. WU Qiang, and two independent non-executive Directors, namely Mr. LI Pengtao and Mr. LI Zhiyong. Mr. LI Pengtao is the chairman of the committee.

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

We have established a nomination committee in compliance with the Corporate Governance Code. The primary duties of the nomination committee are to make recommendations to the Board regarding the appointment of Directors and Board succession. The Nomination Committee comprises one executive Director, namely Mr. WU Qiang, and two independent non-executive Directors, namely Mr. LI Pengtao and Ms. WENG Yang. Mr. WU Qiang is the chairman of the committee.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance. For further information relating to our Company's corporate governance measures, please see the section headed "Relationship with the Controlling Shareholders – Corporate Governance Measures" of this prospectus.

Chairman of the Board and Chief Executive Officer

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairperson and chief executive officer and Mr. Wu currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole. For further information relating to the Company's corporate governance measures, please see the section headed "Relationship with our Controlling Shareholder – Corporate Governance Measures."

BOARD DIVERSITY POLICY

The Board will adopt a board diversity policy (the "Board Diversity Policy") prior to the Listing in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

DIRECTORS AND SENIOR MANAGEMENT

The Nomination Committee is responsible for reviewing the diversity of the Board. After Listing, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. Our Company will take opportunities to increase the proportion of female members of the Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to the Board. We plan to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development. We are of the view that such strategy will offer chances for our Board to identify capable female employees to be nominated as a member of the Board in future with an aim to providing our Board with a pipeline of female candidates to achieve gender diversity in our Board in the long run. We believe that such merit-based selection process with reference to our diversity policy and the nature of our business will be in the best interests of our Company and our Shareholders as a whole.

DIRECTOR'S REMUNERATION

Our Directors and senior management receive remuneration, which mainly consists of basic salaries, contributions to social insurance and housing funds, discretionary bonus and share-based compensation, and is consistent with prevailing market standards.

The aggregate amount of remuneration (including, among others, basic salaries, housing allowances, other allowances and benefits in kind, contributions to social insurance and housing funds and discretionary bonus) for our Directors for the years ended December 31, 2019, 2020 and 2021 was approximately RMB4.6 million, RMB2.7 million and RMB2.3 million, respectively. None of our Directors waived any remuneration during the aforesaid periods. The decline in the aggregate amount of our Directors' remuneration was primarily due to the reduction of contributions to social insurance and housing funds and discretionary bonus in 2020 at the amount of RMB1.8 million as a result of the outbreak of COVID-19. Basic salaries to our Directors will be made on the same basis and level after the Listing, while the amount of discretionary bonus and share-based compensation is subject to the future market conditions. Our Directors are of the view that the amount of remuneration would not have material adverse impact on the Group's financial performance. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio. For further details of our dividend policy, please refer to the section headed "Financial Information – Dividends."

DIRECTORS AND SENIOR MANAGEMENT

For the three years ended December 31, 2019, 2020 and 2021, the five highest paid individuals of our Group included three, nil and nil Directors, respectively, whose remunerations are included in the aggregate amount of fees, salaries, allowances, discretionary bonus, pension scheme contributions paid and benefits in kind granted to the relevant Directors set out above. For the three years ended December 31, 2019, 2020 and 2021, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension scheme contributions paid and benefits in kind granted to the remaining four, two, five and five highest paid individuals who are not our Directors were approximately RMB3.0 million, RMB5.1 million and RMB4.9 million, respectively. For further details on the remuneration of the five highest paid individuals during the Track Record Period, see Note 9 of the Accountants' Report in Appendix I of this prospectus.

Save as disclosed, no other payments have been paid or are payable, in respect of the years ended December 31, 2019, 2020 and 2021 by our Company to our Directors or senior management.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

After the Listing, the Executive Directors' remuneration will comprise of a fixed amount of approximately RMB600,000 per year, and performance-based compensation linked to certain key performance indicators. The specific terms of the key performance indicators will be determined by the Board each year with reference to the Group's development strategies. The independent non-executive Directors' remuneration will be a fixed amount of approximately RMB120,000 per year.

COMPLIANCE ADVISOR

We have appointed Fortune Financial Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company, among others, in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

DIRECTORS AND SENIOR MANAGEMENT

- (c) where we propose to use the proceeds of the Listing in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of us under Rule 13.10 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons will have interests or short positions in our Shares or our underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares as of the Latest Practicable Date	Number of Shares Upon completion of the Global Offering	Approximate percentage of shareholding in our Company upon the completion of the Global Offering (Assuming the Over-allotment Option is not exercised)	Approximate percentage of shareholding in our Company upon the completion of the Global Offering (assuming the Over-allotment Option is fully exercised)
Xinyun Inc. ⁽¹⁾	Beneficial interest	37,500,000	37,500,000	21.55%	20.77%
EastUp Holding Limited ⁽¹⁾	Beneficial interest	22,500,000	22,500,000	12.93%	12.46%
Hanyun Inc. ⁽¹⁾	Interest in controlled corporation	60,000,000	60,000,000	34.48%	33.24%
Mr. WU Qiang ⁽¹⁾	Interest in controlled corporation; interest jointly held with another person	86,505,000	86,505,000	49.72%	47.92%
Connect The Unconnected Limited ⁽¹⁾⁽²⁾	Beneficial interest; interest jointly held with another person	86,505,000	86,505,000	49.72%	47.92%
Mr. Pan ⁽²⁾	Interest in controlled corporation; interest jointly held with another person	86,505,000	86,505,000	49.72%	47.92%
Flyflux Holding Limited ⁽¹⁾⁽³⁾	Beneficial interest; interest jointly held with another person	86,505,000	86,505,000	49.72%	47.92%
Mr. An ⁽³⁾	Interest in controlled corporation; interest jointly held with another person	86,505,000	86,505,000	49.72%	47.92%
Technolo-Jin CO., LTD ⁽¹⁾⁽⁴⁾	Beneficial interest; interest jointly held with another person	86,505,000	86,505,000	49.72%	47.92%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Capacity/Nature of Interest	Number of Shares as of the Latest Practicable Date	Number of Shares Upon completion of the Global Offering	Approximate percentage of shareholding in our Company upon the completion of the Global Offering (Assuming the Over-allotment Option is not exercised)	Approximate percentage of shareholding in our Company upon the completion of the Global Offering (assuming the Over-allotment Option is fully exercised)
Mr. Li ⁽⁴⁾	Interest in controlled corporation; interest jointly held with another person	86,505,000	86,505,000	49.72%	47.92%
Fortune Ascend Holdings Ltd. ⁽⁵⁾	Beneficial interest	36,945,000	17,415,000	10.01%	9.65%
Wisdom Extra Limited ⁽⁵⁾	Interest in controlled corporation	36,945,000	17,415,000	10.01%	9.65%
Mr. Tian ⁽⁵⁾	Interest in controlled corporation	36,945,000	17,415,000	10.01%	9.65%
TI YUN Limited ⁽⁶⁾	Nominee of a trust	26,550,000	26,550,000	15.26%	14.71%
Tricor Trust (Hong Kong) Limited ⁽⁶⁾	Trustee	26,550,000	26,550,000	15.26%	14.71%

Notes:

- (1) Xinyun Inc. and EastUp Holding Limited are wholly-owned subsidiaries of Hanyun Inc., which is in turn wholly owned by Mr. WU Qiang. Accordingly, each of Mr. Wu and Hanyun Inc. is deemed to be interested in the total number of Shares held by Xinyun Inc. and EastUp Holding Limited.

Pursuant to the deeds of voting proxy dated June 6, 2021 with each of Connect The Unconnected Limited, Flyflux Holding Limited and Technolo-Jin CO., LTD (each, a “**Principal Shareholder**”), Mr. Wu as proxy has the right to vote over all the Shares held by each of them, as a result of which Mr. Wu and Principal Shareholders are in substance parties acting in concert.

- (2) Connect The Unconnected Limited is a company wholly owned by Mr. Pan. Accordingly, Mr. Pan is deemed to be interested in the number of Shares held by Connect The Unconnected Limited.
- (3) Flyflux Holding Limited is a company wholly owned by Mr. An. Accordingly, Mr. An is deemed to be interested in the number of Shares held by Flyflux Holding Limited.
- (4) Technolo-Jin CO., LTD is a company wholly owned by Mr. Li. Accordingly, Mr. Li is deemed to be interested in the number of Shares held by Technolo-Jin CO., LTD.
- (5) Fortune Ascend Holdings Ltd. is 94% held by Wisdom Extra Limited, which is in turn wholly-owned by Mr. Tian. Accordingly, each of Mr. Tian and Wisdom Extra Limited is deemed to be interested in the total number of Shares held by Fortune Ascend Holdings Ltd.
- (6) TI YUN Limited is a special purpose vehicle established as a nominee to hold in trust for the Shares underlying the Share Incentive Plan, with Tricor Trust (Hong Kong) Limited acting as the trustee. Accordingly, Tricor Trust (Hong Kong) Limited is deemed to be interested in the number of Shares held by TI YUN Limited. TI YUN Limited will not exercise any voting rights in respect of the Shares underlying the share awards.

SUBSTANTIAL SHAREHOLDERS

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 5% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised):

	<u>Number of Shares</u>	<u>Aggregate nominal value of Shares</u>
Authorized share capital as of the date of this prospectus ⁽¹⁾	500,000,000	USD50,000.00
Shares in issue as of the date of this prospectus . .	150,000,000	USD15,000.00
Shares to be issued under the Global Offering . . .	24,000,000	USD2,400.00
Shares in issue immediately following the Global Offering	174,000,000	USD17,400.00

Note:

- (1) The authorized share capital of our Company was USD50,000 divided into 500,000,000 shares of USD0.0001 each, of which 150,000,000 ordinary Shares are issued.

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering. The above table also does not take into account any Shares which may be issued or repurchased by us under the general mandates granted to our Directors as referred to below.

MINIMUM PUBLIC FLOAT

According to Rule 8.08 of the Listing Rules, at the time of the Listing and at all times thereafter, at least 25% of the total issued share capital of our Company shall be held by the public (as defined in the Listing Rules).

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this prospectus, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this prospectus.

SHARE CAPITAL

POTENTIAL CHANGES TO SHARE CAPITAL

Circumstances under which general meetings are required

Upon completion of the Global Offering, our Company has only one class of Shares, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Act and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its share capital, (ii) consolidate and divide its share capital into shares of larger amount, (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which have not been taken; (v) divide its unissued Shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (vi) make provision for the allotment and issue of Shares which do not carry any voting rights; (vii) change the currency of denomination of its share capital; and/or (viii) reduce its share premium account in any manner authorised, and subject to any conditions prescribed by law. In addition, our Company may subject to the provisions of the Cayman Companies Act reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. See the section headed “Summary of the Constitution of the Company and the Company Laws of the Cayman Islands – 2. Articles of Association – 2.1 Shares – (c) Alteration of capital” in Appendix III to this prospectus for further details.

Share Incentive Plan

We adopted the Share Incentive Plan on May 13, 2021. Please see the section headed “Statutory and General Information – D. Share Incentive Plan” in Appendix IV to this prospectus for further details.

General mandate to issue Shares

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total number of not more than the sum of:

- 20% of the number of Shares in issue immediately following completion of the Global Offering; and
- the total number of Shares repurchased by us under the authority referred to in the paragraph headed “– General mandate to repurchase Shares” in this section.

SHARE CAPITAL

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed “Statutory and General Information – A. Further Information about our Group – 3. Resolutions of our Shareholders” in Appendix IV to this prospectus for further details of this general mandate to allot, issue and deal with Shares.

General mandate to repurchase Shares

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with a total number of up to 10% of the total number of our Shares in issue immediately following the completion of the Global Offering.

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and General Information – A. Further Information about our Group – 6. Repurchases of our Own Securities” in Appendix IV to this prospectus.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed “Statutory and General Information – A. Further Information about our Group – 3. Resolutions of our Shareholders” in Appendix IV to this prospectus for further details of this general mandate to repurchase Shares.

FINANCIAL INFORMATION

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including but not limited to the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to 2019, 2020 and 2021 refer to our fiscal years ended December 31 of such years, respectively.

OVERVIEW

We offer a broad array of cloud-native customer contact solutions, which are communication solutions that enable enterprises to engage in multi-channel customer interactions. We are China's largest provider of customer contact solutions deployed in public clouds as measured by revenue in 2021, with a market share of 10.3%, according to the CIC Report. In 2021, the market size of customer contact solutions deployed in public clouds in terms of revenue amounted to RMB4.0 billion, accounting for 38.2% of the cloud-based customer contact solutions market and 26.9% of the customer contact solutions market, respectively, according to the same source. Our solutions, rooted in our cloud-native, secure and reliable platform, empower businesses to create exceptional customer communication experience and intelligize their way of conducting sales, marketing, customer service and other business functions. In 2021, we facilitated over 3.0 billion interactions in the form of voice calls, SMS messages and text chat between businesses and their customers across multiple channels, helping increase their productivity and efficiency.

FINANCIAL INFORMATION

Technology is at the heart of our solutions. Driven by our unwavering commitment to innovation, we have achieved three major transformations, which set a solid foundation for our success:

- *Cloud-native architecture.* We believe deeply that cloud technology will define the future. We started to migrate our platform to the cloud as early as in 2014 by redesigning our architecture and code based on the computing, networking and storage components of public cloud environments. By 2015, we became one of the first customer contact solution providers to complete cloud migration, according to the CIC Report, and have since then continuously enhanced the functionality of our solutions. The cloud-native architecture brings scalability and stability to our platform and enables us to achieve non-disruptive, quick iterations through grayscale release, which are staged releases that reduce the risk of introducing new versions. During the Track Record Period, we rolled out releases approximately on a weekly basis and at the same time honored 99.99% uptime (calculated as the percentage of time our system is available and operational for a client in a given month), as compared to an industry average of 99.5%, according to the CIC Report. Our platform has been operating free from overall system failures for over 35 months. Amid mass digital transformation, we believe we enjoy significant first-mover advantages and are well-positioned to capture growing opportunities.
- *Software-defined networking infrastructure.* As cloud-based solutions become an increasingly popular choice, traditional WAN networks that heavily rely on data center infrastructure are no longer sufficient to support high-quality cloud connectivity. According to the CIC Report, we are the first customer contact solution provider in China to integrate our platform with software-defined wide area network (SD-WAN), which decouples networking hardware from the control mechanism and achieves centralized control and automatic traffic routing. SD-WAN and other technologies enable our services to run on two cloud computing platforms simultaneously, and we became the only industry player to achieve active-active dual cloud deployment, which significantly improved the availability, reliability and quality of connections established through our platform. For details of SD-WAN and our active-active dual cloud architecture, see “Business – Our Architecture” and “– Our Technologies.”
- *Scenario-tailored AI capabilities.* Advancements in AI technologies make it possible to automate certain tasks traditionally handled by clients’ human agents. Combining industry-specific automatic speech recognition (ASR) and natural language processing (NLP) capabilities, our ContactBot is able to understand industry jargons and engage in text- and voice-based intelligent interactions using industry-specific terms and languages. Our platform also hosts a wealth of AI-powered functions, providing real-time agent assistance and actionable insights driven by intelligent reporting and analytics tools.

FINANCIAL INFORMATION

Security is our long-held commitment. Our solutions possess enterprise-grade security capabilities. In 2015, we were the first customer contact solution provider to receive the Trusted Cloud Services Certification (TRUCS) (“可信雲服務認證”) from institutions accredited by the MIIT, according to the CIC Report, which embodies our undertakings to clients in relation to data security, data privacy, failure recovery ability and service availability. In 2019, we received the Multi-Layer Protection Scheme (MLPS) Level III Certification (“信息系統安全等級保護三級”) awarded by the Ministry of Public Security, the highest level achievable for non-financial institutions, which endorses our capability in system operation and information security.

With our relentless pursuit of excellence, we have built a broad, high-quality and loyal client base across diverse industries, including technology, education, insurance, automobile, travel, housing and healthcare, to name a few. In 2021, we served over 3,100 clients, among whom 57 were key accounts whose annual purchase amount exceeds RMB1.0 million. We strive to cultivate long-term relationships with our clients and evaluate our performance using client retention rate and dollar-based net retention rate on a regular basis. In 2019, 2020 and 2021, our SaaS client retention rate was 73.7%, 77.9% and 78.4%, respectively. During the same periods, our dollar-based net retention rate for all SaaS clients was 112.9%, 105.0% and 103.5%, respectively, and for SaaS clients which were our key accounts was 112.6%, 114.6% and 108.3%, respectively.

We are the preferred choice of clients who are market leaders in their industries. We believe our popularity among top market players demonstrates our ability to address complex business and operational requirements and helps us to increase penetration in relevant sectors, which were the top three contributors to our total revenue during the Track Record Period. Today, we have achieved a prominent market position in technology, education and insurance sectors. In 2021, we served 13, 11 and 8 of the Top 20 Players in each of China’s technology, education and insurance sectors as measured by revenue, respectively, among which 28 had been in business relationship with us for more than three consecutive years. Our total revenue generated from the clients who are the Top 20 Players in these three sectors increased from RMB122.6 million in 2019 to RMB194.8 million in 2021, at a CAGR of 26.0%. Our total revenue generated from all clients in these three sectors increased from RMB234.0 million in 2019 to RMB308.4 million in 2021, at a CAGR of 14.8%.

We achieved steady growth during the Track Record Period. Our total revenue increased at a CAGR of 9.6% from RMB334.8 million in 2019 to RMB401.9 million in 2021, of which 97.2% and 92.2% were generated from our SaaS solutions that are of a recurring nature. Our gross profit increased at a CAGR of 8.3% from RMB155.9 million in 2019 to RMB182.7 million in 2021. Our profit for the year increased by 18.6% from RMB59.1 million in 2019 to RMB70.2 million in 2020, and decreased substantially to RMB17.8 million in 2021. As of December 31, 2020, we had achieved profitability for seven consecutive years.

FINANCIAL INFORMATION

BASIS OF PRESENTATION

The historical financial information of our Group has been prepared in accordance with International Financial Reporting Standard, or IFRS, issued by International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income and financial investments at fair value through profit or loss which have been measured at fair value.

The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying our Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 3 to the Accountants' Report included in Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATION

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control. These factors include but are not limited to the following:

General Factors

Our business and results of operations are impacted by general factors affecting cloud-based software solutions adopted across industries in China, including:

- China's overall economic growth;
- adoption and acceptance of cloud-based software solutions across different industries in China;
- digitalization and transformation of industries in China;
- advancement of technology and development of cloud infrastructure;
- business growth and spending of enterprises amid cloud transformation; and
- governmental policies, initiatives and incentives affecting the cloud-based software solutions adopted across industries in China.

FINANCIAL INFORMATION

Company Specific Factors

Our results of operations are also affected by certain company-specific factors, including the following major factors:

Our ability to leverage our core capabilities to capture and capitalize on emerging opportunities

We are at an inflection point with evolving technology in the customer contact solution industry. Driven by our deep belief in cloud technology, we completed cloud migration as early as 2015, being one of the first customer contact solution providers taking such actions, according to the CIC Report. Our cloud-native architecture, coupled with our cutting-edge networking infrastructure and AI capabilities, has set solid foundation for our future success. To capture opportunities arising from the digital transformation across industries, we plan to devote more resources to developing our Agile Agent Solutions and virtual private cloud solutions, or VPC solutions, in the near future.

- Our Agile Agent Solutions, designed to embrace the mobile concept, are able to serve various use cases that are unserved by the legacy on-premise customer contact systems. Since its launch in 2017, our Agile Agent Solutions have been warmly welcome by the market, as evidenced by its robust revenue growth. During the Track Record Period, revenue from our Agile Agent Solutions increased at a CAGR of 76.6% from RMB16.5 million in 2019 to RMB51.3 million in 2021. These solutions have been adopted by education companies to manage day-to-day communications with students and their parents, and by digital advertising platforms to better monitor advertising activities and evaluate performance. We believe our Agile Agent Solutions have great potential to serve many more use cases, and thus plan to invest more in developing additional features and functions for more industries, such as automobile and consumer good, unleashing their growth potential.
- Additionally, we plan to invest in our VPC solutions to both expand into new markets and further penetrate existing markets. Having recognized the increasing awareness and emphasis of data security during the business world's digital transformation, we developed VPC solutions for the companies with particular security requirements, such as large SOEs and international companies, to help these clients deploy customer contact functions on the virtual private cloud, a more secured environment than public cloud. Since we started to offer VPC solutions in 2019, we have experienced a fast growth in number of clients from one in 2019 to 24 in 2021. Revenue from our VPC solutions increased rapidly from RMB708 thousand in 2019 to RMB21.3 million in 2021. As of the Latest Practicable Date, unearned revenue from client contracts amounted to RMB13.7 million. We expect VPC solutions be one of driving forces of our revenue growth in the foreseeable future.

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The growth of our revenue also depends on our ability to expand coverage of industries. While maintaining our leadership in technology, education and insurance sectors, we plan to tap into underserved sectors with sizable market opportunities, such as banking, automobile and consumer goods sectors. These sectors are concentrated with large companies with high customer interaction demand. To this end, we intend to continue building our sales and marketing team and work with third-party sales agents to reach prospective clients.

Our ability to expand our client base

Our success depends on our ability to grow our client base. We have adopted a go-to-market strategy to tap into a new sector by serving top-tier enterprises and winning their endorsement that we believe will effectively help increase our penetration in the relevant sector. So far, the strategy has been proven effective. Through our working with the industry leaders, we have successfully established our reputation of being a reliable service provider among the industry players, which help us to further expand our client base and deepen our reach in the industry. In 2021, we served 13, 11 and 8 of the Top 20 Players in each of China's technology, education and insurance sectors as measured by revenue, respectively, among which 28 had been in business relationship with us for more than three consecutive years. We intend to keep focusing on engaging our prospective clients mainly through our direct sales team to deepen penetration, which we believe will help strengthen our brand and reputation, thereby attracting more clients through word-of-mouth referral in a cost-effective manner.

Our revenue growth is also driven by our ability to continuously expand our market share among large enterprises, who typically have the potential to subscribe for higher contract value. We assess our performance in this area by tracking the growth of our key accounts. We define key accounts as clients whose revenue contribution in a given year reached RMB1.0 million. In 2019, 2020 and 2021, we had 62, 61 and 57 key accounts, with an annual purchase amount exceeding RMB1 million. During the same period, revenue attributable to our key accounts grew by 9.7% from RMB247.6 million in 2019 to RMB271.7 million in 2020, and further grew by 10.3% to RMB299.6 million in 2021. In 2019, 2020 and 2021, revenue from our key accounts accounted for 74.0%, 76.8% and 74.5% of our total revenue. We have a dedicated sales team specialized by client region, size, and vertical sector. We intend to continue the efforts in growing our key accounts.

Our ability to improve client retention and expand client lifetime value

Our ability to maintain long-term revenue growth and improve profitability is dependent on our ability to retain and grow subscription to our SaaS solutions from our existing clients. We believe that such an ability strengthens the stability and predictability of our revenue and is reflective of the value we deliver to our clients. We assess our performance in this regard using two key metrics: client retention rate and dollar-based net retention rate.

- Client retention rate is an indicator helping us assess client loyalty. We calculate the client retention rate for a given period as a percentage of our existing clients in the immediately preceding period who remain our clients in the current period. In 2019, 2020 and 2021, our SaaS client retention rate was 73.7%, 77.9% and 78.4%, respectively.

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- Dollar-based net retention rate indicates our ability to increase revenue from our existing clients. To calculate this rate for a given period, or the benchmark period, we first identify the clients who subscribed to our SaaS solutions in both the benchmark period and the period before. We then calculate the dollar-based net retention rate for the benchmark period using the total revenue attributable to the identified clients in the benchmark period as the numerator and the total revenue attributable to the same group of clients in the preceding period as the denominator. We believe that this rate provides meaningful insight into revenue contribution from our existing clients over periods, indicating our ability to drive their lifetime value. To the extent our SaaS solutions are concerned, in 2019, 2020 and 2021, our dollar-based net retention rate for all SaaS clients was 112.9%, 105.0% and 103.5%, respectively, and for SaaS clients which were our key accounts was 112.6%, 114.6% and 108.3%, respectively.

Our ability to maintain and improve our performance on these key metrics depends on our ability to add value throughout the client lifecycle as they scale and expand their usage of our product portfolio. We are committed to providing superior product capabilities and solutions to foster strong client loyalty. We offer 24/7/365 client support with a full range of client services, committed to responding to client requests within a few minutes and solving any system issues within 24 hours. As a result of these efforts over the years, we have built a solidbase of loyal clients. Among our key accounts in 2021, 47.4% of them had been subscribing to our solutions for more than five years as of December 31, 2021. Additionally, our ability to expand lifetime value of our clients also depends on our ability to successfully upsell, driving clients' spending on our solutions. To this end, we intend to continue upgrading our solutions, enhancing product functions, and introducing new features. We will also continue building our client support network to enhance client satisfaction and lifetime value.

Our ability to enhance technology and product development capabilities

To capitalize on the market opportunities from cloud transformation across industries, we believe it is critical to continually promote innovation, master state-of-the-art technology and enhance product functioning. We intend to continue to invest in our research and development capabilities and develop more innovative product features to maintain our strong reputation among the top industry players. We have been and will continue upgrading and optimizing our products to address our clients' evolving business needs. We will also relentlessly enhance our product capabilities that satisfy evolving business needs and complex working environments and invest in expanding our product offerings that cater to use cases for clients from new industries, such as banking, automobile and consumer goods industries.

Leveraging our cloud-native software platform, we will continue to make our products intelligent, secure, reliable and scalable. The foregoing endeavors may result in the increase of our research and development expenses.

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Our ability to manage costs and improve operational efficiency

The profitability of our business depends largely on our ability to enhance the operational efficiency of our solutions. We primarily sell subscriptions to our products through direct sales team. Prudently managing our client acquisition costs is important to our overall profitability. As we continue to grow our business scale, we plan to adopt a more aggressive approach for client acquisition, which will lead to increased spending on online marketing.

We incurred increases in selling and distribution expenses and research and development expenses in 2021 to implement our business plan. Our selling and distribution expenses substantially increased in 2021 both in absolute amount and as a percentage of the corresponding revenue, reflecting the change from a conservative expansion strategy to a more progressive expansion strategy to further drive our revenue growth. The increase was primarily driven by recruitment of additional salespersons to capture more business opportunities, and increased investments in online and offline marketing activities to enhance our brand name and generate more sales leads from small and medium clients. Our research and development expenses also increased in 2021 both in absolute amount and as a percentage of the corresponding revenue, primarily driven by increased R&D headcount and salary per headcount to further our efforts in strengthening R&D capabilities.

As we continue to grow our business, we expect to benefit from economies of scale and achieve additional cost savings. We have been leveraging our technology capabilities to standardize procedures for more established business lines and increase the automation level of our operations and optimize efficiency in various aspects.

Strategic expansion, investment and acquisitions

Leveraging our versatile solutions, advanced technologies and operational expertise accumulated in the Chinese market, we intend to explore business opportunities overseas to unlock new growth potential. As an increasing number of China-based companies are setting a footprint in overseas markets, we intend to capture the tremendous opportunities to serve these China-based companies on overseas markets, help them establish relationships with local customers and create positive customer interactions.

We believe acquisitions, investments and strategic alliance provide alternative ways of business expansion in a relatively short period. If executed successfully, such expansion will help strengthen our technology capabilities, further solidify our leadership position, enhance our brand image, and increase our bargaining power with suppliers and clients. Hence, we intend to selectively pursue strategic acquisitions and investments that are complementary to our growth strategies to solidify our current market presence, and selectively pursue strategic alliances to further enhance our product offerings and strengthen our competitiveness.

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IMPACT OF COVID-19

Since the end of December 2019, the outbreak of a novel strain of coronavirus, or COVID-19, has materially and adversely affected the Chinese and global economy. In response to COVID-19, including the resurgence of COVID-19 in China since the second half of 2021, the PRC government has imposed mandatory quarantine, closure of workplaces and facilities, travel restriction and other related measures in various regions at different times. These measures caused a decline in the business activities in China in general, which in turn has had a negative impact on the demand of businesses for customer contact solutions, particularly during the lockdown in the first half of 2020.

COVID-19 has caused temporary disruptions to our business operations to varying degrees:

- During the lockdowns in 2020, we had to temporarily close certain of our office facilities for a few days following the Chinese New Year holidays, control the number of employees working onsite, restrict employee travel, switch to online virtual meetings or even cancel meetings with existing or prospective clients, all of which have temporarily restrained our operating activities, including our sales efforts. To combat COVID-19, we adopted a work plan and formed a special working group led by our administration director and Mr. WU Qiang (吴强), our chief executive officer. The special working group is responsible for overseeing the implementation of our remedial measures. Under the leadership of this special working group, we have employed various measures to ensure the safety of our office facilities and employees. The measures we have implemented include, among other things, regularly sterilizing and ventilating our offices, monitoring the body temperature of our employees, requiring employees attending the office to wear face masks, adopting flexible remote working arrangements, introducing reporting policy of the travel history and health conditions of our employees and their immediate family members, minimizing in-person meetings and encouraging company-wide use of online virtual meeting software and applications. As a result of these measures, we had not had any suspected or confirmed COVID-19 cases at our premises since the outbreak and up to the Latest Practicable Date. The measures we took also enabled us to carry out our business operations without any material disruption. Since May 2020, except for certain quarantine policies that reduced the number of business trips, our business operations have turned to the pre-outbreak levels. To the extent physical meetings were required or preferred or on-site technical support was needed, our operations, sales and marketing activities and client support had been affected.
- In 2020, we have experienced a temporary decrease in the demand for our solutions by small- and medium- sized enterprises, or SMEs, primarily due to closures and reduced business activities of SMEs. This effect, coupled with our strategy to serve industry-leading clients, enlarged the portion of revenue contributed by large, established enterprises. In 2020, revenue from our key accounts accounted for 76.8% of our total revenue, as compared to 74.0% in 2019. While being more financially sustainable, large clients tend to have stronger bargaining power in terms of pricing and credit terms. As a result, we saw an increase in turnover days of our trade receivables from 52 in 2019 to 64 in 2020.

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- While all industries have been affected by the COVID-19 pandemic, some industries, including travel and used car, were hit harder than others. Since 2020, we have witnessed a significant drop in usage of our services by clients from travel and used car industries, which directly brought down the revenue contribution from clients of these industries. On the other hand, revenue attributable to players operating online businesses has experienced a robust growth as a result of the increases in both number of clients and the average subscription amount. Overall, our revenue growth slowed down in 2020 as compared to 2019.

In general, due to the cloud nature of our solutions, our ability to provide services was not hindered by the lockdown and travel restrictions implemented to combat the COVID-19. Since the outbreak, we have not encountered any disruption in our IT infrastructure and have been and expect to be able to discharge our obligations under contracts with clients. Thanks to the preventive measures we have implemented, we successfully kept our business operations from material disruption during the outbreak and avoided any materials impact on the implementation of our business plans. In response to the fact that the travel restriction slowed down the pace of our client acquisition in 2020, we have been proactively mobilizing internal resources and leveraging our strong technological capabilities to mitigate the impact of COVID-19. We supported our clients and helped them tackle the challenges presented by the pandemic by providing reliable, quality solutions and services. For example, faced explosive customer demand in 2020, companies from online education industry were in urgent needs for solutions that could help them manage the surge in business volume remotely during the pandemic. To meet such needs, we quickly developed features and added functionalities to our Agile Agent Solution, helping increase their operational transparency and efficiency. As a result, we had a healthy growth of revenue from our key accounts in 2020, achieving a dollar-based net retention rate of 114.6% for key accounts. Such growth was partially offset by the decreases in revenues from clients in travel and used car industries and from certain small- and medium-sized clients. Hence, despite the temporary disruption caused by COVID-19, we are able to sustain a steady growth in 2020. Our revenue increased by 5.7% from RMB334.8 million in 2019 to RMB353.7 million in 2020, and our profit for the year increased by 18.6% from RMB59.1 million in 2019 to RMB70.2 million 2020. Also, from February to December 2020, we enjoyed certain exemptions from making employer contribution to employee social security schemes, with a total amount of approximately RMB7.8 million exempted.

Since the second half of 2021, certain regions in China have experienced a resurgence of COVID-19 and the commercial activities in these regions have been negatively impacted at varying degrees. Stringent social distancing restrictions have been imposed in cities where we or our clients have operations, including Shanghai, Beijing and Shenzhen. In particular, a city-wide lock-down policy was in place in Shanghai, where our third largest office is located, between late March and late May of 2022. The stringent quarantine measures imposed by the government included home isolation for all residents, cancellation of all public transport and mandate of temporary shutdown of business operations. Further, the authorities in Beijing, where our headquarters are located, have tightened the restrictions on social activities since early May 2022, requiring residents in the city's worst-hit districts to work from home, suspending public transportation in certain areas and carrying out multiple daily mass testings. Owing to the cloud-based nature of our solutions and the recurring nature of our SaaS revenue,

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generally our business was not negatively impacted by the recent COVID-19 resurgence, except for a small percentage of our clients whose business activities were negatively affected, leading to their reduced usage of our solutions. For clients with offices in the affected areas, travel restrictions and stay-at-home orders may prevent their customer service agents from working at physical contact centers. For clients such as those in the logistics and transportation industry, transportation restrictions in the affected areas may hinder their ability to conduct normal operating activities, and their frequency of using our solutions to provide notifications and customer services reduced in line with lower business volume. Further, as of the Latest Practicable Date, in accordance with the social distancing policies, some of our employees, including 3% of our employees based in Shanghai and 9% of our employees in Beijing, worked from home, and business travels were restricted in the affected areas, which adversely affected our business development activities. Based on our unaudited management accounts, for the four months ended April 30, 2022, while our revenue generated from the education industry substantially decreased due to the impact of the Opinion, our revenue generated from other industries achieved steady growth when compared to the same period in 2021.

We believe that the value of our cloud-based customer contact solutions, and the convenience, efficiency and reliability they deliver, are heightened throughout the pandemic. In the view of CIC, the outbreak of COVID-19 has amplified advantages of cloud-based customer contact solutions, as compared to the traditional centralized operation of customer service centers which was hit heavily during the outbreak due to the concerns over the risks of infection. As a result, an increasing number of enterprises have shown their willingness to shift to or start to use the cloud-based customer contact solutions to take advantage of their mobility and flexibility. Such demand is expected to accelerate the digitalization and cloudification process across various industries. We operate a SaaS model, which not only reduces the burden of on-premise implementation, but also provides clients and partners with the flexibility needed to tackle unexpected disruptions and challenges caused by the pandemic. We expect this trend to persist post-pandemic as the cloud transformation continues in the long run.

Nevertheless, there remains significant uncertainties associated with COVID-19, including with respect to the ultimate spread of the virus, the severity and duration of the pandemic and further actions that may be taken by governmental authorities around the world to contain the virus, and the full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations, cash flows and financial condition will depend on future developments that are highly uncertain and cannot be accurately predicted. If prolonged COVID-19 restrictions are imposed at a large scale in China, our ability to develop new clients and maintain relationships with existing clients will be adversely impacted. If such restrictions lead to a general decline in economic conditions and commercial activities, the business of our clients will be negatively affected and our business performance will suffer as a result. Based on the present situation and the information currently available to us, we expect our revenue growth in 2022 to slow down as compared to the growth rate we achieved in 2021. See “Risk Factors – Risks Related to Our Business and Industry – The effects of the COVID-19 pandemic have materially affected how we and our clients are operating, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.”

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in further details in Notes 2 and 3 to the Accountants' Report included in Appendix I to this prospectus.

Revenue Recognition

Revenue is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and the customer at contract inception. When the contract contains a financing component which provides us with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

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(a) Rendering of services

Revenue from SaaS solutions is measured on a transactional basis and is recognized over time, using an output method to measure the value to the customer of the services rendered to date, with no rights of return once consumed, because the customer simultaneously receives and consumes the benefits provided by us. In particular, revenue on usage-based service contracts with a specified rate but an unspecified quantity is recognized utilizing the right to invoice practical expedient resulting in revenue being recognized in the amount for which we have the right to invoice as service is rendered. Our SaaS solutions are billed to clients mostly on a monthly basis.

Our virtual private cloud solutions, or VPC solutions, included customization services and provision of software licenses. Revenue from customization services is recognized over time, using an input method to measure progress towards complete satisfaction of the service, because our performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognizes revenue from customization services based on the basis of the actual labor hours expended relative to the total expected hours to complete the services. Revenue from software license fees is recognized at the point in time because we provide the client with a right to use our license as it exists at the point in time that it is granted. We recognize revenue from software license fees upon acceptance of software by clients.

Revenue from other miscellaneous services is recognized over time, using an output method to measure customers' usages of services, because the customer simultaneously receives and consumes the benefits provided by us.

(b) Sale of products

Revenue from the sale of products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Impairment for financial assets

We recognize an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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At the end of each year during the Track Record Period, we assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, we compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

We consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, we may also consider a financial asset to be in default when internal or external information indicates that we are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by us. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach under certain circumstances as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. We have established a provision matrix that is based on our historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Fair value of financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. We use our judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions, see Notes 2.4 and 34 to the Accountants' Report included in Appendix I to this prospectus.

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Our Group's financial instruments carried at fair value as of December 31, 2019, 2020 and 2021, by level of the inputs to valuation techniques used to measure fair value.

Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Our Directors and responsible officers review the fair value measurements of our financial assets categorized within level 3 instruments of which no quoted prices in an active market exist, taking into account the valuation techniques and assumptions of unobservable inputs and determine if the fair value measurements of level 3 instruments is in compliance with the applicable IFRS. In relation to the valuation of level 3 instruments, our Directors adopted the following procedures: (i) reviewed the terms of agreements relating to the instruments; (ii) reviewed the valuation working papers and results prepared by the finance team; (iii) carefully considered all information especially those non-market related information input, such as the asset under management, the discount rate and the underlying of the unlisted equity, which required management assessment and estimates; and (iv) analyzed and discussed with the finance team regarding the contents of the valuation analysis including but not limited to, the basis of computation, assumptions and valuation methodologies on which the valuation is based, the basis of the discount rates. Based on the above procedures and the professional advice received, our Directors are of the view that the valuation analysis performed on level 3 instruments is fair and reasonable and the financial statements of our Group are properly prepared. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the level 3 instruments.

The details on the fair value measurement of the financial instruments, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs and the relationship of the unobservable inputs to the fair values, are disclosed in Note 34 to the Appendix I to this prospectus.

The Reporting Accountant has carried out necessary audit works in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on the Group's Historical Financial Information for the Track Record Period as a whole in Appendix I to this prospectus. The Reporting Accountant's opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out on page I-2 of Appendix I to this prospectus.

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In relation to the valuation of our financial instruments at fair value, the Sole Sponsor has conducted relevant due diligence work, including but not limited to, (i) reviewed relevant notes in the Accountants' Report and the unqualified opinion on the historical financial information of the Group as contained in Appendix I to this prospectus; (ii) reviewed the relevant agreements; and (iii) discussed with our Company and the Reporting Accountant in relation to the valuation works performed especially the key basis and assumptions adopted in the valuation of level 3 financial assets. Having considered the work done by the Directors and the Reporting Accountant and the relevant due diligence work done as stated above, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to disagree with the Directors' view on the valuation of level 3 financial assets.

Recognition of share-based compensation expenses

We had a share award arrangement and adopted a share incentive plan during the Track Record Period, both of which aim at providing incentives to provide our directors, officers and employees of our Group and optimizing our remuneration structure. The maximum number of ordinary shares underlying the share incentive plan is 26,550,000 ordinary shares of our company. Upon the effectiveness of our share incentive plan on May 13, 2021, all the share awards previously granted were transferred to the share incentive plan as restricted shares. All the restricted shares are to be released and converted into the ordinary shares of the Company in three equal tranches on the 6-month, 18-month and 30-month anniversaries of the Listing Date, respectively. On May 13, 2021, as approved by our Board of Directors, certain employees of our Group were granted 501,080 restricted share units under the share incentive plan. All the restricted share units are to be vested, released and converted into the ordinary shares of our company in three equal tranches on the 6-month, 18-month and 30-month anniversaries of the listing date of our company (except for one employee whose restricted share units are subject to five-equal tranches on the 6-month, 18-month, 30-month, 42-month and 54-month anniversaries of the Listing Date), respectively.

Under the share award arrangement and the share incentive plan, participants receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using discontinued cash flow method. For details, see Note 28 to the Accountants' Report included in Appendix I to this prospectus.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each year during the Track Record Period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of comprehensive income, with line items in absolute amounts and as percentages of our revenue for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Summary Consolidated Statements of Comprehensive Income Data:						
Revenue	334,813	100.0	353,744	100.0	401,897	100.0
Cost of sales	(178,930)	(53.4)	(178,305)	(50.4)	(219,194)	(54.5)
Gross profit	155,883	46.6	175,439	49.6	182,703	45.5
Other income and gains	8,845	2.6	14,062	4.0	8,287	2.1
Selling and distribution expenses	(44,163)	(13.2)	(50,360)	(14.2)	(71,335)	(17.7)
Administrative expenses	(16,151)	(4.8)	(18,776)	(5.3)	(42,977)	(10.7)
Research and development expenses	(37,066)	(11.1)	(38,523)	(10.9)	(53,840)	(13.4)
Impairment losses on financial assets	(812)	(0.2)	(1,883)	(0.5)	(3,423)	(0.9)
Other expenses and losses	(283)	(0.1)	(627)	(0.2)	(293)	(0.1)
Finance costs	(757)	(0.2)	(677)	(0.2)	(636)	(0.2)
Profit before tax	65,496	19.6	78,655	22.2	18,486	4.6
Income tax expenses	(6,351)	(1.9)	(8,488)	(2.4)	(668)	(0.2)
Profit for the year	<u>59,145</u>	<u>17.7</u>	<u>70,167</u>	<u>19.8</u>	<u>17,818</u>	<u>4.4</u>
Earnings per share						
Basic and diluted (RMB)	N/A	N/A	N/A	N/A	N/A	N/A
Profit for the year	<u>59,145</u>	<u>17.7</u>	<u>70,167</u>	<u>19.8</u>	<u>17,818</u>	<u>4.4</u>
Other comprehensive income						
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
Equity investments designated at fair value through other comprehensive income:						
Changes in fair value	519	0.2	108	0.0	–	–
Income tax effect	(78)	(0.0)	(16)	(0.0)	–	–
Exchange differences on translation of the financial statements of the Company	–	–	–	–	153	0.0
Other comprehensive income for the year, net of tax	<u>441</u>	<u>0.1</u>	<u>92</u>	<u>0.0</u>	<u>153</u>	<u>0.0</u>
Total comprehensive income for the year	<u>59,586</u>	<u>17.8</u>	<u>70,259</u>	<u>19.9</u>	<u>17,971</u>	<u>4.5</u>

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Revenue by Businesses

During the Track Record Period, we derived our revenue from providing (i) SaaS solutions, (ii) VPC solutions and (iii) other services and product sales. The following table sets forth a breakdown of our revenue by businesses for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Revenue:						
SaaS solutions	325,328	97.2	341,197	96.4	370,738	92.2
VPC solutions	708	0.2	5,927	1.7	21,298	5.3
Other services and product sales	8,777	2.6	6,620	1.9	9,861	2.5
Total	334,813	100.0	353,744	100.0	401,897	100.0

SaaS solutions

SaaS solutions consist of three types of scenario-tailored offerings: Intelligent Contact Center Solutions, Agile Agent Solutions and ContactBot Solutions.

Intelligent Contact Center Solutions. Designed to replace legacy on-premise systems, our Intelligent Contact Center Solutions help businesses migrate their contact center functions to the cloud. The solutions allow contact center agents hired by our clients and seated in physical contact centers to efficiently interact with clients across multiple channels using desktops. Benefiting from our cloud-native architecture, our clients can greatly reduce implementation costs, easily scale their usage in response to changing business needs and effortlessly receive software upgrades.

Agile Agent Solutions. Our Agile Agent Solutions are designed to facilitate customer contact activities outside physical contact centers, which are unserved by pureplay contact center solutions. Our Agile Agent Solutions, designed as a mobile application, empower clients' employees other than contact center agents (such as car salespersons, retail store assistants and after-school program tutors) to contact customers at any time in any location. It enables businesses to track and manage each interaction, which significantly increases visibility of business activities and uses data-based analytics to support decision-making.

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ContactBot Solutions. Our ContactBot Solutions utilize practical AI capabilities to automate duties traditionally handled by clients' human agents. Combining real-time automatic speech recognition and natural language processing, our ContactBot Solutions are able to engage in text- and voice-based intelligent interactions. Human agents are freed from repetitive, administrative tasks and can instead focus on tasks that require more personalized, engaging services.

Revenue from our Intelligent Contact Center Solutions consists of subscription fees to access our products and services, including (i) fees charged based on the number of agent seats used, (ii) usage-based services fees based on voice minutes, and (iii) fees for subscribing to add-on function not included in our base packages, such as certain AI-powered functions. We typically bill our clients on a monthly basis with payments due within 90 days from the billing date, except for small-sized enterprises for which we typically require the payment of the subscription fees at the beginning of our services.

The following table sets forth a breakdown of our revenue from SaaS solutions by type of solutions in absolute amounts and as a percentage of our revenue from SaaS solutions for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Revenue from SaaS Solutions:						
Intelligent Contact Center Solutions	300,903	92.5	313,257	91.8	319,958	86.3
Agile Agent Solutions	16,457	5.1	22,978	6.7	43,050	11.6
ContactBot Solutions	7,968	2.4	4,962	1.5	7,730	2.1
Total	325,328	100.0	341,197	100.0	370,738	100.0

VPC solutions

VPC solutions are a fast-growing business that only started to generate revenue in 2019. Revenue from our VPC solutions consists of (i) software licensing fees and (ii) revenue from customization services.

Software Licensing. We license our customer contact solutions pursuant to licensing agreements with clients who opt to receive our solutions in virtual private clouds, which are secured areas in a public cloud. We charge a one-time licensing fee for our solutions primarily based on factors including the number and type of solutions subscribed for by our clients. Revenue from software licensing is recognized upon the acceptance of software by the client. While the licensing fee is typically due within 30 days from the date of acceptance, a certain percentage of payment may be retained by clients until the end of the retention period as a security for service quality.

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Customization services. We provided customization services to help clients to realize tailor-made cloud-based customer contact functionalities in virtual private clouds. Revenue from customization services is recognized over time as services are rendered. While payment is typically due within 30 days from the date of acceptance, a certain percentage of payment may be retained by clients until the end of the retention period as a security for service quality.

Revenue from VPC solutions increased rapidly in 2019 from RMB708 thousand to RMB21.3 million in 2021. We expect our VPC solutions to continue to grow at a fast pace with increased revenue contribution in the foreseeable future.

Other Services and Product Sales

In the Track Record Period, other services and product sales revenue consisted of revenue from provision of services and sale of goods ancillary to our customer contact solutions to satisfy certain ad hoc request from our existing clients. Services provided primarily included certain telecommunication services, and goods sold primarily included telecommunication equipment. We expect other revenue to remain as an immaterial portion of our total revenue in the foreseeable future.

Revenue by Clients' Industry

We serve clients across diverse industries. The following table sets forth a breakdown of our revenue by clients industry in absolute amounts and as a percentage of our total revenue for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Revenue:						
Technology	87,054	26.0	92,930	26.3	118,591	29.5
Education	89,451	26.7	104,448	29.5	107,802	26.8
Insurance.	57,468	17.2	73,742	20.8	81,994	20.4
Automobile	28,849	8.6	15,795	4.5	24,589	6.1
Fintech	20,149	6.0	20,684	5.9	14,744	3.7
Other Industries	51,842	15.5	46,145	13.0	54,177	13.5
Total	334,813	100.0	353,744	100.0	401,897	100.0

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Our revenue from clients in an industry may fluctuate due to different reasons, many of which are out of our control. Such reasons may include factors affecting our clients' industries such as market conditions, development in regulatory requirements and release of new government policies. For example,

- *Education industry.* During the Track Record Period, clients in education industry contributed to a significant portion of our revenue. In 2019, 2020 and 2021, revenue from these clients amounted to RMB89.5 million, RMB104.4 million and RMB107.8 million, respectively, accounting for 26.7%, 29.5% and 26.8% of our total revenue. The increases were primarily driven by the robust growth of the business of education companies prior to June 30, 2021. However, recent development in PRC laws and regulations has materially and adversely affected the business performance of our clients who are Academic AST Institutions, which in turn has materially and adversely affected our revenue from such clients. For details, see “Risk Factors – Risks Related to Our Business and Industry – Recent regulatory changes have lead to a significant decrease in our revenue from clients in the education industry.”
- *Automobile industry.* Revenue contributed by clients from automobile industry declined from RMB28.8 million in 2019 to RMB15.8 million in 2020, primarily due to the decreases in revenue from clients operating the used car business as a result of their shrinking businesses amid a cold market condition, which was exacerbated by the COVID-19. In 2021, we saw a significant increase in revenue generated from the automobile industry, mainly driven by the increase in revenue from our provision of VPC solutions to certain automobile clients.
- *Fintech industry.* Revenue generated from clients in the fintech industry decreased by 26.9% from RMB20.1 million in 2019 to RMB14.7 million in 2021, primarily due to a decrease in the number of small- or medium-sized fintech clients as a result of the government's policies to tighten the requirements for fintech companies. While large fintech clients continue to subscribe to our solutions, their revenue contribution was affected by their flat or shrinking business activities.

While our revenue may be affected by fluctuations of certain industries, we benefit from a diverse client base. During the Track Record Period, technology and insurance together contributed over 40% of our total revenue. We expect revenues from companies in these two industries to continue to grow in the foreseeable future.

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Cost of Sales

Our cost of sales primarily consists of cost of services provided and cost of products sold. Cost of services provided primarily consists of expenses incurred in connection with the set-up, operation and maintenance of our platform deployed in public clouds, such as telecommunication infrastructure expenses, cloud infrastructure expenses, internet data center lease expenses, depreciation expenses of hardware equipment, and personnel-related costs associated with equipment installation, implementation services and customization services as part of our VPC solutions. Cost of products sold primarily consists of the cost of the telecommunication equipment sold to clients. In 2019, 2020 and 2021, telecommunication infrastructure expenses, consisting of expenses relating to voice services, internet broadband, and dedicated leased lines, accounted for 93.1%, 90.9% and 88.0% of our total cost of sales, respectively. During the same periods, cloud infrastructure expenses, consisting of expenses relating to cloud computing, storage and networking resources, accounted for 5.0%, 5.5% and 4.5% of our total cost of sales, respectively. According to the CIC Report, our cost structure is typical for a cloud-based customer contact solutions provider since clients use our platform to make a high volume of phone calls, which lead to high telecommunication infrastructure expenses. Upon consulting industry experts and reviewing publicly available information regarding the cost structure of our industry peers, CIC advises that our cost structure is in line with industry norm.

The following table sets forth our cost of sales by nature both in absolute amount and as a percentage of our total cost of sales for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Cost of Sales:						
Cost of services provided	178,612	99.8	178,125	99.9	216,535	98.8
Telecommunication infrastructure expenses	166,539	93.1	162,085	90.9	192,976	88.0
Cloud infrastructure expenses ⁽¹⁾	8,913	5.0	9,862	5.5	9,912	4.5
Internet data center lease expenses	2,724	1.5	3,084	1.7	3,458	1.6
Depreciation expenses	–	–	367	0.2	344	0.2
Employee benefit expenses ⁽²⁾	436	0.2	2,680	1.5	6,752	3.1
Subcontract fee ⁽³⁾	–	–	–	–	2,744	1.3
Others	–	–	47	0.1	349	0.1
Cost of products sold	318	0.2	180	0.1	2,659	1.2
Total	<u>178,930</u>	<u>100.0</u>	<u>178,305</u>	<u>100.0</u>	<u>219,194</u>	<u>100.0</u>

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- (1) We started to implement active-active dual cloud deployment in 2019, which required us to purchase more cloud computing and networking resources, in particular transmission bandwidth, to realize real-time data synchronization between the two cloud computing platforms. As a result, our cloud infrastructure expenses increased during the Track Record Period.
- (2) We incur employee benefit expenses in connection with our VPC model, for which we employ implementation personnel to help clients customize, deploy and test our solutions on VPCs. Our employee benefit expenses increased along with the increase in our revenue generated from the VPC model.
- (3) We subcontracted the development of an AI-related function in connection with certain VPC contracts to a third-party developer.

The following table sets forth our cost of sales by businesses both in absolute amount and as a percentage of our total revenue for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Cost of Sales:						
SaaS solutions	173,088	51.6	171,753	48.5	203,503	50.6
VPC solutions	200	0.1	2,680	0.8	9,845	2.4
Other services and product sales	5,642	1.7	3,872	1.1	5,846	1.5
Total	178,930	53.4	178,305	50.4	219,194	54.5

Gross Profit and Gross Margin

The following table sets forth our gross profit both in absolute amount and as a percentage of the corresponding revenue, or gross margin, by businesses for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Gross Profit and Gross Margin:						
SaaS solutions	152,240	46.8	169,444	49.7	167,235	45.1
VPC solutions	508	71.8	3,247	54.8	11,453	53.8
Other services and product sales	3,135	35.7	2,748	41.5	4,015	40.7
Total	155,883	46.6	175,439	49.6	182,703	45.5

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Our overall gross margin increase from 46.6% in 2019 to 49.6% in 2020 primarily attributable to higher pricing level applied to certain newly acquired clients in 2020. As our key accounts deepen their business relationships with us and increase their purchases from us, they typically request to lower our service price. Therefore, the pricing level applied to newly acquired clients is usually higher than those applied to clients with which we have a long cooperation history. To a lesser extent, the increase in gross margin in 2020 was also attributable to the growth of revenue from our VPC solutions in 2020. Due to their different revenue and cost model, our VPC solutions on average have a higher gross margin compared to our SaaS solutions and other services and product sales. During the Track Record Period, our VPC clients primarily purchased cloud and telecommunications services directly from cloud service providers and telecommunications companies, respectively. Therefore, these services were not included in our cost of sales. Our overall gross margin decreased from 49.6% in 2020 to 45.5% in 2021, primarily because we purchased a larger pool of telecommunication resources, including telephone numbers, dedicated leased lines and internet broadband, in anticipation of increasing client demand in the second half of the year, which lowered the average utilization rate and increased our cost of sales. However, the client demand in the second half of 2021 was lower than expected due to the recent development in the PRC laws and regulations that affected the business performance of our clients who are Academic AST Institutions. We may adjust our price offered for clients from time to time based on various considerations, including, among other things, the market conditions, competition landscape and strategic value of the contracts in question. While such adjustments may affect our gross profit margin, we expect our overall gross profit margin to remain stable in the foreseeable future as we continue to enlarge and diversify our client base.

Other Income and Gains

Other income consists primarily of (i) bank interest income, (ii) investment income from financial investments at fair value through profit or loss, representing income from our investments in wealth management products, (iii) dividend income from equity investments at fair value through other comprehensive income, (iv) government grants, which mainly represented financial assistance from local governments and preferential tax treatment, and (v) others, primarily including rewards from business partners for our joint marketing efforts.

Other gains consist primarily of (i) fair value gains on financial investment at fair value through profit or loss, and (ii) gain on disposal of property, plant and equipment.

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The following table sets forth a breakdown of the components of our other income and gains in absolute amounts and as a percentage of our total other income and gains for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Other Income:						
Bank interest income	667	7.5	159	1.1	819	9.9
Investment income from financial investments at fair value through profit or loss	3,568	40.3	4,806	34.2	2,211	26.7
Dividend income from equity investments at fair value through other comprehensive income	121	1.4	–	–	–	–
Government grant	3,613	40.9	7,986	56.8	4,689	56.6
Others	68	0.8	23	0.2	10	0.1
Gains:						
Fair value gains on financial investments at fair value through profit or loss	808	9.1	1,088	7.7	474	5.7
Gain on disposal of equity investments designated at fair value through other comprehensive income	–	–	–	–	81	1.0
Gain on disposal of property, plant and equipment	–	–	–	–	3	0.0
Total	8,845	100.0	14,062	100.0	8,287	100.0

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee benefit expenses associated with our sales and marketing staff, which include share-based compensation expenses associated with our sales and marketing staff, (ii) commission expenses, which represent sales commissions we paid to our third-party sales agents for client referrals, (iii) promotion and advertising expenses, which represent expenses for online and offline marketing activities to promote our brand, and (iv) others, mainly including office lease expenses, travelling expenses and hospitality expenses for our sales and marketing activities.

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The following table sets forth a breakdown of the major components of our selling and distribution expenses both in absolute amount and as a percentage of revenue for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Selling and Distribution Expenses:						
Employee benefit expenses	30,528	9.0	36,736	10.3	51,768	12.9
Commission expenses	6,866	2.1	4,981	1.4	4,574	1.1
Promotion and advertising expenses	1,868	0.6	3,118	0.9	6,337	1.6
Others	4,901	1.5	5,525	1.6	8,656	2.1
Total	44,163	13.2	50,360	14.2	71,335	17.7

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses relating to our management and administrative staff, which include share-based compensation expenses for our management and administrative staff, (ii) travelling and office expenses, representing travelling expenses incurred by our administrative staff and lease and property management expenses incurred for the office space of our administrative staff, (iii) professional service fees, representing costs associated with third-party consulting and professional services, and (iv) others, mainly including recruitment and training expenses associate with our administrative staff, depreciation expenses and water and electricity charges that are relating to our administrative activities.

The following table sets forth a breakdown of the components of our administrative expenses both in absolute amount and as a percentage of revenue for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Administrative Expenses:						
Employee benefit expenses	10,130	3.0	11,147	3.1	13,919	3.5
Travelling and office expenses	2,681	0.8	2,797	0.8	3,780	0.9
Professional service fees	1,019	0.3	3,512	1.0	23,974 ⁽¹⁾	6.0
Others	2,321	0.7	1,320	0.4	1,304	0.3
Total	16,151	4.8	18,776	5.3	42,977	10.7

(1) The increase in professional service fees in 2021 as compared to the 2020 was primarily due to an increase in consulting fees and fees associated with accounting and legal services in relation to the Proposed Listing on the ChiNext Board and the Global Offering.

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Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefit expenses relating to our research and development staff responsible for the development of our software solutions, which include share-based compensation for our research and development staff, (ii) depreciation of property, plant and equipment allocated to our research and development activities, (iii) outsourcing expenses, primarily representing labor cost relating to our outsourced research and development activities, and (iv) others, which mainly include lease and property management expenses allocated to our research and development activities and travelling expenses incurred by our research and development staff.

The following table sets forth a breakdown of the major components of our research and development expenses both in absolute amount and as a percentage of revenue for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Research and Development Expenses:						
Employee benefit expenses	29,298	8.7	33,513	9.5	48,318	12.0
Depreciation of property, plant and equipment	2,901	0.9	1,837	0.5	1,292	0.3
Outsourcing expenses	2,545	0.8	610	0.2	–	–
Others	2,322	0.7	2,563	0.7	4,230	1.1
Total	37,066	11.1	38,523	10.9	53,840	13.4

Impairment Losses on Financial Assets

Impairment losses on financial assets consist of impairment of trade receivables and impairment of financial assets included in prepayments, other receivables and other assets. We determine the provision for impairment of financial assets on a forward-looking basis and the expected lifetime losses are recognized from initial recognition of the assets by credit risks of our clients in accordance with IFRS 9. We performed an impairment analysis at the end of each period to determine the provision for impairment of trade receivables using a provision matrix to measure expected credit losses. The provision rates are based on the ageing for groupings of various client segments with similar loss patterns. When assessing the credit risks of a particular client, we consider, on a reasonable basis, available supporting information regarding the business and financial background of such client and its ultimate beneficial shareholders and our historical business relationship (including disputes, if any) with such client and its ultimate beneficial shareholders.

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We recorded net impairment losses on financial assets of RMB812 thousand, RMB1.9 million and RMB3.4 million in 2019, 2020 and 2021, respectively. For further details, see “Note 17 Trade Receivables” and “Note 19 Prepayments, other receivables and other assets” as set out in the Accountants’ Report included in Appendix I to this prospectus.

Other Expenses and Losses

Other expenses and losses consists primarily of (i) loss on disposal or write-off of property, plant and equipment that are no longer used, (ii) loss on disposal or write-off of intangible assets that are no longer used, (iii) donations, representing a donation of RMB552 thousand in 2020 to Hubei province in aid of fight against the COVID-19, (iv) penalties and late fees, primarily including an early termination fee of RMB198 thousand for the early termination of a lease in 2019, (v) net foreign exchange differences, and (vi) write-off of prepayments for which products and/or services had been provided but invoices were not received.

The following table sets forth a breakdown of the components of our other expenses and losses for the periods indicated.

	For the Year Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Other Expenses and Losses:						
Loss on disposal or write-off of property, plant and equipment	–	–	49	7.8	–	–
Loss on disposal or write-off of intangible assets.	81	28.6	–	–	–	–
Donations	–	–	552	88.1	–	–
Penalties and late fees.	202	71.4	26	4.1	54	18.4
Foreign exchange differences, net	–	–	–	–	55	18.8
Write-off of prepayments	–	–	–	–	184	62.8
Total	283	100.0	627	100.0	293	100.0

Finance Costs

Our finance costs represent interest expenses on our lease liabilities and bank borrowings. Our finance costs amounted to RMB757 thousand, RMB677 thousand and RMB636 thousand in 2019, 2020 and 2021, respectively.

Profit Before Tax

As a result of the foregoing, our profit before tax was RMB65.5 million, RMB78.7 million and RMB18.5 million in 2019, 2020 and 2021, respectively.

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Income Tax Expenses

Our income tax expenses were RMB6.4 million, RMB8.5 million, and RMB0.7 million in 2019, 2020 and 2021, respectively. As of the Latest Practicable Date, we did not have any material dispute with any tax authority.

We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC.

Cayman Islands

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and are not subject to tax on income or capital gain in the Cayman Islands. In addition, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

No provision for Hong Kong profits tax was made as we did not have any assessable income subject to Hong Kong profits tax during the Track Record Period.

PRC

Corporate income tax provision was made on the estimated assessable profits of entities within our Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC corporate income tax rate is 25% in 2019, 2020 and 2021.

Enterprises that qualify as high and new technology enterprises are entitled to a preferential income rate of 15% for three years. On October 31, 2018, T&I Net Communication was qualified as a high and new technology enterprise under the relevant PRC laws and regulations. Accordingly, T&I Net Communication enjoyed a preferential income tax rate of 15% during the period January 1, 2018 to December 31, 2020. T&I Net Communication renewed the status on December 17, 2021, which has an effective term of three years.

Our PRC subsidiaries, other than T&I Net Communication, were entitled to preferential tax rates of 5%, 5% and 2.5% of the taxable income within RMB1,000,000, and 10%, 10% and 10% of the taxable income between RMB1,000,000 and RMB3,000,000, in 2019, 2020 and 2021, respectively, because they were regarded as “small-scaled minimal profit enterprises,” one of the criteria of which is with an annual taxable income of no more than RMB3,000,000 during the corresponding period.

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In addition, companies may claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the period from January 1, 2019 to December 31, 2021. All of our PRC entities are qualified for the foregoing preferential treatment.

Pursuant to the Enterprise Income Tax Law and the Enterprise Income Tax Implementation Regulations of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors who are non-resident enterprises as defined under PRC law. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between China and the jurisdiction of the foreign investors. However, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied. Dividends paid by our wholly owned subsidiary in China to our intermediary holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless they qualify for treaty benefit. If our Hong Kong subsidiary is qualified as a Hong Kong tax resident and satisfies all other requirements under the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, then dividends paid by our wholly foreign owned subsidiary in China will be subject to a reduced withholding tax rate of 5% instead.

Profits for the Year

As a result of the foregoing, our profits for the year were RMB59.1 million, RMB70.2 million and RMB17.8 million in 2019, 2020 and 2021, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Our total revenue increased by 13.6% from RMB353.7 million in 2020 to RMB401.9 million in 2021, primarily due to the increases in revenues generated from both of our SaaS solutions and VPC solutions as a result of our continuous business expansion described below.

SaaS solutions

Revenue from our SaaS solutions increased by 8.7% from RMB341.2 million in 2020 to RMB370.7 million in 2021, primarily due to (i) an increase in revenue derived from our agile agents solutions by 87.4% from RMB23.0 million in 2020 to RMB43.1 million in 2021, primarily attributable to the adoption of our agile agents solutions for an increased number of business scenarios, such as by large companies to support and monitor customer contact activities, and (ii) an increase in revenue derived from our ContactBot solutions by 55.8% from RMB5.0 million in 2020 to RMB7.7 million in 2021, primarily attributable to the increased demand for our ContactBot solutions from technology companies. The revenue derived from our intelligent contact center solutions remained relatively stable, increasing by 2.1% from RMB313.3 million in 2020 to RMB320.0 million in 2021.

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VPC solutions

Revenue from our VPC solutions increased by 259.3% from RMB5.9 million in 2020 to RMB21.3 million in 2021. Since we started to offer VPC solutions in May 2019, we have experienced a fast growth. In 2021, we had 24 clients for VPC solutions, compared to 8 in 2020.

Other services and product sales

Revenue from other services and product sales increased by 49.0% from RMB6.6 million in 2020 to RMB9.9 million in 2021, primarily due to the increased sales of telecommunication equipment.

Cost of Sales

Our cost of sales increased by 22.9% from RMB178.3 million in 2020 to RMB219.2 million in 2021. The increase was partially driven by the growth of our revenue for the same period, and partially because we purchased a larger pool of telecommunication resources in anticipation of increasing client demand in the second half of 2021. However, the client demand in the second half of 2021 was lower than expected. As a result, the average utilization rate of our telecommunication resources suffered and our cost of sales increased. In 2021, the cost of sales for our SaaS solutions amounted to RMB203.5 million, up by 18.5% from RMB171.8 million in 2020, and the cost of sales for our VPC solutions amounted to RMB9.8 million, compared to RMB2.7 million in 2020.

Gross Profit

As a result of the foregoing, our overall gross profit increased by 4.1% from RMB175.4 million in 2020 to RMB182.7 million in 2021. Gross profit from our SaaS solutions decreased by 1.3% from RMB169.4 million in 2020 to RMB167.2 million in 2021. Gross profit from our VPC solutions increased by 252.7% from RMB3.2 million in 2020 to RMB11.5 million in 2021. Gross profit from other services and product sales increased by 46.1% from RMB2.7 million in 2020 to RMB4.0 million in 2021.

Other Income and Gains

We recorded other income and gains of RMB8.3 million in 2021, as compared to other income and gains of RMB14.1 million in 2020. The decrease was primarily attributable to a decrease by 41.3% in government grant from RMB8.0 million in 2020 to RMB4.7 million in 2021, a decrease by 54.0% in investment income from financial investments at fair value through profit or loss from RMB4.8 million in 2020 to RMB2.2 million in 2021, and a decrease by 56.4% in fair value gains on financial investments at fair value through profit or loss from RMB1.1 million in 2020 to RMB0.5 million in 2021.

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Selling and Distribution Expenses

Our selling and distribution expenses increased by 41.7% from RMB50.4 million in 2020 to RMB71.3 million in 2021, primarily attributable to (i) an increase in employee benefit expenses by 40.9% from RMB36.7 million in 2020 to RMB51.8 million in 2021, primarily due to an increase in sales and marketing staff headcount from 121 as of December 31, 2020 to 136 as of December 31, 2021 and the fact that we were no longer exempt from making employer contribution to employee social security schemes in 2021, and (ii) an increase in promotion and advertising expenses by 103.2% from RMB3.1 million in 2020 to RMB6.3 million in 2021, primarily due to increased online advertising activities in 2021.

Administrative Expenses

Our administrative expenses increased by 128.9% from RMB18.8 million in 2020 to RMB43.0 million in 2021, primarily due to (i) a significant increase in professional service fees by 582.6% from RMB3.5 million in 2020 to RMB24.0 million in 2021, primarily due to an increase in consulting fees and fees associated with accounting and legal services in relation to the Proposed Listing on the ChiNext Board and the Global Offering, and (ii) an increase in employee benefit by 24.9% from RMB11.1 million in 2020 to RMB13.9 million in 2021, primarily because we were exempt from making certain employer contribution to employee social security schemes in 2020 and recorded an increasing amount of share-based compensation expenses in 2021.

Research and Development Expenses

Our research and development expenses increased by 39.8% from RMB38.5 million in 2020 to RMB53.8 million in 2021, mainly due to an increase in employee benefit by 44.2% from RMB33.5 million in 2020 to RMB48.3 million in 2021, primarily due to an increase in our R&D headcount from 156 as of December 31, 2020 to 211 as of December 31, 2021. The newly hired research and development personnels primarily devoted their time to (i) further developing and enhancing our Agile Agent Solutions, which enjoyed robust growth in 2021 and required more R&D resources to support a larger user base and more diversified user applications; (ii) launching a sCRM platform in 2021, which connected our platform with WeCom, desktops and mobile devices, and continuing to improve its function; (iii) strengthening our ASR and NLP capabilities to support our fast-growing ContactBot Solutions; and (iv) strengthening our real-time video communication capabilities, launching and optimizing relevant functional modules. To a lesser extent, the increase was also due to the fact that we were exempt from making certain employer contribution to employee social security schemes in 2020.

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Impairment Losses on Financial Assets

We had an impairment loss on financial assets of RMB3.4 million in 2021, compared to an impairment loss on financial assets of RMB1.9 million in 2020. The increase was primarily due to an increase in the loss allowance of RMB1.5 million as a special provision made against an aggregate gross amount of trade receivables from clients in the education industry.

Other Expenses and losses

In 2021, we recorded other expenses and losses of RMB0.3 million as a result of the early termination of a lease, foreign exchange differences and write-off of prepayments. In 2020, we had other expenses and losses of RMB0.6 million, primarily due to the Company's donation of RMB552 thousand in 2020 to Hubei Province in aid of the fight against the COVID-19.

Finance Costs

Our finance costs decreased by 6.1% from RMB0.7 million in 2020 to RMB0.6 million in 2021.

Profit Before Tax

As a result of the foregoing, we had profit before tax of RMB18.5 million in 2021, compared to a profit before tax of RMB78.7 million in 2020.

Income Tax Expenses

We had an income tax expenses of RMB0.7 million in 2021, and an income tax expense of RMB8.5 million in 2020.

Profit for the Year

As a result of the foregoing, we reported a profit of RMB17.8 million in 2021, compared to a profit of RMB70.2 million in 2020. Our net profit margin decreased from 19.8% in 2020 to 4.4% in 2021, mainly attributable to (i) a lower-than-expected revenue from education clients whose businesses were adversely affected by the recently promulgated regulations that crack down on after-school tutoring services on academic subjects in China's compulsory education system, coupled with an increased cost of sales, (ii) a significant increase in professional service fees in relation to the Proposed Listing on the ChiNext Board and the Global Offering, (iii) the increases in selling and distribution expenses and research and development expenses incurred in 2021 to implement our business plan, and (iv) an increase in employee benefit expenses as we were no longer exempt from making employer contribution to employee social security schemes in 2021.

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Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Our total revenue increased by 5.7% from RMB334.8 million in 2019 to RMB353.7 million in 2020, primarily due to the increases in revenues generated from both of our SaaS solutions and VPC solutions as a result of our continuous business expansion described below.

SaaS solutions

Revenue from our SaaS solutions increased by 4.9% from RMB325.3 million in 2019 to RMB341.2 million in 2020, primarily due to (i) an increase in revenue derived from our Intelligent Contact Center Solutions by 4.1% from RMB300.9 million in 2019 to RMB313.3 million in 2020, which was attributable to the increased revenue contribution from our key accounts, especially those from online education and insurance industries, driven by the demand of their own business growth, and (ii) an increase in revenue derived from our Agile Agent Solutions by 39.6% from RMB16.5 million in 2019 to RMB23.0 million in 2020, primarily attributable to the adoption of our Agile Agent Solutions for an increased number of business scenarios to support customer contacts of frontline employees, such as car salespersons, retail store assistants and after-school program tutors. The increases in revenues from Intelligent Contact Center Solutions and Agile Agent Solutions were partially offset by a decrease in revenue from ContactBot Solutions by 37.7% from RMB8.0 million in 2019 to RMB5.0 million in 2020, which primarily due to our strategy to control the scale of ContactBot Solutions business while optimizing user experience through research and development efforts.

VPC solutions

Revenue from our VPC solutions increased by 737.1% from RMB708 thousand in 2019 to RMB5.9 million in 2020, primarily attributable to a significant demand for the deployment of customer contact functions on the virtual private cloud, a more secured environment than public cloud, from clients who have particular security requirements. Since we started to offer VPC solutions in 2019, we have experienced a fast growth in number of clients from one in 2019 to eight in 2020.

Other services and product sales

Revenue from other services and product sales decreased by 24.6% from RMB8.8 million in 2019 to RMB6.6 million in 2020, primarily due to a decreased demand for telecommunication services and equipment in 2020, which are of an ad hoc nature.

Cost of Sales

Our cost of sales decreased slightly by 0.3% from RMB178.9 million in 2019 to RMB178.3 million in 2020. Our cost of services largely remained flat but decreased slight by 0.3% from RMB178.6 million in 2019 to RMB178.1 million in 2020. This was primarily due

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to the relatively stable telecommunication usage in 2020 compared to 2019. Our cost of products decreased by 43.4% from RMB318 thousand in 2019 to RMB180 thousand in 2020, which was due to the decreased demand for telecommunication equipment in 2020.

Gross Profit

As a result of the foregoing, our overall gross profit increased by 12.5% from RMB155.9 million in 2019 to RMB175.4 million in 2020. Gross profit from our SaaS solutions increased by 11.3% from RMB152.2 million in 2019 to RMB169.4 million in 2020. Gross profit from our VPC solutions increased by 539.2% from RMB0.5 million in 2019 to RMB3.2 million in 2020. Gross profit from other services and product sales decreased by 12.3% from RMB3.1 million in 2019 to RMB2.7 million in 2020.

Other Income and Gains

We recorded other income and gains of RMB14.1 million in 2020, as compared to other income and gains of RMB8.8 million in 2019. The increase was primarily attributable to (i) a significant increase in government grant by 121.0% from RMB3.6 million in 2019 to RMB8.0 million in 2020, which primarily resulting from a subsidy of RMB5.4 million from local government in 2020, and (ii) an increase by 34.7% in investment income from financial investments at fair value through profit or loss from RMB3.6 million in 2019 to RMB4.8 million in 2020, representing the income from our investments in financial instruments such as wealth management products.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 14.0% from RMB44.2 million in 2019 to RMB50.4 million in 2020, primarily attributable to (i) an increase in employee benefit expenses by 20.3% from RMB30.5 million in 2019 to RMB36.7 million in 2020, primarily due to an increase in sales and marketing staff headcount, and to a lesser extent, an increase of compensation levels for our sales and marketing staff, and (ii) an increase in promotion and advertising expenses by 66.9% from RMB1.9 million in 2019 to RMB3.1 million in 2020, primarily due to our use of search engines as additional online marketing channels in 2020. The foregoing increase were partially offset by a decrease in commission expenses from RMB6.9 million in 2019 to RMB5.0 million in 2020, primarily due to the reduced cooperation with third-party sales agents as we increased direct sales efforts in 2020.

Administrative Expenses

Our administrative expenses increased by 16.3% from RMB16.2 million in 2019 to RMB18.8 million in 2020, primarily due to (i) an increase in employee benefit expenses by 10.0% from RMB10.1 million in 2019 to RMB11.1 million in 2020, mainly due to the increase in average salaries and benefits of our administrative staff, and (ii) an increase in professional service fees by 244.7% from RMB1.0 million in 2019 to RMB3.5 million in 2020, mainly attributable to an increase in consulting fees and fees associated with accounting and legal

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services we received in 2020 in connection with our Proposed Listing on the ChiNext Board. The foregoing increases were partially offset by (i) a decrease in other expenses by 43.1% from RMB2.3 million in 2019 to RMB1.3 million in 2020 primarily due to a decrease in office expenses resulting from fewer meetings and conferences in 2020 as a result of the COVID-19 pandemic and a decrease in recruitment and training expenses caused by reduced number of training activities and less cooperation with headhunters in 2020.

Research and Development Expenses

Our research and development expenses increased by 3.9% from RMB37.1 million in 2019 to RMB38.5 million in 2020, mainly due to an increase in employee benefit expenses by 14.4% from RMB29.3 million 2019 to RMB33.5 million in 2020, primarily as a result of the increases of research and development staff headcount, which was partially offset by (i) a decrease in depreciation of property, plant and equipment by 36.7% from RMB2.9 million in 2019 to RMB1.8 million in 2020, primarily because a number of fixed assets were fully depreciated in 2019, (ii) a decrease in outsourcing expenses by 76.0% from RMB2.5 million in 2019 to RMB610 thousand in 2020, primarily because an increased amount of research and development work was conducted by our in-house team in 2020.

Impairment Losses on Financial Assets

We had an impairment loss on financial assets of RMB1.9 million in 2020 compared to an impairment loss on financial assets of RMB812 thousand in 2019. The increase was primarily due to an increase in impairment losses of trade receivables by 182.7% from RMB666 thousand in 2019 to RMB1.9 million in 2020 as a result of an increase in the expected credit losses allowance from RMB2.2 million in 2019 to RMB4.1 million in 2020.

Other Expenses and losses

Our other expenses and losses increased by 121.6% from RMB283 thousand in 2019 to RMB627 thousand in 2020, primarily due to a donation of RMB552 thousand in 2020 to Hubei province in aid of fight against the COVID-19, and a loss on disposal or write-off of property, plant and equipment of RMB49 thousand in 2020. We recorded an early termination fee of RMB198 thousand in 2019 for the early termination of a lease, and an early termination fee of RMB19 thousand in 2020 in connection with the early termination of another lease. We recorded a loss on disposal or write-off of intangible assets of RMB81 thousand in 2019 whereas we did not incur such type of loss in 2020.

Finance Costs

Our finance costs decreased by 10.6% from RMB757 thousand in 2019 to RMB677 thousand in 2020, primarily due to a decrease in interest expenses on lease liabilities.

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Profit Before Tax

As a result of the foregoing, we had profit before tax of RMB78.7 million in 2020, compared to a profit before tax of RMB65.5 million in 2019.

Income Tax Expenses

We had an income tax expenses of RMB8.5 million in 2020, and an income tax expense of RMB6.4 million in 2019. The increase was primarily due to the increase in taxable income in 2020.

Profit for the Year

As a result of the foregoing, we reported a profit of RMB70.2 million in 2020, compared to a profit of RMB59.1 million in 2019.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this prospectus.

	As of December 31,		
	2019	2020	2021
	(RMB in thousands)		
Selected Consolidated Statements of Financial Position Data:			
Total non-current assets	28,086	26,930	15,070
Total current assets	231,625	266,601	286,648
Total assets	259,711	293,531	301,718
Total non-current liabilities	8,462	6,378	2,709
Total current liabilities	63,853	59,151	77,538
Total liabilities	72,315	65,529	80,247
Share capital	–	–	98
Reserves	187,396	228,002	221,373
Total equity	187,396	228,002	221,471
Total equity and liabilities	259,711	293,531	301,718

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The following table sets forth our assets and liabilities as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in thousands)		
Non-current assets:			
Property, plant and equipment	4,484	3,139	3,611
Right-of-use assets	12,717	12,305	7,781
Other intangible assets	2,816	2,778	2,971
Prepayments for property, plant and equipment	–	347	–
Equity investments designated at fair value through other comprehensive income	8,069	8,177	–
Deferred tax assets	–	184	707
Total non-current assets	28,086	26,930	15,070
Current assets:			
Trade receivables	48,353	75,218	64,388
Contract assets	–	277	2,214
Prepayments, other receivables and other assets	6,247	6,916	12,695
Prepaid tax	3,476	–	2,286
Financial investments at fair value through profit or loss	155,808	151,237	31,227
Cash and cash equivalents	17,741	32,953	152,545
Pledged deposits	–	–	21,293
Total current assets	231,625	266,601	286,648
Non-current liabilities:			
Lease liabilities	8,444	6,378	2,709
Deferred tax liabilities	18	–	–
Current liabilities:			
Interest-bearing bank borrowings	–	–	10,520
Trade payables	20,483	13,924	15,740
Contract liabilities	22,740	18,133	22,716
Other payables and accruals	15,550	19,646	22,862
Lease liabilities	4,630	6,513	5,281
Tax payable	450	935	419
Total current liabilities	63,853	59,151	77,538
Net current assets	167,772	207,450	209,110

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The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2019	2020	2021	2022
	(RMB in thousands)			(unaudited)
Current assets:				
Trade receivables	48,353	75,218	64,388	81,314
Contract assets	–	277	2,214	12,695
Prepayments, other receivables and other assets	6,247	6,916	12,695	13,249
Prepaid tax	3,476	–	2,286	2,848
Financial investments at fair value through profit or loss	155,808	151,237	31,227	109,021
Cash and cash equivalents	17,741	32,953	152,545	63,329
Pledged deposit	–	–	21,293	21,448
Total current assets	<u>231,625</u>	<u>266,601</u>	<u>286,648</u>	<u>303,904</u>
Current liabilities:				
Interest-bearing bank borrowings	–	–	10,520	10,919
Trade payables	20,483	13,924	15,740	27,928
Contract liabilities	22,740	18,133	22,716	24,142
Other payables and accruals	15,550	19,646	22,862	28,338
Lease liabilities	4,630	6,513	5,281	6,617
Tax payable	450	935	419	417
Total current liabilities	<u>63,853</u>	<u>59,151</u>	<u>77,538</u>	<u>98,361</u>
Net current assets	<u>167,772</u>	<u>207,450</u>	<u>209,110</u>	<u>205,543</u>

We had net current assets of RMB167.8 million, RMB207.5 million and RMB209.1 million as of December 31, 2019, 2020 and 2021, respectively. Our net current assets position as of each of these dates was primarily attributable to our large balance of cash and cash equivalents, financial investments at fair value through profit or loss and trade receivables, partially offset by our contract liabilities and other payables and accruals.

Our net current assets increased from RMB167.8 million as of December 31, 2019 to RMB207.5 million as of December 31, 2020, primarily due to an increase of RMB26.9 million in trade receivables, an increase of RMB15.2 million in cash and cash equivalents, a decrease of RMB6.6 million in trade payables and a decrease of RMB4.6 million in contract liabilities, which were partially offset by a decrease of RMB4.6 million in financial investments at fair value through profit or loss in 2020.

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Our net current assets changed slightly from RMB207.5 million as of December 31, 2020 to RMB209.1 million as of December 31, 2021, primarily due to an increase in cash and cash equivalents of RMB119.6 million and an increase in prepayments, other receivables and other assets of RMB5.8 million, which was partially offset by a decrease in financial investments at fair value through profit or loss of RMB120.0 million, mainly as a result of our disposal of certain wealth management products and structured deposits.

Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consist of motor vehicles, computer equipment, telecommunication equipment, office equipment, furniture and leasehold improvements.

The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in thousands)		
Property, Plant and Equipment:			
Leasehold improvements	972	1,096	1,136
Office equipment	666	697	697
Electronics equipment	18,272	17,707	19,949
Motor vehicles	1,057	1,057	1,057
Less: accumulated depreciation	(16,483)	(17,418)	(19,228)
Net book value of property, plant and equipment	4,484	3,139	3,611

The gross book value of our property, plant and equipment increased from RMB20.6 million as of December 31, 2020 to RMB22.8 million as of December 31, 2021, primarily due to an increase in electronics equipment purchased.

The gross book value of our property, plant and equipment decreased from RMB21.0 million as of December 31, 2019 to RMB20.6 million as of December 31, 2020, primarily due to the decrease in electronic equipment as a result of our disposal of certain old worn out electronic equipment, which was partially offset by additions of leasehold improvements and acquisition of office equipment during 2020.

Accumulated depreciation increased from RMB16.5 million as of December 31, 2019 to RMB17.4 million as of December 31, 2020, and further increased to RMB19.2 million as of December 31, 2021.

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Right-of-use Assets

Our right-of-use assets represent our leased buildings and data centers.

Our right-of-use assets decreased by 36.8% from RMB12.3 million as of December 31, 2020 to RMB7.8 million as of December 31, 2021, primarily due to depreciation charge of RMB6.2 million, which was partially offset by additions of RMB1.6 million.

Our right-of-use assets decreased by 3.1% from RMB12.7 million as of December 31, 2019 to RMB12.3 million as of December 31, 2020, primarily due to depreciation charge of RMB5.3 million, which was partially offset by additions of RMB4.9 million.

Equity Investments Designated at Fair Value Through Other Comprehensive Income

During the Track Record Period, our equity investments designated at fair value through other comprehensive income represented our equity investment in Neunit Communication Technology (Beijing) Co., Ltd. On March 24, 2021, we disposed of our entire equity interest in this company for a cash consideration of approximately RMB8.3 million and recognized a disposal gain of RMB0.1 million.

Trade Receivables

Trade receivables represent outstanding amounts due from our clients for software licensing or services performed in the ordinary course of business. A trade receivable is recorded when we have an unconditional right to consideration and upon invoicing the client based on the payment schedule provided in the relevant agreements. Trade receivables are generally due for settlement within one year and therefore are all classified as current. The following table sets forth our trade receivables as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in thousands)		
Trade Receivables:			
Trade receivables from contracts with clients . . .	50,560	79,308	69,381
Less: allowance for impairment of trade receivables	(2,207)	(4,090)	(4,993)
Total	48,353	75,218	64,388

Our trade receivables increased from RMB48.4 million as of December 31, 2019 to RMB75.2 million as of December 31, 2020, primarily due to the combined effect of our business growth and the increased revenue contribution from our large clients who typically request a longer credit period. Our trade receivables decreased to RMB64.4 million as of December 31, 2021, primarily because we strengthened the management of trade receivables, which accelerated receivable turnover.

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For our VPC model, we typically provide a credit term of no more than 30 days. For our SaaS model, we require a majority of our clients, which are primarily small and medium-sized enterprises, to prepay for our services; we typically provide our large clients a credit term between 15 and 90 days. Large clients to which we grant a credit period primarily consist of our key accounts, which are clients with an annual purchase amount over RMB1.0 million. In 2019, 2020 and 2021, revenue from our key accounts accounted for 74.0%, 76.8% and 74.5% of our total revenue, respectively. As of December 31, 2019, 2020 and 2021, trade receivables attributable to our key accounts amounted to RMB44.3 million, RMB70.0 million and RMB54.0 million, respectively, accounting for 87.6%, 88.2% and 77.8% of our trade receivables from contracts with clients.

We apply the simplified approach permitted by IFRS 9, which requires the expected lifetime losses to be recognized from initial recognition of the assets. This provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. As of December 31, 2019, 2020 and 2021, our allowance for impairment of trade receivables were RMB2.2 million, RMB4.1 million and RMB5.0 million, respectively.

Ageing analysis of trade receivables based on date of recognition is as follows:

	As of December 31,		
	2019	2020	2021
	(RMB in thousands)		
Trade Receivables:			
Up to three months	40,781	60,041	50,790
Four months to one year	7,450	15,231	14,744
One to two years	2,219	3,129	3,070
Over two years	110	907	777
	50,560	79,308	69,381
Less: allowance for impairment of trade receivables	(2,207)	(4,090)	(4,993)
Total	48,353	75,218	64,388

The following table sets forth the turnover days of our trade receivables for the periods indicated.

	As of December 31,		
	2019	2020	2021
	(Days)		
Trade receivables turnover days ⁽¹⁾	52	64	63

Note:

- (1) Trade receivables turnover days for a period equals the average of the opening and closing trade receivables balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period.

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Our trade receivables turnover days increased from 52 in 2019 to 64 in 2020, primarily because over the years a growing portion of revenue was generated from credit sale to large clients, who typically request longer credit period, while the percentage of revenue from small- and medium sized enterprises, who typically agree to prepay the price, became lower. In addition, the launch and growth of our VPC model also contributed to the increases in our trade receivables turnover days. For the VPC model, revenue from customization services is recognized over time as services are rendered, while payment is typically due within 30 days from the date of acceptance of the system. As a result, our VPC model generates higher trade receivables. Our trade receivables turnover days decreased slightly from 64 in 2020 to 63 in 2021, primarily because we strengthened the management of trade receivables, which accelerated receivable turnover.

As of the Latest Practicable Date, RMB52.2 million, or 75.2% of our trade receivables outstanding (before impairment) as of December 31, 2021, had been subsequently settled. As of the same date, the impairment amount of the remaining portion of our trade receivables was RMB3.9 million. As of the same date, the unsettled amount of trade receivables (before impairment) was RMB17.2 million, or 24.8% of our trade receivables outstanding (before impairment) as of December 31, 2021. These primarily represent trade receivables from listed companies and SOEs, who have relatively low credit risks.

Contract Assets

Our contract assets represent our rights to receive consideration for obligations partially performed and not yet billed under our licensing agreements with the clients for our VPC solutions as such rights are conditioned on our future performance of our remaining obligations under such licensing agreements. Upon the completion of the services rendered and acceptance by the clients, the amount recognized as contract assets will be reclassified to trade receivables.

The following table sets forth our contract assets as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in thousands)		
Contract assets arising from VPC solutions	–	277	2,534
Impairment	–	–	(320)
	–	277	2,214

The increases in contract assets in 2020 and 2021 both resulted from the increase in the ongoing provision of VPC solutions at December 31, 2020 and 2021, respectively.

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The following table sets forth the expected timing of recovery or settlement for contract assets as of the date indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in thousands)		
Within one year	–	277	2,214
	–	277	2,214

The following table sets forth the turnover days of our trade receivables and contract assets for the periods indicated.

	As of December 31,		
	2019	2020	2021
	(Days)		
Turnover days of trade receivables and contract assets ⁽¹⁾	52	64	65
	52	64	65

(1) Turnover days of trade receivables and contract assets for a period equals the average of the opening and closing trade receivables and contract assets balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period.

During the Track Record Period, the turnover days of our trade receivables and contract assets increased from 52 in 2019 to 64 in 2020 and further to 65 in 2021, primarily because over the years a growing portion of revenue was generated from credit sale to large clients, who typically request longer credit period, while the percentage of revenue from small- and medium-sized enterprises, who typically agree to prepay the price, became lower.

Prepayments, Other Receivables and Other Assets

Prepayments and other receivables primarily consist of (i) prepayments to telecommunication companies, (ii) rental deposits, (iii) other receivables representing prepayments for employee benefits, and (iv) prepaid other tax. Our prepayments and other receivables are partially offset by allowance for impairment of other receivables.

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The following table sets forth our prepayments and other receivables as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in thousands)		
Prepayments, Other Receivables and Other Assets:			
Prepayments	2,338	4,572	9,408
Deposits	2,938	2,712	3,122
Other receivables	733	151	538
Prepaid other tax	918	161	384
	6,927	7,596	13,452
Less: allowance for impairment	(680)	(680)	(757)
Total	6,247	6,916	12,695

Our prepayments and receivables increased from RMB6.2 million as of December 31, 2019 to RMB6.9 million as of December 31, 2020, primarily due to an increase in prepayments to telecommunication companies, which was partially offset by the decreases in other receivables and prepaid other tax.

Our prepayments and other receivables increased from RMB6.9 million as of December 31, 2020 to RMB12.7 million as of December 31, 2021, primarily due to an increase in prepayments of certain expenses in connection with the Global Offering.

Financial Investments at Fair Value Through Profit or Loss

During the Track Record Period, our Group's financial investments at fair value through profit or loss comprised (i) investments in certain wealth management products issued by major and reputable commercial banks in China, (ii) investments in certain structured deposits issued by major and reputable commercial banks in China, (iii) trust plan issued by licensed trust management companies in China, and (iv) investments in funds issued by licensed fund management companies operating in China. As the returns on all of these investments are not solely payments of principals and interest, we designated the whole instruments as financial assets at fair value through profit or loss.

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We manage cash pursuant to our investment policy. Our investment policy is focused on the preservation of capital and supporting our liquidity needs with the following principles that provide guidance for our investment activities:

- *Ensure legitimacy.* All investments of the Company should comply with applicable laws and regulations. Investments must be submitted to our chief executive officer Mr. WU Qiang (吳強) for approval. Mr. Wu has gained extensive investment experience from his three-decade-long career, during which he assumed leadership role of multiple entities for more than two decades. Mr. Wu received a master's degree in business administration from Tsinghua University (清華大學) in June 2000. Please see the section headed "Directors and Senior Management – Executive Directors" for more qualifications of Mr. Wu.
- *Cautionary use of funds.* Investment must not hinder any use of funds for business operations.
- *Ensure the safety of funds.* Investments are generally limited to (i) currency funds issued by mutual funds, (ii) wealth management products and structured deposits offered by large state-owned commercial banks or national joint-stock commercial banks, and (iii) trust products. Investment in stock for trading or speculative purposes is not permitted.
- *Provide liquidity.* The investment portfolio is managed to remain sufficiently liquid to meet funding demands. The term of an investment should generally not be more than one year.
- *Generate income.* Investment portfolio is managed to maximize income on invested funds in a manner that is consistent with the Company's overall financial goals and risk considerations.

Day-to-day activities pertaining to the investment portfolio are conducted by our finance department under the supervision of our chief executive officer Mr. WU Qiang (吳強). We actively monitor our investments to identify any material changes in our mix of securities and review our securities for potential impairment on an ongoing basis.

During the Track Record Period, the wealth management products purchased by us were generally described as having low or middle levels of risks in the product description manuals published by the issuing banks. The underlying assets of the wealth management products were mainly investments in various types of assets that meet regulatory requirements and are highly liquid and with higher market credit rating, including but not limited to bonds, inter-bank deposits, bond funds and other money market instruments.

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The following table sets forth a breakdown of our financial investments at fair value through profit or loss as of the dates indicated.

	As of December 31,		
	2019	2020	2021
(RMB in thousands)			
Financial Investments at Fair Value Through Profit or Loss:			
Wealth management products	30,394	30,107	–
Structured deposits	60,265	100,378	–
Trust plans	40,000	–	–
Funds	25,149	20,752	31,227
Total	155,808	151,237	31,227

The following table sets forth the detailed information of our financial investments at fair value through profit or loss as of the dates indicated, including the product type, issuer, initial cost, balance and the underlying assets.

As of December 31, 2019

No.	Type	Issuer	Initial Cost	Balance	Underlying Assets
			(RMB in thousands)	(RMB in thousands)	
1.. . . .	Structured deposits	Bank of Communications Co., Ltd.	10,000	10,143	Structured deposits linked with exchange rates of EUR/USD
2.. . . .	Structured deposits	Bank of Communications Co., Ltd.	20,000	19,992	Structured deposits linked with exchange rates of EUR/USD
3.. . . .	Structured deposits	China Citic Bank Corporation Limited	10,000	10,057	Structured deposits linked with three-month USD LIBOR at 11:00 am on February 13, 2020 (London time)
4.. . . .	Structured deposits	China Merchants Bank Co., Ltd.	15,000	15,059	Structured deposits linked with the afternoon fixed price on the observation day issued by the London Gold and Silver Market Association
5.. . . .	Structured deposits	China Merchants Bank Co., Ltd.	5,000	5,013	Structured deposits linked with the afternoon fixed price on the observation day issued by the London Gold and Silver Market Association

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No.	Type	Issuer	Initial Cost	Balance	Underlying Assets
			(RMB in thousands)	(RMB in thousands)	
6.. . . .	Financial products	China Merchants Bank Co., Ltd.	10,000	10,000	Financial assets and instruments with high credit ratings and better liquidity in interbank and exchange markets
7.. . . .	Financial products	China Merchants Bank Co., Ltd.	20,000	20,395	Financial instruments with medium credit ratings and above in the interbank and exchange markets
8.. . . .	Fund	HuaAn Fund Management Company Ltd.	25,000	25,149	Financial instruments with good liquidity, including but not limited to cash, bank deposits with a term of less than 1 year, bond repurchases, central bank notes, etc.
9.. . . .	Trust	Zhongrong International Trust Co., Ltd.	30,000	30,000	Equity interests and debt interests
10.. . . .	Trust	Zhongrong International Trust Co., Ltd.	5,000	5,000	Equity interests and debt interests
11.. . . .	Trust	CITIC Trust Co., Ltd.	5,000	5,000	Loan claims
			<u>155,000</u>	<u>155,808</u>	

As of December 31, 2020

No.	Type	Issuer	Initial Cost	Balance	Underlying Assets
			(RMB in thousands)	(RMB in thousands)	
1.. . . .	Structured deposits	Bank of Communications Co., Ltd.	20,000	20,186	Structured deposits linked the closing price for AU99.99 contracts on the observation day in Shanghai Gold Exchange
2.. . . .	Structured deposits	Bank of Communications Co., Ltd.	10,000	10,067	Structured deposits linked with exchange rates of EUR/USD
3.. . . .	Structured deposits	Bank of Communications Co., Ltd.	10,000	10,046	Structured deposits linked with exchange rates of EUR/USD

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No.	Type	Issuer	Initial Cost	Balance	Underlying Assets
			(RMB in thousands)	(RMB in thousands)	
4. . . .	Structured deposits	China Merchants Bank Co., Ltd.	30,000	30,056	Structured deposits linked with the afternoon fixed price on the observation day issued by the London Gold and Silver Market Association
5. . . .	Structured deposits	China Merchants Bank Co., Ltd.	20,000	20,022	Structured deposits linked with the afternoon fixed price on the observation day issued by the London Gold and Silver Market Association
6. . . .	Structured deposits	China Merchants Bank Co., Ltd.	10,000	10,000	Structured deposits linked with the afternoon fixed price on the observation day issued by the London Gold and Silver Market Association
7. . . .	Financial products	China Merchants Bank Co., Ltd.	30,000	30,107	Financial assets and instruments with high credit ratings and better liquidity in interbank and exchange markets
8. . . .	Fund	China Life AMP Asset Management Co., Ltd.	10,000	10,046	Financial instruments with good liquidity, including but not limited to cash, bank deposits with a term of less than 1 year, bond repurchases, central bank notes, etc.
9. . . .	Fund	HuaAn Fund Management Company Ltd.	10,000	10,707	Financial instruments with good liquidity, including but not limited to cash, bank deposits with a term of less than 1 year, bond repurchases, central bank notes, etc.
			<u>150,000</u>	<u>151,237</u>	

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As of December 31, 2021

No.	Type	Issuer	Initial Cost	Balance	Underlying Assets
			(RMB in thousands)	(RMB in thousands)	
1	Fund	China Life Amp Asset Management Co., Ltd.	10,000	10,289	Financial instruments with good liquidity, including but not limited to cash, bank deposits with a term of less than 1 year, bond repurchases, central bank notes, etc.
2	Fund	HuaAn Fund Management Company Ltd.	20,000	20,938	Financial instruments with good liquidity, including but not limited to cash, bank deposits with a term of less than 1 year, bond repurchases, central bank notes, etc.
			<u>30,000</u>	<u>31,227</u>	

Our financial investments at fair value through profit or loss decreased from RMB155.8 million as of December 31, 2019 to RMB151.2 million as of December 31, 2020, primarily due to our disposing of the trust plans and certain funds while increasing investments in structured deposits in 2020.

Our financial investments at fair value through profit or loss decreased from RMB151.2 million as of December 31, 2020 to RMB31.2 million as of December 31, 2021, primarily due to our disposal of structured deposits and wealth management products.

After Listing, our financial investments at fair value through profit or loss will be subject to compliance with Chapter 14 of the Listing Rules.

Pledged deposits

We had pledged deposits of RMB21.3 million as of December 31, 2021. The deposits were made on May 18, 2021 with a term of one year and an annual interest rate of 2.25%. The deposits are used as the pledge for a line of credit of US\$3 million we obtained in June 2021. For details, see “– Indebtedness – Borrowings.”

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Liabilities

Trade Payables

Our trade payables represent liabilities for services provided to us by telecommunication companies and cloud infrastructure providers prior to the end of each financial year which are unpaid. Trade payables are recognized initially at their fair value and are subsequently measured at amortized cost using the effective interest method. The trade payables are non-interest-bearing and are normally settled on ninety-day terms.

Our trade payables decreased from RMB20.5 million as of December 31, 2019 to RMB13.9 million as of December 31, 2020, primarily due to our increased cooperation with telecommunication companies that required prepayment or a shorter credit period.

Our trade payables increased from RMB13.9 million as of December 31, 2020 to RMB15.7 million as of December 31, 2021, primarily because we reduced the amount of pre-payments made to suppliers.

The following table sets forth the ageing analysis of the trade payables as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in thousands)		
Trade Payables:			
Up to three months	19,789	12,106	15,048
Four to 12 months	637	1,818	460
One to two years	57	–	232
Total	<u>20,483</u>	<u>13,924</u>	<u>15,740</u>

As of the Latest Practicable Date, RMB13.6 million, or 86.4%, of our trade payables outstanding as of December 31, 2021 had been settled.

Contract Liabilities

Contract liabilities primarily reflect payments received in advance of revenue recognition in relation to subscription to our solutions. They are recognized as revenue upon transfer of control to our clients of the promised products and services and do not involve any cash outflow.

Our contract liabilities decreased from RMB22.7 million as of December 31, 2019 to RMB18.1 million as of December 31, 2020, primarily due to the decrease in short-term advances received from clients in relation to the provision of SaaS solutions at the end of 2020.

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Our contract liabilities increased from RMB18.1 million as of December 31, 2020 to RMB22.7 million as of December 31, 2021, primarily due to the increase in short-term advances received from clients in relation to the provision of SaaS solutions in 2021.

As of the Latest Practicable Date, RMB14.2 million, or 62.4%, of our contract liabilities as of December 31, 2021 had been recognized as revenue.

Other Payables and Accruals

Other payables and accruals primarily consist of (i) accrued payroll and welfare payables, (ii) VAT and personal income tax payable, and (iii) other payables representing the provision of payable listing expenses and operating expenses advanced by employees.

The following table sets forth our other payables and accruals as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in thousands)		
Other Payables and Accruals:			
Payroll and welfare payables	12,089	12,646	12,500
Other tax payables	2,221	6,160	3,254
Other payables	1,240	840	7,108
Total	15,550	19,646	22,862

Our other payables and accruals further increased from RMB15.6 million as of December 31, 2019 to RMB19.6 million as of December 31, 2020, primarily due to the increase in other tax payables resulting from a RMB3.0 million withholding tax in connection with our declaration of dividend in 2020.

Our other payables and accruals increased from RMB19.6 million as of December 31, 2020 to RMB22.9 million as of December 31, 2021, primarily due to the increase in other payables resulting from the provision of payable listing expenses, which is partially offset by the decrease in other tax payables resulting from the payment of withholding tax in connection with our declaration of dividend in 2020.

As of the Latest Practicable Date, RMB17.2 million, or 75.2%, of our other payables and accruals as of December 31, 2021 had been settled.

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Lease liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements.

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2019	2020	2021	2022
	(RMB in thousands)			(unaudited)
Lease liabilities				
Current	4,630	6,513	5,281	6,617
Non-current	8,444	6,378	2,709	3,930
Total	13,074	12,891	7,990	10,547

We recorded lease liabilities of RMB13.1 million, RMB12.9 million and RMB8.0 million as of December 31, 2019, 2020 and 2021, respectively. Our lease liabilities decreased as we made lease payments during the Track Record Period. We recorded lease liabilities of RMB10.5 million as of April 30, 2022.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from our business operations. After the Global Offering, we intend to finance our future capital requirements through cash generated from our business operations, the net proceeds from the Global Offering, and other future equity or debt financings. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB17.7 million, RMB33.0 million and RMB152.5 million as of December 31, 2019, 2020 and 2021, respectively.

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Cash Flows

The following table sets forth our cash flows for the periods indicated.

	<u>For the Year Ended December 31,</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	(RMB in thousands)		
Selected Cash Flow Data:			
Cash generated from operations	71,639	44,663	41,304
Interest paid.	(757)	(677)	(636)
Corporate income tax paid.	<u>(15,360)</u>	<u>(4,745)</u>	<u>(3,993)</u>
Net cash flows generated from operating activities	55,522	39,241	36,675
Net cash flows (used in)/generated from investing activities. . .	(112,394)	9,013	128,788
Net cash flows used in financing activities	<u>(24,703)</u>	<u>(33,042)</u>	<u>(45,870)</u>
Net increase/(decrease) in cash and cash equivalents.	(81,575)	15,212	119,593
Cash and cash equivalents at beginning of year	99,316	17,741	32,953
Effect of foreign exchange rate changes, net	—	—	(1)
Cash and cash equivalents at end			
of year	<u>17,741</u>	<u>32,953</u>	<u>152,545</u>

Net Cash Generated from Operating Activities

Net cash generated from operating activities represent cash generated from operations plus interest received and minus income tax paid. Cash generated from operations primarily reflects (i) our profit or loss before tax adjusted for non-cash and non-operating items, such as depreciation and amortization, and (ii) the effects of changes in our working capital.

In 2021, net cash generated from operating activities was RMB36.7 million, which was primarily attributable to our profit before tax of RMB18.5 million, as adjusted by (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB6.2 million, impairment of financial assets of RMB3.4 million, depreciation of property, plant and equipment of RMB1.8 million, and equity-settled share-based payment expense of RMB1.2 million, and (ii) changes in working capital, which primarily comprised of (a) an increase in trade receivables of RMB7.8 million, primarily in line with our business growth, (b) an increase in other payables and accruals of RMB6.2 million, which was primarily due to the provision of payable listing expenses, and (c) an increase in prepayments, other receivables and other assets of RMB5.9 million, which was primarily due to prepayments of certain expenses in connection with the Global Offering.

In 2020, net cash generated from operating activities was RMB39.2 million, which was primarily attributable to our profit before tax of RMB78.7 million, as adjusted by (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB5.3 million, investment income of RMB4.8 million, depreciation of property, plant and equipment of

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RMB2.1 million, and (ii) changes in working capital, which primarily comprised of (a) an increase in trade receivables of RMB28.7 million, primarily resulting from the combined effect of business growth and greater revenue contribution from large clients who typically request a longer credit period, (b) a decrease in trade payables of RMB6.6 million, primarily resulting from our increased cooperation with telecommunication companies that required prepayment or a shorter credit period, and (c) a decrease in contract liabilities of RMB4.6 million, which was primarily due to the decrease in short-term advances received from clients in relation to the provision of SaaS solutions at the end of 2020.

In 2019, net cash generated from operating activities was RMB55.5 million, which was primarily attributable to our profit before tax of RMB65.5 million, as adjusted by (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB4.6 million, investment income of RMB3.6 million and depreciation of property, plant and equipment of RMB3.1 million, and (ii) changes in working capital, which primarily comprised of (a) an increase in prepayments, other receivables and other assets of RMB2.3 million, primarily due to increases in prepayments to telecommunication companies in line with the business growth and prepayments for employee benefits, (b) an increase in other payables and accruals of RMB2.2 million, primarily due to the increase in accrued payroll and employee benefit expenses as a result of increases in number of employees and salaries paid to our employees, and (c) an increase in trade receivables of RMB1.2 million, which was generally in line with the overall growth of our business during this period.

Net Cash (Used in)/Generated from Investing Activities

Our cash used in investing activities consists primarily of purchase of financial investments at fair value through profit or loss, purchase of property, plant and equipment and purchase of other intangible assets. Our cash generated from investing activities consists primarily of proceeds from disposal/maturity of financial investments at fair value through profit or loss, interest received and proceeds from disposal of property, plant and equipment.

In 2021, net cash generated from investing activities was RMB128.8 million, which was primarily attributable to the proceeds of RMB552.7 million from disposal/maturity of financial investments at fair value through profit or loss, which were partially offset by payments of RMB430.0 million for purchase of financial investments at fair value through profit or loss.

In 2020, net cash generated from investing activities was RMB9.0 million, which was primarily attributable to proceeds of RMB420.5 million from disposal/maturity of financial investments at fair value through profit or loss, which were partially offset by payments of RMB410.0 million for purchase of financial investments at fair value through profit or loss.

In 2019, net cash used in investing activities was RMB112.4 million, which was primarily attributable to the payments of RMB368.0 million for purchase of financial assets at fair value through profit or loss, which were partially offset by proceeds of RMB256.9 million from disposal/maturity of financial investments at fair value through profit or loss.

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Net Cash Used in Financing Activities

Our cash used in financing activities consists primarily of dividend paid to the then shareholders and principal elements of lease payments.

In 2021, net cash used in our financing activities was RMB45.9 million, which was primarily attributable to dividend of a subsidiary paid to the then shareholders of RMB28.9 million and increase in pledged time deposits for bank borrowings of RMB21.0 million, partially offset by new bank borrowings of RMB10.5 million.

In 2020, net cash used in our financing activities was RMB33.0 million, which was attributable to dividend of a subsidiary paid to the then shareholders of RMB28.0 million and payments of principal portion of lease payments of RMB5.1 million.

In 2019, net cash used in our financing activities was RMB24.7 million, which was attributable to dividend of a subsidiary paid to the then shareholders of RMB20.7 million and payments of principal portion of lease payments of RMB4.0 million.

INDEBTEDNESS

Borrowings

In June 2021, we entered into an agreement with a commercial bank in China for a line of credit of US\$3 million, with RMB21 million of deposited cash as pledge. We utilized US\$1.65 million under the credit facility at the interest rate of 120 basis points over three-month LIBOR to pay for certain expenses in relation to the Global Offering denominated in U.S. dollars, and fully repaid the amount on May 31, 2022. As of the Latest Practicable Date, we did not have any banking facilities.

Lease Liabilities

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	April 30,
				2022
				(unaudited)
		(RMB in thousands)		
Lease liabilities:				
Current	4,630	6,513	5,281	6,617
Non-current	8,444	6,378	2,709	3,930
Total	13,074	12,891	7,990	10,547

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Except as disclosed above, as of April 30, 2022, being the indebtedness date for the purpose of the indebtedness statement, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees, capital commitments or other material contingent liabilities. Our Directors have confirmed that there is no material change in our indebtedness since April 30, 2022 and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated.

	For the Year Ended		
	December 31,		
	2019	2020	2021
Total revenue growth (%)	N/A	5.7	13.6
SaaS solutions (%)	N/A	4.9	8.7
VPC solutions (%)	N/A	737.1	259.3
Other services and product sales (%)	N/A	(24.6)	49.0
Gross margin (%)	46.6	49.6	45.5
SaaS solutions (%)	46.8	49.7	45.1
VPC solutions (%)	71.8	54.8	53.8
Other services and product sales (%)	35.7	41.5	40.7

During the Track Record Period, we recorded a significant revenue growth of our VPC solutions by 737.1% from RMB708 thousand in 2019 to RMB5.9 million in 2020, and further increased by 259.3% to RMB21.3 million in 2021. This growth was primarily driven by the growing demand for deployment of customer contact solutions on virtual private cloud from clients with stricter security requirements during their digital and cloud transformation. For details, see “– Description of Major Components of Our Results of Operations.”

Our overall gross margin increase from 46.6% in 2019 to 49.6% in 2020 primarily attributable to higher pricing level applied to certain newly acquired clients in 2020. To a lesser extent, the increase in gross margin in 2020 was also attributable to the growth of revenue from our VPC solutions in 2020. Due to their different revenue and cost model, our VPC solutions on average have a higher gross margin compared to our SaaS solutions and other services and product sales. During the Track Record Period, our VPC clients primarily purchased cloud and telecommunications services directly from cloud service providers and telecommunications companies, respectively. Therefore, these services were not included in our cost of sales. Our overall gross margin decreased from 49.6% in 2020 to 45.5% in 2021, primarily because we purchased a larger pool of telecommunication resources, including telephone numbers, dedicated leased lines and internet broadband, in anticipation of increasing client demand in the second half of the year, which lowered the average utilization rate and increased our cost of sales. However, the client demand in the second half of 2021 was lower than expected due to the recent development in the PRC laws and regulations that affected the business performance of our clients who are Academic AST Institutions. We may adjust our price

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offered for clients from time to time based on various considerations, including, among other things, the market conditions, competition landscape and strategic value of the contracts in question. While such adjustments may affect our gross profit margin, we expect our overall gross profit margin to remain stable in the foreseeable future as we continue to enlarge and diversify our client base.

CAPITAL EXPENDITURES

Our historical capital expenditures primarily included purchase of property and equipment and intangible assets. The following table sets forth our capital expenditures for the periods indicated.

	For the Year Ended December 31,		
	2019	2020	2021
	(RMB in thousands)		
Purchase of property, plant and equipment	1,673	810	2,282
Purchase of intangible assets	454	460	759
Total	2,127	1,270	3,041

CONTRACTUAL OBLIGATIONS

Capital Commitments

We mainly have capital commitments with respect to telecommunication equipment. The following table sets forth our capital commitments as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in thousands)		
Electronics equipment	8	154	–

RELATED PARTY TRANSACTIONS

Other than the compensation of key management personnel of the Group disclosed in Note 32 to the Accountants' Report included in Appendix I to this prospectus, we did not have any related party transactions during the Track Record Period. Our Directors are of the view that each of the related party transactions set out in Note 32 to the Accountants' Report included in Appendix I to this prospectus was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

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OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

FINANCIAL RISKS DISCLOSURE

Our activities expose us to a variety of financial risks: market risk (including fair value interest rate risk), credit risk and liquidity risk. Our overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on our financial performance.

Market Risk

We have no significant variable interest-bearing assets or liabilities except for the bank balances and bank borrowings, of which the interest rates are not expected to change significantly.

Credit Risk

We are exposed to credit risk primarily in relation to our cash and cash equivalents, wealth management products, structured deposits, trust plans and funds, as well as trade and other receivables and contract assets. The carrying amount of each class of the above financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

For cash and cash equivalents, management manages the credit risk by placing deposits in state-owned financial institutions in the PRC or reputable banks, financial institutions having high-credit-quality in the PRC.

For trade and other receivables and contract assets, we have policies in place to ensure that sale of products and services are made to clients with an appropriate credit history. We also have other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, our management reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

Liquidity Risk

To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the senior management to finance our operations and mitigate the effects of fluctuations in cash flows.

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For an analysis of our financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date, see Note 35 to the Accountants' Report included in Appendix I to this prospectus. The table below analyzes our financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand or less than one year	One to five years	Total
(RMB in thousands)			
As of December 31, 2019			
Trade payables	20,483	–	20,483
Financial liabilities included in other payables and accruals	1,240	–	1,240
Lease liabilities.	4,959	10,296	15,255
	26,682	10,296	36,978
As of December 31, 2020			
Trade payables	13,924	–	13,924
Financial liabilities included in other payables and accruals	840	–	840
Lease liabilities.	6,683	8,077	14,760
	21,447	8,077	29,524
As of December 31, 2021			
Trade payables	15,508	232	15,740
Financial liabilities included in other payables and accruals	7,108	–	7,108
Interest-bearing bank borrowings.	10,605	–	10,605
Lease liabilities.	5,436	3,508	8,944
	38,657	3,740	42,397

DIVIDENDS

As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will depend on the dividends, loans or advances that we receive from our subsidiaries, T&I Net Communication and its subsidiaries. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

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No dividends have been paid or declared by our Cayman holding company since its incorporation. T&I Net Communication, our variable interest entity in the PRC, had declared dividends of RMB20,664,000, RMB30,996,000 and RMB25,830,000 to its then shareholders in 2019, 2020 and 2021, respectively. The dividends were fully paid in cash in July 2019, November 2020 and May 2021, respectively. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the estimated net proceeds from the Global Offering and the expected cash generated from operating activities, we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

DISTRIBUTABLE RESERVES

As of December 31, 2021, the Company did not have any distributable reserves.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions, and other fees incurred in connection with the Global Offering. The estimated total listing expenses (based on the mid-point of the Offer Price range and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB45.4 million (equivalent to approximately HK\$53.1 million), accounting for approximately 16.6% of our gross proceeds. We may also in our sole and absolute discretion pay one or more of the Underwriters an additional discretionary incentive fee of up to 1.25% of the Offer Price for each Offer Share. The following table sets forth the breakdown of our estimated listing expenses (based on the mid-point of the Offer Price range and assuming that the Over-allotment Option is not exercised):

	<u>RMB</u>	<u>HK\$</u>
	(in thousands)	
Estimated Listing Expenses:		
Underwriting-related expenses	8,900	10,400
Non-underwriting-related expenses	36,503	42,653
Fees and expenses of legal advisers and accountants	24,347	28,450
Other fees and expenses	12,156	14,204
Total	45,403	53,053

Approximately RMB13.2 million (equivalent to approximately HK\$15.4 million) of the estimated listing expenses is directly attributable to the issue of new Shares to the public and will be account for as a deduction from equity upon completion of the Global Offering. The remaining estimated listing expenses of approximately RMB32.2 million (equivalent to approximately HK\$37.6 million) was or will be charged to profit or loss, of which nil, nil, and

FINANCIAL INFORMATION

RMB19.5 million (equivalent to approximately HK\$22.8 million) were charged in the years ended December 31, 2019, 2020 and 2021, respectively. Approximately RMB12.7 million (equivalent to approximately HK\$14.8 million) is expected to be charged in profit or loss before or upon completion of the Global Offering. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted consolidated net tangible assets prepared in accordance with paragraph 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on our consolidated net tangible assets as of December 31, 2021 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not provide a true picture of our consolidated net tangible assets had the Global Offering been completed as of December 31, 2021 or at any future date.

	Audited consolidated net tangible assets as at 31 December 2021	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per Share	Unaudited pro forma adjusted consolidated net tangible assets per Share
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB)	(HK\$)
	<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>	<i>(Note 4)</i>
Based on an Offer Price of HK\$12.85 per Share	218,500	238,398	456,898	2.63	3.07
Based on an Offer Price of HK\$13.85 per Share	218,500	258,250	476,750	2.74	3.20

Notes:

- (1) The consolidated net tangible assets as of December 31, 2021 is arrived at after deducting other intangible assets of RMB2,971,000 from the audited net assets of RMB221,471,000 as of December 31, 2021, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on estimated low end and high end offer prices of HK\$12.85 or HK\$13.85 per Share after deduction of the underwriting fees and other related expenses to be incurred by the Group and do not take into account any share which may be sold and offered upon exercise of the Over-allotment Option.

FINANCIAL INFORMATION

- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 174,000,000 Shares are in issue assuming the Global Offering has been completed on December 31, 2021, excluding any share which may be sold and offered upon exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB0.8558 to HK\$1.00.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions entered into subsequent to December 31, 2021.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2021, being the end date of our latest audited financial statements, and there has been no event since December 31, 2021 that would materially affect the information shown in the Accountants' Report set out in Appendix I.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business – Our Growth Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

The table below sets forth the estimated net proceeds of the Global Offering which we will receive after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering (assuming the Over-allotment Option is not exercised):

Assuming an Offer Price of HK\$13.35 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	HK\$267.3 million
Assuming an Offer Price of HK\$13.85 per Offer Share (being the high end of the Offer Price range stated in this prospectus)	HK\$278.9 million
Assuming an Offer Price of HK\$12.85 per Offer Share (being the low end of the Offer Price range stated in this prospectus)	HK\$255.7 million

We intend to use the net proceeds over the next five years as follows (based on the mid-point of the Offer Price range stated in this prospectus):

- Approximately 75%, or HK\$200.5 million, will be used to further enhance our core technologies, optimize existing portfolio of solutions and develop complementary solutions with a goal to satisfy evolving client needs, provide more comprehensive solutions and improve our overall competitiveness in the market of customer contact solutions. Specifically, we intend to implement our planned use of proceeds on technology and solutions enhancement and talent recruitment, such as technology architects, software developers and product managers, over the next five years. The following table sets forth the implementation plans, expected timeframe and the detailed breakdown of the allocated net proceeds:

FUTURE PLANS AND USE OF PROCEEDS

- (i) Approximately 28%, or HK\$74.9 million, will be used over the next five years to further upgrade our system architecture. We plan to use the proceeds to recruit approximately 31 technical and research professionals in the next five years.

Implementation Plan

- | | |
|---|--|
| <p>(a) Our Agile Agent Solutions have been warmly welcome by the market since its launch in 2017, as evidenced by its robust revenue growth during the Track Record Period. Revenue from our Agile Agent Solutions increased at a CAGR of 76.6% from RMB16.5 million in 2019 to RMB51.3 million in 2021. According to the CIC Report, a key trend in the future development of China's cloud-based customer contact solutions industry is the expanding application scenarios. Customer interactions take place in a wider array of scenarios, involving not only customer service agents in traditional cubicle offices, but also employees from other departments performing sales, logistics, design, technical support, and maintenance functions, who may be located anywhere in the world. We see significant market opportunities in our Agile Agent Solutions, which are adaptable to a wide range of business scenarios. As our Agile Agent Solutions continue to gain popularity, we expect that our system will be required to accommodate a higher amount of concurrent user activities and to support a broader array of terminal devices.</p> | <p>Our Agile Agent Solutions serve a much larger user base as compared to traditional contact center solutions. For clients such as national drug store chains or car manufacturers, agents using our solutions consist of staff in thousands of retail stores across China. To meet the growing demand, we plan to refine our software architecture and further enhance the scalability of our solutions. We aim to support over one million concurrent logins by the end of 2024.</p> <p>We expect our Agile Agent Solutions to be used on a broad array of terminal devices, including mobile phones using different operating systems (such as android and iOS), tablets and personal computers. We will continuously enhance the compatibility of our system with different terminal devices, operating systems, and mainstream mobile phone and tablet brands.</p> |
|---|--|

FUTURE PLANS AND USE OF PROCEEDS

<p>(b) We will continuously upgrade our network architecture to keep up with growing user activities. By investing in relevant technologies and upgrading our hardware equipment, such as data center switches and SD-WAN edge devices, we expect our network to respond to sudden load spikes resulting from ten folds of users in the future.</p>	<p>We plan to upgrade our SD-WAN technology to further simplify the deployment and management of network devices and strengthen the service capability of the WAN connecting our internet data centers and third-party cloud computing platforms. We intend to upgrade to the next generation of SD-WAN technology by 2023 through a combination of in-house innovation and licensing from third parties.</p>
	<p>We will upgrade to the next generation of network equipment, including switches and firewalls, by 2023 to keep up with our business expansion.</p>
	<p>We will gradually expand the number and capacity of our leased internet data centers so third-party cloud computing platforms can be connected with additional internet data centers to improve the capacity and reliability of our services.</p>
<p>(c) We plan to increase the compatibility of our system with multiple programming languages. We believe this will increase our popularity among a wider range of clients with different internal programming languages. We also intend to increase our compatibility with the WeChat ecosystem, especially WeChat mini-apps, and other popular social media apps to enhance user experience on different applications.</p> <p>We will gradually encapsulate our existing APIs into SDKs that are compatible with a larger number of programming languages. This will enable our clients to use different programming languages and development tools to integrate our APIs with their internal systems in a more efficient manner. In particular, we aim to achieve or improve compatibility with mainstream programming languages for mobile devices by June 2023 and those for desktop devices by 2024.</p>	
<p>(d) Clients for our VPC model may choose to deploy our solutions in a variety of cloud environments. We intend to increase the adaptability of our solutions to different cloud environments. Through containerization, our key functional modules will be easily assembled and deployed in different clouds and only small-scale customizations are required for different cloud platforms. We will carry out an annual scheme to increase our compatibility with new cloud environments and the new functionalities of existing cloud environments in the next five years. We plan to achieve compatibility with leading Chinese cloud computing platforms by 2022 and with a majority of cloud computing platforms in China by 2023.</p>	

FUTURE PLANS AND USE OF PROCEEDS

(ii) Approximately 17%, or HK\$45.4 million, will be used over the next five years to strengthen our AI capabilities and enhance our AI-powered functions, which include intelligent agent assistance, speech analytics and knowledge base. Automatic speech recognition (ASR) and natural language processing (NLP) technologies are the foundations of our ContactBot Solutions and AI-powered functions. We will continue to invest resources on ASR optimization and NLP application and enhance the accuracy and relevance of our AI solutions. We plan to use the proceeds to recruit approximately 21 technical and research professionals in the next five years.

Implementation Plan

(a) We plan to (1) increase the application of semantic computing model in training our ContactBot; (2) build up our NLP capabilities related to keyword extraction, topic analysis, sentimental analysis, multi-round dialogues and knowledge graphs; and (3) enhance our ASR and NLP capabilities through in-house development or collaborations with third parties and use machine learning tools to train models with industry-specific applications.

We intend to strengthen our ASR capabilities by continuing to carry out the following initiatives:

- building up and expanding our corpus of industry materials and continuing to optimize industry-specific ASR models;
- developing algorithms and models that further improve initial ASR transcription results; and
- continuing to optimize algorithms and models that detect and correct errors in ASR transcription.

We intend to strengthen our NLP capabilities by continuing to carry out the following initiatives:

- optimizing NLP capabilities and models with respect to keyword and key phrase extraction, topic analysis and sentiment analysis;
- continuing to develop and optimize technologies and systems that support multi-round dialogue between human and robots; and
- developing systems that analyze and visualize unstructured conversational data collected from customer interactions through charts and diagrams.

FUTURE PLANS AND USE OF PROCEEDS

(b) We will improve our intelligent knowledge management module by the following initiatives:

- We plan to release a flexible knowledge management system that enables knowledge categorization and classification and grants different levels of authority to personnel in different roles by June 2023;
- We plan to launch a unified knowledge development and management system shared by human agents and ContactBot by 2024;
- We plan to achieve knowledge extraction and indexing from unstructured data, which are data that are not clearly defined or searchable, by 2024; and
- We will continue to refine our knowledge extraction and management tools based on knowledge graph.

(c) We will upgrade our intelligent agent assistance module by continuing to implement the following initiatives:

- optimizing the APIs and SDKs we offer to support the integration of our intelligent agent assistance module into clients' internal systems by 2022;
- continuing to enhance our intelligent agent assistance system to support real-time conversation analysis.

(iii) Approximately 15%, or HK\$40.1 million, will be used over the next five years to strengthen our real-time video communication capabilities, launch and optimize relevant functional modules, and actively explore the integration with 5G network. With the prevalence of mobile communications and 5G network, we expect that Video over 5G will gain widespread popularity. To keep up with industry trends, we will continue to invest in and enhance the video capabilities. We plan to use the proceeds to recruit approximately 17 technical and research professionals in the next five years.

Implementation Plan

(a) We intend to build up our capabilities to support Voice Over LTE (VoLTE) on the 5G wireless communications standard by the end of 2024, which will improve call quality, volume, and data speed. By developing internet gateway for VoLTE over 5G, our users will be able to make high-definition voice and video calls without affecting the internet speed on our system.

(b) We plan to launch video capabilities on our platform by 2023. We will further strengthen our audio and video capabilities by continuing to (1) develop five key video capabilities, namely one-to-one video communications, multi-party video conferences, one-to-many audio and video broadcasting, collaboration tools (including shared screens and exchange of instant messages, pictures and files), as well as media processing, audio and screen recording and playback functions; and (2) support real-time high-definition audio and video communications.

FUTURE PLANS AND USE OF PROCEEDS

(iv) Approximately 15%, or HK\$40.1 million, will be used over the next five years to invest in product innovation in the WeCom ecosystem, the enterprise version of WeChat. We intend to improve our integration with WeCom so that our clients can generate actionable insights from data on WeCom, using our intelligent reporting and analytical tools. We will concentrate on delivering consistent and seamless services across WeCom and our platform by synchronizing data on the two platforms in real time. We believe these enhancements will be adaptable to a wider variety of business scenarios and help us capture opportunities arising from the increasing prevalence of mobile marketing and other business trends. We plan to use the proceeds to recruit approximately 17 technical and research professionals in the next five years.

Implementation Plan

(a) We will increase the integration of our cloud-based platform with WeCom using open APIs provided by WeCom. We plan to integrate our existing key functional modules with WeCom by 2023.

(b) We will continuously enhance our sCRM, or social CRM, system connected with WeCom. We have launched a sCRM platform that connects with our platform, WeCom, desktops and mobile devices, and plan to continue to improve its function. We will also develop an access control system supporting up to 15 layers of authorizations by 2023 to satisfy the needs of large enterprises with complex organizational structure.

(c) We plan to build up personalized recommendation and prediction capabilities on WeCom, driven by intelligent data analysis. Specifically:

- We will strengthen our big data capabilities relating to text and voice conversations, to predict and analyze customer and agent behaviors. We plan to launch an initial version of the function by 2023.
- We will develop our precision marketing tools based on big data capabilities, providing customer rankings by predicting customer purchase intent. We plan to launch an initial version of the function by 2024.

(d) We plan to strengthen our intelligent agent assistance capabilities on WeCom, which enable clients to design intelligent, automated standard operating procedures using big data and robotic process automation (RPA) technology. We plan to launch an initial version of the function by 2023.

FUTURE PLANS AND USE OF PROCEEDS

- Approximately 20%, or HK\$53.5 million, will be used over the next five years to further enhance our brand image in the market for customer contact solutions, expand our direct sales team, improve our sales capabilities and increase our marketing efforts, including:

- (i) Approximately 15%, or HK\$40.1 million, will be used over the next five years to strengthen our sales capabilities by expanding our direct sales teams, providing more training opportunities and upgrading our CRM system. We plan to use the proceeds to recruit approximately 22 salespersons in the next five years. We currently maintain five regional sales offices in Beijing, Shanghai, Nanjing, Shenzhen and Guangzhou. We plan to establish four regional sales offices in Chengdu, Wuhan, Hangzhou and Xi'an, where many leading domestic and international companies have established offices.

We also plan to build up our sales capabilities in preparation for our overseas expansion plan. An increasing number of China-based enterprises are setting foot into overseas markets. We expect that integrated customer contact solutions that simultaneously support their domestic and overseas operations will be in high demand. European markets will be the primary focus of our overseas expansion plan. We will also consider business opportunities in Southeast Asia. We plan to provide our solutions overseas via the SaaS model. We expect our solutions offered in the overseas markets to share the same architecture and key technologies with those offered in China, and will make customizations to tailor to the preferences and needs of local customers.

With a more competitive sales team, we intend to maintain our leadership in technology, education and insurance sectors and tap into underserved sectors with sizable market opportunities, such as banking, automobile and consumer goods sectors.

- (ii) Approximately 5%, or HK\$13.4 million, will be used over the next five years to increase our online marketing spending. To generate more sales leads with higher quality, we intend to increase our online marketing spending on different content distribution and promotion channels. In particular, we intend to cover more mainstream search engines in our SEM strategy, invest in targeted advertisements on major video sharing platforms and social media apps, and increase our collaboration with influencers in the customer contact industry.
- Approximately 5%, or HK\$13.4 million, will be used for working capital and general corporate purposes. We will use the remaining proceeds for working capital and general corporate purposes to support our business operation and growth.

The above allocation of the proceeds will be adjusted on a pro-rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated offer price range.

FUTURE PLANS AND USE OF PROCEEDS

To the extent our net proceeds are either more or less than expected, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

We estimate the net proceeds to the Selling Shareholder from the sale of Sale Shares pursuant to the Global Offering to be approximately HK\$252.2 million (assuming an Offer Price of HK\$13.35 per Offer Share, being the mid-point of the indicative Offer Price range), after deducting the underwriting commission and estimated related expenses payable by the Selling Shareholders. We will not receive net proceeds from the sale of Sale Shares pursuant to the Global Offering.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, we plan to deposit the net proceeds in short-term demand deposits with licensed banks or authorized financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

If the Over-allotment Option is fully exercised, we will receive additional net proceeds of approximately HK\$84.4 million for 6,529,400 Shares to be allotted and issued upon the full exercise of the Over-allotment Option based on the Offer Price of HK\$13.35 per Offer Share, being the mid-point of the Offer Price range, and after deducting the underwriting fees and commissions payable by us. The additional amount raised will be applied to the above areas of use of proceeds on a pro-rata basis.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**”, and together the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for a certain number of Offer Shares (rounded down to the nearest whole board lot of 200 Shares) that may be purchased for an aggregate amount of HK\$180.80 million (calculated based on the conversion rate of US\$1.00 to HK\$7.8502) (the “**Cornerstone Placing**”).

Assuming an Offer Price of HK\$12.85, being the low-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 14,070,000 Offer Shares, representing approximately 32.32% of the Offer Shares pursuant to the Global Offering and approximately 8.09% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK\$13.35, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 13,543,000 Offer Shares, representing approximately 31.11% of the Offer Shares pursuant to the Global Offering and approximately 7.78% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK\$13.85, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Shares to be subscribed by the Cornerstone Investor would be 13,054,200 Offer Shares, representing approximately 29.99% of the Offer Shares pursuant to the Global Offering and approximately 7.50% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Company is of the view that, the Cornerstone Placing will help to raise the profile of the Company and to signify that such investors have confidence in the business and prospect of the Group. Our Company became acquainted with Platinum (as defined below) through introduction by an underwriter in the Global Offering. Our Company became acquainted with Agora (as defined below) through previous cooperation in the Company’s ordinary course of business.

CORNERSTONE INVESTORS

To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party to the Group and is not our connected person; (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company and its subsidiaries, the Directors, chief executive, the Controlling Shareholders, Substantial Shareholders and existing Shareholders or any of their respective close associates; (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company and its subsidiaries, the Directors, chief executive, the Controlling Shareholders, Substantial Shareholders and existing Shareholders or any of their respective close associates; (iv) the Cornerstone Investors are independent from each other; and (v) each Cornerstone Investor will utilize either (a) their proprietary funding or (b) the proprietary funding of the funds under their management, as appropriate, as their source of funding for the subscription of the Offer Shares. Details of the actual number of the Offer Shares to be allocated to each of the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around June 29, 2022.

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in the Company; and none of the Cornerstone Investors will become a Substantial Shareholder of the Company. The Cornerstone Investors do not have any preferential rights under the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

There are no side arrangements between the Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing. There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements.

CORNERSTONE INVESTORS

THE CORNERSTONE INVESTORS

Set out below is the aggregate number of Offer Shares, and the corresponding percentage to our Company's total issued share capital under the Cornerstone Placing:

Based on the Offer Price of HK\$12.85 (being the low-end of the Offer Price range)

Cornerstone Investor	Investment Amount (HK\$)	Number of Offer Shares (rounded down to nearest whole board lot of 200 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Platinum (as defined below) . . .	118,000,000	9,182,800	21.10	18.34	5.28	5.09
Agora (as defined below) . . .	62,801,589	4,887,200	11.23	9.76	2.81	2.71
Total	180,801,589	14,070,000	32.32	28.11	8.09	7.79

Based on the Offer Price of HK\$13.35 (being the mid-point of the Offer Price range)

Cornerstone Investor	Investment Amount (HK\$)	Number of Offer Shares (rounded down to nearest whole board lot of 200 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Platinum (as defined below) . . .	118,000,000	8,838,800	20.31	17.66	5.08	4.90
Agora (as defined below) . . .	62,801,589	4,704,200	10.81	9.40	2.70	2.61
Total	180,801,589	13,543,000	31.11	27.05	7.78	7.50

CORNERSTONE INVESTORS

Based on the Offer Price of HK\$13.85 (being the high-end of the Offer Price range)

Cornerstone Investor	Investment Amount (HK\$)	Number of Offer Shares (rounded down to nearest whole board lot of 200 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Platinum (as defined below) . . .	118,000,000	8,519,800	19.57	17.02	4.90	4.72
Agora (as defined below) . . .	62,801,589	4,534,400	10.42	9.06	2.61	2.51
Total	180,801,589	13,054,200	29.99	26.08	7.50	7.23

The following information about the Cornerstone Investors was provided to the Company by the Cornerstone Investors in relation to the Cornerstone Placing.

1. Platinum Investment Management Limited

Platinum Investment Management Limited, trading as Platinum Asset Management (“**Platinum**”), is a public company incorporated under the laws of Australia. Platinum is an investment manager that specializes in international equity markets. Platinum manages approximately AUD19 billion (as at March 31, 2022) and is a fully owned subsidiary of Platinum Asset Management Limited ABN 13 050 064 287, a company listed on the Australian Securities Exchange. Platinum is the responsible entity of a number of Australian registered managed investment schemes and also serves as the appointed investment manager for large institutional clients. Platinum’s investment strategy focuses on seeking out the overlooked and out-of-favor parts of the market with the aim of delivering strong absolute investment returns for clients over the long-term. Approvals from the shareholders of Platinum Asset Management Limited ABN 13 050 064 287 and the Australian Securities Exchange are not required for Platinum’s subscription for the Offer Shares.

CORNERSTONE INVESTORS

2. Agora, Inc.

Agora, Inc. (“Agora”) is an exempted company with limited liability incorporated in the Cayman Islands. Agora is listed on Nasdaq Global Select Market under the symbol “API”. Agora is a pioneer and global leader in Real-Time Engagement Platform-as-a-Service, or RTE-PaaS. Agora’s cloud platform provides developers simple, flexible and powerful application programming interfaces, or APIs, to embed real-time video, voice and chat experiences into their applications. Agora maintains dual headquarters in Shanghai, China and Santa Clara, California. Approvals from the shareholders of Agora and Nasdaq Global Select Market are not required for Agora’s subscription for the Offer Shares.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to acquire the Offer Shares under their respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- (ii) the Offer Price having been agreed upon between the Company and the Joint Global Coordinators (on behalf of the underwriters of the Global Offering);
- (iii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (iv) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (v) the respective representations, warranties, acknowledgements, undertakings and confirmations of each Cornerstone Investors under the respective Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) accurate and true in all material respects and not misleading and that there is no breach of the Cornerstone Investment Agreements on the part of the Investors.

CORNERSTONE INVESTORS

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have purchased pursuant to their respective Cornerstone Investment Agreements, save for the limited circumstance where the Shares are transferred to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

UNDERWRITING

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited

Macquarie Capital Limited

CMB International Capital Limited

BOCI Asia Limited

Shenwan Hongyuan Securities (H.K.) Limited

Tiger Brokers (HK) Global Limited

Futu Securities International (Hong Kong) Limited

Livermore Holdings Limited

Silverbricks Securities Company Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 4,353,200 New Shares and the International Offering of initially 39,176,800 Shares (comprising 19,646,800 New Shares and 19,530,000 Sale Shares), subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to adjustment) for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the **GREEN** Application Form relating thereto and the Hong Kong Underwriting Agreement at the Offer Price.

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Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable portions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the **GREEN** Application Form relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Sole Sponsor shall be entitled by notice (orally or in writing) to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

- (1) there develops, occurs, exists or comes into effect:
 - (i) any local, national or international event or circumstance, or series of events or circumstances, in the nature of force majeure (including, without limitation, any acts of government, orders of any court, declaration of a regional, national or international or regional emergency or war, calamity, crisis, economic sanctions, epidemic, pandemic, outbreak or escalations of diseases (including infectious disease, including but without limitation, COVID-19 and Severe Acute Respiratory Syndrome (SARS)), economic sanctions, strikes, other industrial actions, lock-outs, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, severe transport disruption, paralysis in government operation, public disorder, political instability, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, PRC, the Cayman Islands, the British Virgin Islands, Japan, Singapore, the United States, the United Kingdom, Australia, any member of the European Union or any other jurisdictions relevant to any member of the Group or the Global Offering (collectively, the “**Relevant Jurisdictions**”); or
 - (ii) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance likely to result in any change or development involving a prospective change in local, national, regional or international financial, economic, political, military, industrial, fiscal,

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regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or

- (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Australian Stock Exchange, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
- (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), New York (imposed at Federal or New York State level or other competent Authority), London, the PRC, the European Union (or any member thereof), Australia, or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions; or
- (v) any new Laws, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in, or in the interpretation or application by any court or other competent Authorities of, existing Laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (vii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the U.S. dollar, Euro, Hong Kong dollar, the Renminbi or Australian dollar against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions, or adversely affecting an investment in the Shares; or
- (viii) any Proceedings of any third party being threatened or instigated against any Director, member of the Group or the Controlling Shareholders; or
- (ix) any change or development or event involving a prospective change in, or a materialization of, any of the risk set out in the section headed “Risk Factors” in this prospectus; or

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- (x) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or
- (xi) the issue or requirement to issue by the Company of any supplement or amendment to the this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC, unless such supplement or amendment has been issued with the prior written consent of the Sole Sponsor (which shall not be unreasonably withheld); or
- (xii) a materialization of any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (xiii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators and the Sole Sponsor:

- (a) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, Shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole or to any present or prospective Shareholder in capacity as such; or
- (b) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or
- (c) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or
- (d) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

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- (2) there has come to the notice of the Joint Global Coordinators and the Sole Sponsor that:
- (i) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
 - (ii) the chairman and chief executive officer of the Company vacating his office; or
 - (iii) an Authority or a political body or organization in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group, any Director or any director of any Subsidiary or the chairman or the Controlling Shareholders; or
 - (iv) a contravention by any member of the Group of the Listing Rules or applicable Laws; or
 - (v) a prohibition on the Company or the Selling Shareholder for whatever reason from offering, allotting, issuing or delivering any of the Offer Shares (including the Option Shares (as defined in the Hong Kong Underwriting Agreement)) pursuant to the terms of the Global Offering; or
 - (vi) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or
 - (vii) that any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete or misleading or deceptive in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

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- (viii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material misstatement or omission from any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
- (ix) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
- (x) any event, act or omission which gives or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in Clause 12.2) pursuant to Clause 12; or
- (xi) any adverse change, or any development involving a prospective adverse change (whether permanent or not), in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, earnings, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of the Group and/or the Group as a whole; or
- (xii) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the Warranties; or
- (xiii) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue or to be issued pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions), revoked or withheld; or
- (xiv) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (xv) any of the experts named in this prospectus (other than the Sole Sponsor) has withdrawn or is subject to withdrawal of its consent to being named in any of the Offering Documents or to the issue of any of the Offering Documents; or

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- (xvi) a material portion of the orders in the book-building process or the investment commitments by any cornerstone investors after signing of the Cornerstone Investment Agreements, have been withdrawn, terminated or cancelled, where the Joint Global Coordinators, in their sole and absolute discretion, consider that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering.

Undertakings to the Hong Kong Stock Exchange Pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) the issue of Shares or securities pursuant to the Global Offering (including the exercise of the Over-allotment Option) or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, the group of the Controlling Shareholders have collectively undertaken to the Hong Kong Stock Exchange that, they shall not, unless in compliance with the requirements of the Listing Rules,

- (i) in the period commencing on the date by reference to which disclosure of their shareholdings in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown by this prospectus to be the beneficial owner; or
- (ii) in the period of six months commencing on the date on which the period referred to in the preceding paragraph expires, dispose of, or enter into any agreement to dispose of or otherwise create, any options, rights, interests or encumbrances in respect of, any of the Shares referred to in the preceding paragraph to such an extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would (a) cease to be our Controlling Shareholders; (b) cease to be a member of the Controlling Shareholders; or (c) together with other members, cease to be a group of Controlling Shareholders for the purpose of the Listing Rules.

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Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, the Controlling Shareholders have further undertaken to the Hong Kong Stock Exchange and to the Company that within the period commencing on the date by reference to which disclosure of their shareholdings in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it shall:

- (i) when they or the relevant registered holders pledge or charge any Shares beneficially owned by them in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a *bona fide* commercial loan pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) when they or the relevant registered holders receive indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company in writing of such indications.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by the Company

The Company, has undertaken to each of the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months from the Listing Date (the “**First Six-Month Period**”), the Company will not, without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements set out in the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe for or purchase, any Shares or other equity securities of the Company, or any interest in any of the foregoing), or deposit any Shares or other equity securities of the Company, with a depositary in connection with the issue of depositary receipts; or

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- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any other equity securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company, or any interest in any of the foregoing); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (i) or (ii) above; or
- (iv) offer to or agree to, or announce any intention to effect any transaction specified in sub-paragraph (i), (ii) or (iii) above,

in each case, whether any of the foregoing transactions specified in sub-paragraph (i), (ii) or (iii) above is to be settled by the delivery of Shares or such other equity securities of the Company, or, in cash or otherwise (whether or not the issue of such Shares or other shares or equity securities will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), the Company enters into any of the transactions specified in sub-paragraph (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the securities of the Company.

Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders has undertaken to the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters that, during the First Six-Month Period, except as pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) and the Stock Borrowing Agreement (where applicable), without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) he/it will not, at any time during the First Six-Month Period, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing) beneficially

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owned by he/it as at the Listing Date (the “**Locked-up Securities**”) or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Locked-up Securities, or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above, or (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

- (ii) he/it will not, until the expiry of the Second Six-Month Period, enter into any of the transactions specified in (i)(a), (i)(b) or (i)(c) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he/it will cease to be a controlling shareholder (as defined in the Listing Rules) of the Company; and
- (iii) until the expiry of the Second Six-Month Period, in the event that he/it enters into any of the transactions specified in (i)(a), (i)(b) or (i)(c) above or offers to or agrees to or announces any intention to effect any such transaction, he/it will take all reasonable steps to ensure that he/it will not create a disorderly or false market in the securities of the Company.

Indemnity

The Company, the Selling Shareholder and the Controlling Shareholders have agreed to indemnify, among the others, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

Undertakings by the Selling Shareholder

The Selling Shareholder entered into a lock-up undertaking deed (the “**Lock-up Undertaking Deed**”) in favor of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Underwriters). Pursuant to the Lock-up Undertaking Deed, it agrees that, it will not, from the date of the Lock-up Undertaking Deed and ending on, and including, the date that is 12 months after the Listing Date, except as pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option), dispose of any Relevant Shares or any interest in any company or entity holding or controlling (directly or indirectly) any Relevant Shares or, permit or cause a change in control of any company or entity holding or controlling (directly or indirectly) any Relevant Shares (the “**Relevant Transactions**”).

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“**Relevant Shares**” mean any and all of 17,415,000 Shares to be held by the Selling Shareholder immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Lock-up Undertaking Deed does not apply to situations including:

- (a) any transfer with the prior written consent of the Company and the Joint Global Coordinators, having due regard to any applicable requirements of the Stock Exchange; or
- (b) any shares acquired by the Selling Shareholder or its affiliate in open market transactions after the completion of the Global Offering; or
- (c) any transfer to any of the wholly-owned subsidiaries of the Selling Shareholder, provided that, prior to such transfer, such wholly-owned subsidiary gives a written undertaking (addressed to and in favor of the Joint Global Coordinators and the Sole Sponsor in terms satisfactory to them and substantially the same as the Lock-up Undertaking Deed) agreeing to, and the Selling Shareholder undertake to procure that such wholly-owned subsidiary will, be bound by the provisions of the Lock-up Undertaking Deed.

For the purpose of the Lock-up Undertaking Deed, “dispose of” means:

- (a) offer, pledge, charge, sell, mortgage, lend, create, transfer, assign or otherwise dispose, grant any option, warrant or right to purchase, sell, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or create any third party right over any Relevant Shares or any other securities convertible into or exercisable or exchangeable for such Relevant Shares, or that represent the right to receive, such Relevant Shares, or any interest in them; or
- (b) enter into any option, swap or other arrangement that transfers to another, in whole or in part, any beneficial ownership of the Relevant Shares or any of the economic consequences or incidents of ownership of Relevant Shares or any other securities of the Company or any interest therein or which transfers or derives any significant part of its value from such Relevant Shares; or
- (c) enter into any transaction, directly or indirectly, with the same economic effect as any transaction specified in paragraph (a) or (b) above; or
- (d) agree or contract to effect any transaction specified in paragraph (a), (b) or (c) above, in each case, whether any of the transactions specified in paragraph (a), (b) or (c) above is to be settled by delivery of Relevant Shares or such other securities convertible into or exercisable or exchangeable for the Relevant Shares or in cash or otherwise (whether or not the issue of Relevant Shares or such other securities will be completed within the aforesaid period).

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Hong Kong Underwriters' Interests in our Company

Except for its obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriters do not have any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Controlling Shareholders, the Selling Shareholder, the Joint Global Coordinators and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would agree to purchase, or procure subscribers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, amongst others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

The Company expects to grant to the International Underwriters, exercisable in whole or in part by the Joint Global Coordinators at their sole and absolute discretion (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue, up to an aggregate of 6,529,400 Shares, representing no more than 15.0% of the initial Offer Shares under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Hong Kong Underwriters will receive a gross underwriting commission equal to 3.25% of the Offer Price in respect of all the Hong Kong Offer Shares (excluding any International Offer Shares reallocated to and from the Hong Kong Public Offering), out of which the Hong Kong Underwriters will pay any sub-underwriting commissions payable. Our Company may also in our sole discretion pay one or more of the Hong Kong Underwriters an additional discretionary incentive fee of up to 1.25% of the Offer Price for each Hong Kong Offer Share.

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For unsubscribed Hong Kong Offer Shares reallocated to the International Offering (in such proportion as the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) in their sole discretion consider appropriate), the underwriting commission regarding such Hong Kong Offer Shares shall be reallocated to the International Underwriters (in such proportion as the Joint Global Coordinators in their sole discretion consider appropriate).

Our Company expects to pay the International Underwriters a gross underwriting commission equal to 3.25% of the Offer Price for each International Offer Share (including any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, each International Offer Share reallocated to the Hong Kong Public Offering and each Share to be issued pursuant to the Over-allotment Option, if any). Our Company may also in our sole and absolute discretion pay one or more of the International Underwriters an additional discretionary incentive fee of up to 1.25% of the Offer Price for each of the International Offer Shares.

Assuming the Over-allotment Option is not exercised, the aggregate commissions and fees, together with Hong Kong Stock Exchange listing fees, SFC transaction levy, FRC transaction levy and Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering, which are currently estimated to amount in aggregate to approximately HK\$53.1 million (assuming an Offer Price of HK\$13.35 per Offer Share, being the mid-point of the indicative Offer Price range stated in this prospectus), are payable and borne by our Company, save for such fees and expenses relating to the sale of the Sale Shares by the Selling Shareholder which will be borne by the Selling Shareholder.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. For further details, please refer to the section headed “Statutory and general information – E. Other information – 6. The Sole Sponsor and the Sole Sponsor’s fees” in Appendix IV to this prospectus.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities,

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derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "The Structure of the Global Offering." Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

UNDERWRITING

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to adjustment and the Over-allotment Option):

- (a) the Hong Kong Public Offering of 4,353,200 New Shares (subject to adjustment as mentioned below) for subscription by the public in Hong Kong as described in “– The Hong Kong Public Offering” below; and
- (b) the International Offering of 39,176,800 Shares (comprising 19,646,800 New Shares and 19,530,000 Sale Shares, and subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S under the U.S. Securities Act as described in “– The International Offering” below.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 25.0% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the total Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option as set out in “– The International Offering – Over-allotment Option” below.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in “– The Hong Kong Public Offering – Reallocation” below.

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 4,353,200 New Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of the Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 2.5% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

STRUCTURE OF THE GLOBAL OFFERING

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in “– Conditions of the Global Offering” below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than the others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purpose only, the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any adjustment in the number of the Offer Shares allocated between the Hong Kong Public Offering and the International Offering) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy, FRC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, SFC transaction levy, FRC transaction levy and the Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Hong Kong Offer Shares from either pool A or pool B and not from both pools.

Multiple or suspected multiple applications and any application for more than 2,176,600 Hong Kong Offer Shares (being 50% of the 4,353,200 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation

Paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEX-GL91-18 issued by the Stock Exchange require a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if the Offer Shares under the International Offering are fully subscribed or oversubscribed and certain prescribed total demand levels in the Hong Kong Public Offering are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 13,059,200 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 17,412,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 21,765,200 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators in their sole discretion consider appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. If the Hong Kong Offer Shares are not fully subscribed, the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such amount as the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) deem appropriate.

STRUCTURE OF THE GLOBAL OFFERING

In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering in accordance with Guidance Letter HKEX-GL91-18. In particular, in the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, provided that the Offer Price would be set at HK\$12.85 (low-end of the indicative Offer Price range), up to 4,352,800 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 8,706,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$13.85 per Offer Share in addition to the brokerage, SFC transaction levy, FRC transaction levy and the Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "– Pricing and Allocation" below, is less than the maximum price of HK\$13.85 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, FRC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in "How to Apply for Hong Kong Offer Shares."

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

The International Offering will consist of an initial offering of 39,176,800 Shares (comprising 19,646,800 New Shares and 19,530,000 Sale Shares), representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering, subject to reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and the Over-allotment Option. The number of the Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 22.5% of the total number of Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised).

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The International Offering will include selective marketing of the Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “– Pricing and Allocation” and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the Listing. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the International Underwriters) may require any investor who has been offered the Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of the Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of the Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in “– The Hong Kong Public Offering – Reallocation,” the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Over-allotment Option

Our Company expects to grant to the International Underwriters, exercisable in whole or in part by the Joint Global Coordinators at their sole and absolute discretion (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue, up to an aggregate of 6,529,400 Shares, representing no more than 15.0% of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the total number of Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

STRUCTURE OF THE GLOBAL OFFERING

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to reduce and, if possible, prevent any decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date, to the extent permitted by applicable laws of Hong Kong or elsewhere. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if taken, (a) will be conducted at the absolute discretion of the Stabilisation Manager (or any person acting for it) and in what the Stabilisation Manager reasonably regards as the best interest of the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, or any person acting for it, will maintain such a long position;

STRUCTURE OF THE GLOBAL OFFERING

- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of the Shares in connection with the Global Offering, the Joint Global Coordinators, their affiliates or any person acting for it may cover such over-allocation by, amongst other methods, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, or through the stock borrowing arrangement mentioned below or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. The number of Shares which can be over-allocated will not exceed the number of the Shares which may be allotted and/or issued pursuant to the exercise in full of the Over-allotment Option, being 6,529,400 Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it) may choose to borrow up to 6,529,400 Shares (being the maximum number of Shares which may be sold pursuant to the exercise of the Over-allotment Option and representing 15% of the number of Offer Shares initially available under the Global Offering) from Xinyun Inc., pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilizing Manager (or its affiliates or any person acting for it) and Xinyun Inc. on or about the Price Determination Date. If the Stock Borrowing Agreement with Xinyun Inc. is entered

STRUCTURE OF THE GLOBAL OFFERING

into, the borrowing of Shares will only be effected by the Stabilizing Manager (or its affiliates or any person acting for it) for the settlement of over-allocations in the International Offering and such borrowing arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Shares so borrowed must be returned to Xinyun Inc. on the third business day following the earlier of (a) the last day the Over-allotment Option may be exercised and (b) the day on which the Over-allotment Option is exercised in full, or such earlier time as may be agreed in writing between the Stabilizing Manager and Xinyun Inc. The Shares borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Xinyun Inc. by the Stabilizing Manager (or its affiliates or any person acting for it) in relation to such Shares borrowing arrangement.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Friday, June 24, 2022 and in any event no later than Saturday, June 25, 2022, by agreement among the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company (for ourselves and on behalf of the Selling Shareholder). The number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$13.85 per Offer Share and is expected to be not less than HK\$12.85 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK\$13.85 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%, amounting to a total of HK\$2,797.91 for one board lot of 200 Shares.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholder) by Saturday, June 25, 2022, the Global Offering will not proceed and will lapse.

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The International Underwriters will be soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

Reduction in Offer Price range and/or number of Offer Shares

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process in respect of the International Offering, and with our Company’s consent (for ourselves and on behalf of the Selling Shareholder), reduce the number of Offer Shares offered and/or the Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company (for ourselves and on behalf of the Selling Shareholder), reduce the number of Offer Shares offered and/or the Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of the Company and the Stock Exchange at <https://www.ti-net.com.cn> and www.hkexnews.hk, respectively, an announcement, or a supplemental prospectus, in connection with such reduction. Upon the issue of such an announcement or supplemental prospectus, the revised number of Offer Shares and/or the indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Company (for ourselves and on behalf of the Selling Shareholder), will be fixed within such revised Offer Price range. Such announcement or supplemental prospectus will also include confirmation or revision, as appropriate, of the working capital statement, the use of proceeds and the Global Offering statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. If the number of Offer Shares and/or the indicative Offer Price range is so reduced, applicant(s) who have already submitted an application may or may not (depending on the information contained in the announcement or supplemental prospectus) be notified that they are required to confirm their applications. All applicant(s) who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement or supplemental prospectus and all unconfirmed applications will not be valid. In the absence of any such announcement or supplemental prospectus published in relation to the reduction in the Offer Price, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by our Company (for ourselves and on behalf of the Selling Shareholder) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company (for ourselves and on behalf of the Selling Shareholder), will under no circumstances be set outside the Offer Price range as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received, and all unconfirmed applications will not be valid.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Wednesday, June 29, 2022 on the website of our Company (<https://www.ti-net.com.cn>) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other things, agreement on the Offer Price between our Company (for ourselves and on behalf of the Selling Shareholder) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters).

We expect that our Company, the Selling Shareholder, and the Controlling Shareholders and the International Underwriters will enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed “Underwriting.”

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

STRUCTURE OF THE GLOBAL OFFERING

- (b) the Offer Price having been agreed between our Company (for ourselves and on behalf of the Selling Shareholder) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters);
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective Underwriting Agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company (for ourselves and on behalf of the Selling Shareholder) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Saturday, June 25, 2022, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering on the website of our Company (<https://www.ti-net.com.cn>) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). In such eventuality, all application monies will be returned, without interest, on the terms set forth “How to Apply for Hong Kong Offer Shares – 14. Dispatch/Collection of Share Certificates and Refund Monies.” In the meantime, all application monies will be held in a separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

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APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) and as mentioned in this prospectus.

No part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

DEALING IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, June 30, 2022, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Thursday, June 30, 2022.

The Shares will be traded on the Main Board of the Hong Kong Stock Exchange in board lots of 200 Shares each. The stock code of the Shares will be 02167.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS:

FULLY ELECTRONIC APPLICATION PROCESS

The Company has adopted a fully electronic application process for the Hong Kong Public Offering. The Company will not provide any printed copies of this prospectus or any printed copies of any application forms for use by the public.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at <https://www.ti-net.com.cn>. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

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

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

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

If you have any question about the application online via the **HK eIPO White Form** Service for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 on the following dates:

Tuesday, June 21, 2022 – 9:00 a.m. to 9:00 p.m.
Wednesday, June 22, 2022 – 9:00 a.m. to 9:00 p.m.
Thursday, June 23, 2022 – 9:00 a.m. to 9:00 p.m.
Friday, June 24, 2022 – 9:00 a.m. to 12:00 noon

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

To apply for Hong Kong Offer Shares, you may:

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

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretions.

2. WHO CAN APPLY

You can apply for the Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address; and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are a firm, the application must be in the individual members' names.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of any Shares in the Company and/or any of its subsidiaries;
- are a Director or chief executive officer of the Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above;
- are a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **HK eIPO White Form** service, you must provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals, please contact them for the items required for the application.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus, you:

- (i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Cayman Companies Act, Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Memorandum and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus, and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, the Hong Kong Branch Share Registrar, receiving banks, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in the paragraph headed “– 15. Dispatch/Collection of Share Certificates and Refund Monies – Personal Collection” in this section to collect the Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider; and (b) you have due authority to give electronic application instructions on behalf of that other person as their agent.

5. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	(HK\$)		(HK\$)		(HK\$)		(HK\$)
200	2,797.91	4,000	55,958.35	60,000	839,375.24	800,000	11,191,669.78
400	5,595.84	5,000	69,947.93	70,000	979,271.11	900,000	12,590,628.51
600	8,393.75	6,000	83,937.52	80,000	1,119,166.98	1,000,000	13,989,587.23
800	11,191.67	7,000	97,927.12	90,000	1,259,062.86	1,500,000	20,984,380.84
1,000	13,989.58	8,000	111,916.70	100,000	1,398,958.73	2,000,000	27,979,174.45
1,200	16,787.50	9,000	125,906.29	200,000	2,797,917.45	2,176,600*	30,449,735.56
1,400	19,585.42	10,000	139,895.88	300,000	4,196,876.17		
1,600	22,383.34	20,000	279,791.75	400,000	5,595,834.89		
1,800	25,181.26	30,000	419,687.62	500,000	6,994,793.62		
2,000	27,979.18	40,000	559,583.49	600,000	8,393,752.34		
3,000	41,968.76	50,000	699,479.37	700,000	9,792,711.06		

* Maximum number of Hong Kong Offer Shares that you may apply for.

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

6. APPLYING THROUGH THE HK eIPO WHITE FORM SERVICE

General

Investors who meet the criteria in “– 2. Who Can Apply” may apply through the **HK eIPO White Form** service for the Hong Kong Offer Shares to be allotted and registered in their own names through the **IPO App** or the designated website at www.hkeipo.hk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Detailed instructions for application through the **HK eIPO White Form** service are in the **IPO App** or on the designated website at www.hkeipo.hk. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the **IPO App** or the designated website at www.hkeipo.hk, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application to the **HK eIPO White Form** Service Provider through the **IPO App** or the designated website at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, June 21, 2022 until 11:30 a.m. on Friday, June 24, 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, June 24, 2022 or such later time under “– 11. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists.”

If you have any questions on how to apply through the **HK eIPO White Form** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the Hong Kong Branch Share Registrar at +852 3907 7333 which is available from 9:00 a.m. to 9:00 p.m. on Tuesday, June 21, 2022, Wednesday, June 22, 2022 and Thursday, June 23, 2022 and from 9:00 a.m. to 12:00 noon on Friday, June 24, 2022.

No Multiple Applications

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

The Hong Kong Branch Share Registrar would record all applications into its system and identify suspected multiple applications with identical names, identification document numbers and reference numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

HOW TO APPLY FOR HONG KONG OFFER SHARES

With regard to the announcement of results of allocations under the section headed “Results of Applications Made by Giving Electronic Application Instructions to HKSCC via CCASS,” the list of identification document number(s) may not a complete list of successful applicants, only successful applicants whose identification document numbers are provided by CCASS Participants are disclosed. Applicants who applied for the Offer Shares through their brokers can consult their brokers to enquire about their application results.

Since applications are subject to personal information collection statements, beneficial owner identification codes displayed are redacted. Applicants with beneficial names only but not identification document numbers are not disclosed due to personal privacy issue.

If you are a nominee, in the box marked “For nominees” you must include an account number or some other identification code for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner when you fill in the application details. If you do not include this information, the application will be treated as being made for your benefit.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

7. APPLYING THROUGH THE CCASS EIPO SERVICE

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and the Hong Kong Branch Share Registrar.

Applying through CCASS EIPO service

Where you have applied through the **CCASS EIPO** service (either indirectly through a **broker** or **custodian** or directly) and an application is made by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, have not indicated or will not indicate an interest for, any Offer Shares under the International Offering nor otherwise participate in the International Offering;
 - (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorized to give those instructions as their agent;
 - confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, the Hong Kong Branch Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisors and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Applying through the CCASS EIPO Service

By applying through the **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy, FRC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy, FRC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Inputting Electronic Application Instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Tuesday, June 21, 2022 – 9:00 a.m. to 8:30 p.m.
Wednesday, June 22, 2022 – 8:00 a.m. to 8:30 p.m.
Thursday, June 23, 2022 – 8:00 a.m. to 8:30 p.m.
Friday, June 24, 2022 – 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Tuesday, June 21, 2022 until 12:00 noon on Friday, June 24, 2022 (24 hours daily, except on Friday, June 24, 2022 the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Friday, June 24, 2022, the last application day or such later time as described in “– 11. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists.”

Note:

- (1) These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

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Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Branch Share Registrar, the receiving banks, the Joint Global Coordinators, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through the **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and its Hong Kong Branch Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or our agents and the Hong Kong Branch Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Branch Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of our Company or the Hong Kong Branch Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the Hong Kong Branch Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque, where applicable, verification of compliance with the terms and application procedures set out in this Prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Company's Shares including, where applicable, HKSCC Nominees;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- maintaining or updating our Company's Register of Members;
- verifying identities of the holders of the Company's Shares;
- establishing benefit entitlements of holders of the Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and our subsidiaries;
- compiling statistical information and profiles of the holder of the Company's Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Branch Share Registrar to discharge their obligations to holders of the Company's Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by the Company and the Hong Kong Branch Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and the Hong Kong Branch Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisers, receiving bankers and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Branch Share Registrar in connection with their respective business operation;
- the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Retention of personal data

Our Company and its Hong Kong Branch Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Branch Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Branch Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in the section headed "Corporate Information" in this Prospectus or as notified from time to time, for the attention of the secretary, or the Company's Hong Kong Branch Share Registrar for the attention of the privacy compliance officer.

8. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should go to HKSCC's Customer Service Center to complete an input request form for electronic application instructions before 12:00 noon on Friday, June 24, 2022.

HOW TO APPLY FOR HONG KONG OFFER SHARES

9. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS eIPO** service (directly or indirectly through your broker or custodian) or through the **HK eIPO White Form** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an electronic application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your behalf to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

“Unlisted company” means a company with no equity securities listed on the Hong Kong Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW TO APPLY FOR HONG KONG OFFER SHARES

10. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK\$13.85 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027%, FRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.005%. This means that for one board lot of 200 Hong Kong Offer Shares, you will pay HK\$2,797.91.

You must pay the maximum Offer Price, brokerage, SFC transaction levy, FRC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for the Hong Kong Offer Shares.

You may submit an application through the **HK eIPO White Form** service or the **CCASS EIPO** service in respect of a minimum of 200 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table in the section headed “– 5. Minimum Application Amount and Permitted Numbers,” or as otherwise specified in the **IPO App** or on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy, the FRC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy and the FRC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC and the FRC respectively).

See “Structure of the Global Offering – Pricing and Allocation” for further details on the Offer Price.

11. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a “black” rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, June 24, 2022. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings and/or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, June 24, 2022 or if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in “Expected Timetable,” an announcement will be made in such event.

HOW TO APPLY FOR HONG KONG OFFER SHARES

12. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, June 29, 2022 on the Company's website at www.ti-net.com.cn and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at www.ti-net.com.cn and the Hong Kong Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Wednesday, June 29, 2022;
- from "IPO Results" function in the **IPO App** or the designated results of allocations website at www.tricor.com.hk/ipo/result (or www.hkeipo.hk/IPOResult) with a "search by ID/Business Registration Number" function on a 24-hour basis from 8:00 a.m. on Wednesday, June 29, 2022 to 12:00 midnight on Tuesday, July 5, 2022;
- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, June 29, 2022 to Tuesday, July 5, 2022 (excluding Saturday, Sunday and public holidays).

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR HONG KONG OFFER SHARES

13. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By applying through the **CCASS EIPO** service or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or our agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Hong Kong Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions in the **IPO App** or on the designated website at www.hkeipo.hk;
- your payment is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

14. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$13.85 per Offer Share (excluding brokerage fee, SFC transaction levy, FRC transaction levy and the Hong Kong Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with “Structure of the Global Offering – Conditions of the Global Offering” or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage fee, SFC transaction levy, FRC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Any refund of your application monies will be made on or before Wednesday, June 29, 2022.

15. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to the arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Wednesday, June 29, 2022. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, June 30, 2022 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, June 29, 2022 or such other date as notified by the Company in the newspapers as the date of dispatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, June 29, 2022 by ordinary post at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) in your name (or, in the case of joint applications, the first-named applicant) by ordinary post at your own risk.

(ii) If you apply through the CCASS EIPO service

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, June 29, 2022, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in “– 12. Publication of Results” above on Wednesday, June 29, 2022. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, June 29, 2022 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's “An Operating Guide for Investor Participants” in effect from time to time) on Wednesday, June 29, 2022. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the

HOW TO APPLY FOR HONG KONG OFFER SHARES

credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy, FRC transaction levy and the Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, June 29, 2022.

16. ADMISSION OF THE SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TI CLOUD INC. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED**Introduction**

We report on the historical financial information of TI Cloud Inc. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-67, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2019, 2020 and 2021 (the “Relevant Periods”), and the consolidated statements of financial position of the Group as at 31 December 2019, 2020 and 2021 and the statement of financial position of the Company as at 31 December 2021 and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-3 to I-67 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 21 June 2022 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance

with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2019, 2020 and 2021 and the Company as at 31 December 2021 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Group in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Ernst & Young

Certified Public Accountants

Hong Kong

21 June 2022

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
	<i>Notes</i>			
REVENUE	5	334,813	353,744	401,897
Cost of sales		<u>(178,930)</u>	<u>(178,305)</u>	<u>(219,194)</u>
Gross profit		155,883	175,439	182,703
Other income and gains	5	8,845	14,062	8,287
Selling and distribution expenses		(44,163)	(50,360)	(71,335)
Administrative expenses		(16,151)	(18,776)	(42,977)
Research and development expenses		(37,066)	(38,523)	(53,840)
Impairment losses on financial assets		(812)	(1,883)	(3,423)
Other expenses and losses		(283)	(627)	(293)
Finance costs	7	<u>(757)</u>	<u>(677)</u>	<u>(636)</u>
PROFIT BEFORE TAX	6	65,496	78,655	18,486
Income tax expenses	10	<u>(6,351)</u>	<u>(8,488)</u>	<u>(668)</u>
PROFIT FOR THE YEAR		<u>59,145</u>	<u>70,167</u>	<u>17,818</u>
EARNINGS PER SHARE				
Basic and diluted (RMB)	12	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>59,145</u>	<u>70,167</u>	<u>17,818</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	519	108	–
Income tax effect	<u>(78)</u>	<u>(16)</u>	<u>–</u>
	441	92	–
Exchange differences on translation of the financial statements of the Company	<u>–</u>	<u>–</u>	<u>153</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>441</u>	<u>92</u>	<u>153</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>59,586</u></u>	<u><u>70,259</u></u>	<u><u>17,971</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	31 December 2019 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	<i>13</i>	4,484	3,139	3,611
Right-of-use assets	<i>14(a)</i>	12,717	12,305	7,781
Other intangible assets	<i>15</i>	2,816	2,778	2,971
Prepayments for property, plant and equipment		—	347	—
Equity investments designated at fair value through other comprehensive income	<i>16</i>	8,069	8,177	—
Deferred tax assets	<i>26</i>	—	184	707
Total non-current assets		<u>28,086</u>	<u>26,930</u>	<u>15,070</u>
CURRENT ASSETS				
Trade receivables	<i>17</i>	48,353	75,218	64,388
Contract assets	<i>18</i>	—	277	2,214
Prepayments, other receivables and other assets	<i>19</i>	6,247	6,916	12,695
Prepaid tax		3,476	—	2,286
Financial investments at fair value through profit or loss	<i>20</i>	155,808	151,237	31,227
Pledged deposits	<i>21</i>	—	—	21,293
Cash and cash equivalents	<i>21</i>	17,741	32,953	152,545
Total current assets		<u>231,625</u>	<u>266,601</u>	<u>286,648</u>
CURRENT LIABILITIES				
Trade payables	<i>22</i>	20,483	13,924	15,740
Contract liabilities	<i>23</i>	22,740	18,133	22,716
Other payables and accruals	<i>24</i>	15,550	19,646	22,862
Interest-bearing bank borrowings	<i>25</i>	—	—	10,520
Lease liabilities	<i>14(b)</i>	4,630	6,513	5,281
Tax payable		450	935	419
Total current liabilities		<u>63,853</u>	<u>59,151</u>	<u>77,538</u>
NET CURRENT ASSETS		<u>167,772</u>	<u>207,450</u>	<u>209,110</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>195,858</u>	<u>234,380</u>	<u>224,180</u>

	<i>Notes</i>	31 December 2019 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000
NON-CURRENT LIABILITIES				
Lease liabilities	14(b)	8,444	6,378	2,709
Deferred tax liabilities	26	18	–	–
Total non-current liabilities		<u>8,462</u>	<u>6,378</u>	<u>2,709</u>
Net assets		<u>187,396</u>	<u>228,002</u>	<u>221,471</u>
EQUITY				
Share capital	27	–	–	98
Reserves	29	<u>187,396</u>	<u>228,002</u>	<u>221,373</u>
Total equity		<u>187,396</u>	<u>228,002</u>	<u>221,471</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2019

				Fair value reserve of financial assets at fair value					
	Notes	Share capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	through other comprehensive income RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2019		-	91,161	-	1,318	17,342	-	36,539	146,360
Profit for the year		-	-	-	-	-	-	59,145	59,145
Other comprehensive income for the year:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		-	-	-	441	-	-	-	441
Total comprehensive income for the year		-	-	-	441	-	-	59,145	59,586
Equity-settled share-based payment arrangements	28	-	-	2,114	-	-	-	-	2,114
Vesting of share incentives as granted	28	-	2,114	(2,114)	-	-	-	-	-
Transfer from retained profits		-	-	-	-	5,905	-	(5,905)	-
Dividends of a subsidiary declared to the then shareholders	II	-	-	-	-	-	-	(20,664)	(20,664)
At 31 December 2019		-	93,275*	-*	1,759*	23,247*	-*	69,115*	187,396

Year ended 31 December 2020

				Fair value reserve of financial assets at fair value				
	Share capital	Capital reserve	Share-based payment reserve	through other comprehensive income	Reserve funds	Exchange fluctuation reserve	Retained profits	Total
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	-	93,275	-	1,759	23,247	-	69,115	187,396
Profit for the year	-	-	-	-	-	-	70,167	70,167
Other comprehensive income for the year:								
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	92	-	-	-	92
Total comprehensive income for the year	-	-	-	92	-	-	70,167	70,259
Equity-settled share-based payment arrangements	28	-	1,343	-	-	-	-	1,343
Vesting of share incentives as granted	28	-	(1,343)	-	-	-	-	-
Transfer from retained profits		-	-	-	3,885	-	(3,885)	-
Dividends of a subsidiary declared to the then shareholders	11	-	-	-	-	-	(30,996)	(30,996)
At 31 December 2020	-	94,618*	-*	1,851*	27,132*	-*	104,401*	228,002

Year ended 31 December 2021

				Fair value reserve of financial assets at fair value					
	Notes	Share capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	through other comprehensive income RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2021		-	94,618	-	1,851	27,132	-	104,401	228,002
Profit for the year		-	-	-	-	-	-	17,818	17,818
Other comprehensive income for the year:									
Exchange differences on translation of the financial statements of the Company		-	-	-	-	-	153	-	153
Total comprehensive income for the year		-	-	-	-	-	153	17,818	17,971
Issue of shares	27	98	-	-	-	-	-	-	98
Equity-settled share-based payment arrangements	28	-	-	1,230	-	-	-	-	1,230
Vesting of share incentives as granted	28	-	1,172	(1,172)	-	-	-	-	-
Disposal of equity investments designated at fair value through other comprehensive income, net of tax	16	-	-	-	(1,851)	-	-	1,851	-
Transfer from retained profits		-	-	-	-	192	-	(192)	-
Dividends of a subsidiary declared to the then shareholders	11	-	-	-	-	-	-	(25,830)	(25,830)
At 31 December 2021		98	95,790*	58*	-*	27,324*	153*	98,048*	221,471

* These reserve accounts comprise the consolidated reserves of RMB187,396,000, RMB228,002,000 and RMB221,373,000 in the consolidated statements of financial position as at 31 December 2019, 2020 and 2021, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		65,496	78,655	18,486
Adjustments for:				
Finance costs	7	757	677	636
Interest income	5	(667)	(159)	(819)
Investment income	5	(3,568)	(4,806)	(2,211)
Dividend income	5	(121)	–	–
Fair value gains on financial investments at fair value through profit or loss	5	(808)	(1,088)	(474)
Gain on disposal of equity investments designated at fair value through other comprehensive income	5	–	–	(81)
Loss/(gain) on disposal/write-off of property, plant and equipment	5, 6	–	49	(3)
Loss on disposal/write-off of other intangible assets	6	81	–	–
Depreciation of property, plant and equipment	6	3,142	2,100	1,810
Depreciation of right-of-use assets	6	4,554	5,303	6,171
Amortisation of other intangible assets	6	381	498	566
Impairment of financial assets	6	812	1,883	3,423
Write-off of prepayments	6	–	–	184
Equity-settled share-based payment expense	28	2,114	1,343	1,230
		72,173	84,455	28,918
Increase/(decrease) in trade receivables		(1,175)	(28,748)	7,804
Increase in contract assets		–	(277)	(2,257)
Increase in prepayments, other receivables and other assets		(2,288)	(669)	(5,942)
Increase/(decrease) in trade payables		336	(6,559)	1,816
Increase/(decrease) in contract liabilities		381	(4,607)	4,583
Increase in other payables and accruals		2,212	1,068	6,244
Effect of foreign exchange rate changes, net		–	–	138
Cash generated from operations		71,639	44,663	41,304
Interest paid		(757)	(677)	(636)
Corporate income tax paid		(15,360)	(4,745)	(3,993)
Net cash flows from operating activities		55,522	39,241	36,675

	<i>Notes</i>	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		667	159	526
Dividends received		121	–	–
Purchases of property, plant and equipment	13	(1,673)	(810)	(2,282)
Proceeds from disposal of property, plant and equipment		–	6	3
Decrease/(increase) in prepayments for property, plant and equipment		–	(347)	347
Purchases of other intangible assets	15	(454)	(460)	(759)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		–	–	8,258
Purchases of financial investments at fair value through profit or loss		(368,000)	(410,000)	(430,000)
Proceeds from disposal/maturity of financial investments at fair value through profit or loss		256,945	420,465	552,695
Net cash flows from/(used in) investing activities		<u>(112,394)</u>	<u>9,013</u>	<u>128,788</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in pledged time deposits for bank borrowings		–	–	(21,000)
New bank borrowings	30(b)	–	–	10,536
Principal portion of lease payments	30(b)	(4,039)	(5,074)	(6,548)
Dividends of a subsidiary paid to the then shareholders		(20,664)	(27,968)	(28,858)
Net cash flows used in financing activities		<u>(24,703)</u>	<u>(33,042)</u>	<u>(45,870)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(81,575)	15,212	119,593
Cash and cash equivalents at beginning of year		99,316	17,741	32,953
Effect of foreign exchange rate changes, net		–	–	(1)
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>17,741</u></u>	<u><u>32,953</u></u>	<u><u>152,545</u></u>

		Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
	<i>Notes</i>			
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	21	17,741	32,953	147,545
Non-pledged short term deposits with original maturity of less than three months when acquired	21	—	—	5,000
Cash and cash equivalents as stated in the statements of financial position and statements of cash flows		<u>17,741</u>	<u>32,953</u>	<u>152,545</u>

STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	31 December 2021 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	<i>1</i>	—
Total non-current assets		—
CURRENT ASSETS		
Prepayments, other receivables and other assets	<i>19</i>	2,479
Cash and cash equivalents	<i>21</i>	966
Total current assets		3,445
CURRENT LIABILITIES		
Other payables and accruals	<i>24</i>	6,510
Interest-bearing bank borrowings	<i>25</i>	10,520
Total current liabilities		17,030
NET CURRENT LIABILITIES		<u>(13,585)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(13,585)</u>
Total deficiency in assets		<u><u>(13,585)</u></u>
EQUITY		
Share capital	<i>27</i>	98
Reserves	<i>29</i>	(13,683)
Total equity		<u><u>(13,585)</u></u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 31 March 2021. The registered office of the Company is located at the offices of ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries registered in the People's Republic of China (the "PRC") were principally engaged in the provision of artificial intelligence-based cloud customer contact solution software and related services in Software as a Service ("SaaS") model and Virtual Private Cloud ("VPC") model.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus. Apart from the Reorganisation and preparation for the initial listing of the shares of the Company on the Main Board of the Stock Exchange, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
TI Cloud (HK) Limited <i>(note (a))</i>	Hong Kong 16 April 2021	HK\$1 [@]	100	–	Investment holding
TI Cloud (Beijing) Technology Co., Ltd. ("WFOE") (天潤雲(北京)科技 有限公司* <i>(note (b))</i>)	PRC/Mainland China 28 April 2021	USD50,000,000	–	100	Investment holding
Beijing T&I Net Communication Technology Co., Ltd.# ("T&I Net Communication") (北京天潤融通科技股份有限公司* <i>(note (c))</i>)	PRC/Mainland China 23 February 2006	RMB51,660,000	–	100	Sales of customer contact solution software and related services and products, provision of technology support services, and research and development of communication software
Beijing Xunchuan Rongtong Technology Co., Ltd. ("Xunchuan Rongtong Technology") (北京迅傳融通 科技有限公司* <i>(note (c))</i>)	PRC/Mainland China 22 October 2007	RMB10,000,000	–	100	Sales of customer contact solution software and related services and products, and provision of technology support services
Shanghai Tianrun Rongtong Information Technology Co., Ltd. ("Shanghai Tianrun Rongtong") (上海天潤融通 信息科技有限公* <i>(note (c))</i>)	PRC/Mainland China 21 November 2012	RMB10,000,000	–	100	Sales of customer contact solution software and related services and products, and provision of technology support services

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Xinfeng Information Technology Co., Ltd. ("Xinfeng Information Technology") (上海欣峰信息科技有限公司* (note (c)))	PRC/Mainland China 24 April 2012	RMB10,000,000	-	100	Sales of customer contact solution software and related services and products, and provision of technology support services
Nanjing Guanxun Information Technology Co., Ltd. ("Guanxun Information Technology") (南京冠迅信息科技有限公司* (note (c)))	PRC/Mainland China 26 April 2018	RMB10,000,000	-	100	Research and development of customer contact solution

[®] The Company's investment in a subsidiary, TI Cloud (HK) Limited, was carried at RMB1 (equivalent to HK\$1) at the Company's statement of financial position as at 31 December 2021.

[#] T&I Net Communication was the immediate holding company of Xunchuan Rongtong Technology, Shanghai Tianrun Rongtong, Xinfeng Information Technology and Guanxun Information Technology during the Relevant Periods.

^{*} The English names of these subsidiaries represent the best efforts made by the management of the Company to translate the Chinese names as they do not have an official English names registered in the PRC.

Notes:

- (a) No audited financial statements have been prepared for this entity for the years ended 31 December 2019 and 2020, as it was incorporated in 2021. The statutory financial statements of this entity for the period from its date of incorporation to 31 December 2021 prepared under Hong Kong Financial Reporting Standards were audited by Uniwin International CPA Limited registered in Hong Kong.
- (b) No audited financial statements have been prepared for this entity for the years ended 31 December 2019 and 2020, as it was registered in 2021. No audited financial statements have been prepared for this entity for the period from its date of registration to 31 December 2021, as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of registration.
- (c) No audited financial statements have been prepared for these entities for the years ended 31 December 2019, 2020 and 2021, as the entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of registration.

Contractual arrangements

Due to regulatory restrictions on foreign ownership in providing telecommunication services in the PRC, the Group's business was carried out by T&I Net Communication and its subsidiaries operating in Mainland China during the Relevant Periods. As part of the Reorganisation, on 12 May 2021, WFOE, T&I Net Communication and/or the shareholders of T&I Net Communication entered into a set of contractual arrangements which enable the Company to exercise effective control over T&I Net Communication and obtain substantially all economic benefits of T&I Net Communication. Accordingly, T&I Net Communication has since been effectively controlled by the Company based on the aforementioned contractual arrangements notwithstanding that the Company does not have any direct or indirect equity interest in T&I Net Communication. Details of the contractual arrangements are set out in the section headed "Contractual Arrangements" in the Prospectus.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus, the Company became the holding company of the companies now comprising the Group on 12 May 2021. As the Reorganisation mainly involved inserting new holding companies and has not resulted in any change of economic substance, the Historical Financial Information for the Relevant Periods has been presented as a continuation of the existing companies as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at 31 December 2019 and 2020 include the consolidated assets and liabilities of all companies now comprising the Group as if the current group structure had been in existence as of the respective dates. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the Reorganisation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRSs effective for the accounting period commencing from 1 January 2021, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods. The Group also adopted the Amendments to IFRS 16 *Covid-19-Related Rent Concessions* for rent concessions occurring as a direct consequence of the covid-19 pandemic during the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income and financial investments at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i> ¹
Amendments to IFRS 10 and IAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
IFRS 17	<i>Insurance Contracts</i> ²
Amendments to IFRS 17	<i>Insurance Contracts</i> ^{2, 4}
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ²
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ²
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ²
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ²
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> ¹
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> ¹
<i>Annual Improvements to IFRSs 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 ¹

1 Effective for annual periods beginning on or after 1 January 2022.

2 Effective for annual periods beginning on or after 1 January 2023.

3 No mandatory effective date yet determined but available for adoption.

4 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023.

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or

joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial information.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they

are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial information.

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have any significant impact on the Group's financial information.
- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments designated at fair value through other comprehensive income and financial investments at fair value through profit or loss at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 20%
Office equipment	19% to 33.33%
Electronics equipment	19% to 33.33%
Motor vehicles	19%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years, which are mainly determined by reference to the licensed period of the purchased software.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1.5 to 5 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair

value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IFRS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach under certain circumstances as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Rendering of services

Revenue from SaaS solutions is measured on a transactional basis and is recognised over time, using an output method to measure the value to the customer of the services rendered to date, with no rights of return once consumed, because the customer simultaneously receives and consumes the benefits provided by the Group. In particular, revenue on usage-based service contracts with a specified rate but an unspecified quantity is recognised utilising the right to invoice practical expedient resulting in revenue being recognised in the amount for which the Group has the right to invoice as service is rendered. The Group's revenue from SaaS services are billed to customers mostly on a monthly basis.

The Group's VPC solutions included customisation services and provision of software licences. Revenue from customisation services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue from customisation services based on the basis of the actual labour hours expended relative to the total expected hours to complete the services. Revenue from software licence fees is recognised at the point in time because the Group provides the customer with a right to use the Group's licence as it exists at the point in time that it is granted. The Group recognises revenue from software licence fees upon acceptance of software by customers.

Revenue from other miscellaneous services is recognised over time, using an output method to measure customers' usages of services, because the customer simultaneously receives and consumes the benefits provided by the Group.

(b) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Group has a share award arrangement and a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) and other eligible participants of the Group receive remuneration in the form of share-based payments, whereby employees and other eligible participants render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a discounted cash flow valuation model, further details of which are given in note 28 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee or other qualifying person as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee or other qualifying person are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Pension scheme

The Group's employees in Mainland China are required to participate in central pension schemes operated by local municipal governments. These entities are required to contribute certain percentages of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The functional currency and presentation currency of the Company are Hong Kong dollar ("HK\$") and RMB, respectively.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Group's entities not operating in Mainland China are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into the RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of an entity not operating in Mainland China, the component of other comprehensive income relating to that particular entity is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of an entity not operating in Mainland China and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of that particular entity and translated at the closing rate.

For the purpose of the consolidated statements of cash flows, the cash flows of the Group's entities not operating in Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of such entities which arise throughout a particular year are translated into RMB at the weighted average exchange rates for that particular year.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Research and development costs

Development expenses incurred on the Group's products and services are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Relevant Periods, all expenses incurred for research and development activities were expensed when incurred.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the ageing for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of each of the Relevant Periods, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 17 and 18 to the Historical Financial Information, respectively.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The Group had no deferred tax assets relating to recognised tax losses at 31 December 2019, 2020 and 2021. The amount of unrecognised tax losses at 31 December 2019, 2020 and 2021 were RMB6,374,000, RMB6,378,000 and RMB4,619,000, respectively. Further details of the Group's unrecognised tax losses at the end of each of the Relevant Periods are contained in note 26 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision of artificial intelligence-based customer contact solution software and related services in SaaS model and VPC model. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information***(a) Revenue from external customers***

All of the Group's revenue derived from customers were located in Mainland China during the Relevant Periods.

(b) Non-current assets

All of the Group's non-current assets were located in Mainland China as at the end of each of the Relevant Periods.

Information about major customers

During the Relevant Periods, there was no customer individually accounted for more than 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
SaaS solutions	325,328	341,197	370,738
VPC solutions	708	5,927	21,298
Other services and product sales	8,777	6,620	9,861
	<u>334,813</u>	<u>353,744</u>	<u>401,897</u>

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
Transfer over time:			
SaaS solutions	325,328	341,197	370,738
VPC solutions	–	448	14,396
Other services and product sales	8,360	6,456	5,892
	<u>333,688</u>	<u>348,101</u>	<u>391,026</u>
Transfer at a point in time:			
VPC solutions	708	5,479	6,902
Other services and product sales	417	164	3,969
	<u>1,125</u>	<u>5,643</u>	<u>10,871</u>
	<u>334,813</u>	<u>353,744</u>	<u>401,897</u>

The following table shows the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of the respective period:

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
SaaS solutions	21,961	21,691	17,152
VPC solutions	–	332	504
Other services and product sales	398	717	477
	<u>22,359</u>	<u>22,740</u>	<u>18,133</u>

Information about the Group's performance obligations is summarised below:

SaaS solutions

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the billing date, except for small-sized customers where payment in advance is normally required.

VPC solutions

The performance obligation of customisation services is satisfied over time as services are rendered and payment is generally due within 30 days from the date of acceptance. The performance obligation of providing software licences is satisfied at a point in time, i.e., upon acceptance of software by customers, and payment is generally due within 30 days from the date of acceptance. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Other services and product sales

The performance obligation of other services is satisfied over time as services are rendered and payment is generally due within 90 days from the billing date. The performance obligation of product sales is satisfied upon delivery of the products and payment is generally due within 30 days from delivery, except for small-sized customers where payment in advance is normally required.

With respect to the ongoing contracts with customers available as of the end of each of the Relevant Periods that are expected to be recognised as revenue, they are further analysed into:

	31 December 2019	31 December 2020	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts of contracts with customers in respect of VPC solutions expected to be recognised as revenue within one year attributable to the remaining unsatisfied or partially satisfied performance obligations	1,379	6,612	6,567
Amounts of contracts with customers in respect of SaaS solutions, other services and product sales expected to be recognised as revenue within one year	22,408	17,629	22,434
	<u>23,787</u>	<u>24,241</u>	<u>29,001</u>

An analysis of the Group's other income and gains is as follows:

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
<u>Other income</u>			
Bank interest income	667	159	819
Investment income from financial investments at fair value through profit or loss	3,568	4,806	2,211
Dividend income from equity investments at fair value through other comprehensive income	121	–	–
Government grant*	3,613	7,986	4,689
Others	68	23	10
	<u>8,037</u>	<u>12,974</u>	<u>7,729</u>
<u>Gains</u>			
Fair value gains on financial investments at fair value through profit or loss	808	1,088	474
Gain on disposal of equity investments designated at fair value through other comprehensive income	–	–	81
Gain on disposal of property, plant and equipment	–	–	3
	<u>808</u>	<u>1,088</u>	<u>558</u>
	<u><u>8,845</u></u>	<u><u>14,062</u></u>	<u><u>8,287</u></u>

* Various government grants during the Relevant Periods were mainly attributable to the Group's development in software industry and contributions to the district where the Group's primary business operates, as well as additional value-added tax deductibles. There are no unfulfilled conditions or contingencies relating to these government grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
Cost of services provided		178,612	178,125	216,535
Cost of products sold		318	180	2,659
Depreciation of property, plant and equipment*	<i>13</i>	3,142	2,100	1,810
Depreciation of right-of-use assets*	<i>14(a)</i>	4,554	5,303	6,171
Amortisation of other intangible assets	<i>15</i>	381	498	566
Lease payments not included in the measurement of lease liabilities*	<i>14(c)</i>	1,499	1,416	1,650
Auditor's remuneration		–	–	–
Listing expenses		–	–	19,528
Employee benefit expense (excluding directors' and chief executive's remuneration (<i>note 8</i>))*:				
Wages and salaries		58,660	79,269	106,098
Equity-settled share-based payment expense		2,114	1,343	1,230 [#]
Pension scheme contributions (defined contribution scheme)**		4,875	494	10,181
		<u>65,649</u>	<u>81,106</u>	<u>117,509</u>
Impairment of financial assets:				
Impairment of trade receivables	<i>17</i>	666	1,883	3,026
Impairment of contract assets	<i>18</i>	–	–	320
Impairment of financial assets included in prepayments, other receivables and other assets	<i>19</i>	146	–	77
		<u>812</u>	<u>1,883</u>	<u>3,423</u>
Loss on disposal/write-off of property, plant and equipment***		–	49	–
Loss on disposal/write-off of other intangible assets***		81	–	–
Donations***		–	552	–
Penalties and late fees***		202	26	54
Foreign exchange differences, net***		–	–	55
Write-off of prepayments***		–	–	184
		<u>–</u>	<u>–</u>	<u>184</u>

* The amounts of the following expenses are included in the cost of services provided:

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
Depreciation of property, plant and equipment	–	367	344
Depreciation of right-of-use assets	1,775	1,738	1,850
Lease payments not included in the measurement of lease liabilities	949	1,346	1,608
Employee benefit expense	436	2,680	6,752
	<u> </u>	<u> </u>	<u> </u>

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** These items are included in “Other expenses and losses” in the consolidated statements of profit or loss.

Included in the amount is an equity-settled share-based payment expense of RMB410,000 attributable to a participant to the share award arrangement who later became an employee of the Group.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
Interest on lease liabilities	757	677	538
Interest on bank borrowings	–	–	98
	<u> </u>	<u> </u>	<u> </u>
	<u>757</u>	<u>677</u>	<u>636</u>

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

On 31 March 2021, the date of incorporation of the Company, Mr. WU Qiang (“Mr. Wu”) was appointed as a director of the Company; and on 20 May 2021, Mr. PAN Wei (“Mr. Pan”), Mr. LI Jin (“Mr. Li”) and Mr. AN Jingbo (“Mr. An”) were appointed as directors of the Company. On 26 May 2021, Mr. Wu, Mr. Pan, Mr. Li and Mr. An were re-designated as executive directors of the Company. As approved by the Board of Directors of the Company on 26 May 2021, Mr. LI Zhiyong, Mr. FU Haobo and Mr. WANG Sheng were appointed as independent non-executive directors (“INEDs”) of the Company with effect from the date of the listing of the Company. On 3 September 2021, as approved by the Board of Directors, the appointment of Mr. FU Haobo and Mr. WANG Sheng as INEDs was repealed, and Mr. LI Pengtao and Ms. WENG Yang were appointed as INEDs of the Company with effect from the date of the listing of the Company.

Certain directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is summarised below:

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
Fees	144	144	144
Other emoluments:			
Salaries, allowances and benefits in kind	2,000	1,938	1,987
Performance related bonuses	2,212	599	–
Pension scheme contributions	200	16	212
	<u>4,412</u>	<u>2,553</u>	<u>2,199</u>
	<u>4,556</u>	<u>2,697</u>	<u>2,343</u>

(a) **Independent non-executive directors**

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
Mr. WANG Sheng	72	72	72
Mr. FU Haobo	72	72	72
Mr. LI Zhiyong	–	–	–
Mr. LI Pengtao	–	–	–
Ms. WENG Yang	–	–	–
	<u>144</u>	<u>144</u>	<u>144</u>

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) **Executive directors and the chief executive**

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Equity-Settled share-based payment expense <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Year ended 31 December 2019						
Mr. Wu*	–	500	558	–	50	1,108
Mr. Pan	–	500	558	–	50	1,108
Mr. Li	–	500	558	–	50	1,108
Mr. An	–	500	538	–	50	1,088
	<u>–</u>	<u>2,000</u>	<u>2,212</u>	<u>–</u>	<u>200</u>	<u>4,412</u>

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Equity-Settled share-based payment expense <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Year ended 31 December 2020						
Mr. Wu*	–	482	144	–	4	630
Mr. Pan	–	482	144	–	4	630
Mr. Li	–	482	144	–	4	630
Mr. An	–	492	167	–	4	663
	–	1,938	599	–	16	2,553
Year ended 31 December 2021						
Mr. Wu*	–	504	–	–	53	557
Mr. Pan	–	475	–	–	53	528
Mr. Li	–	504	–	–	53	557
Mr. An	–	504	–	–	53	557
	–	1,987	–	–	212	2,199

* Mr. Wu is also the chief executive of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

Included in the five highest paid employees during the years ended 31 December 2019, 2020 and 2021 were three, nil and nil directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two, five and five highest paid employees who are neither a director nor chief executive of the Company for the years ended 31 December 2019, 2020 and 2021, respectively, are as follows:

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
Salaries, allowances and benefits in kind	855	3,588	3,141
Performance related bonuses	1,439	1,388	848
Equity-settled share-based payment expense	625	67	686
Pension scheme contributions	82	19	205
	3,001	5,062	4,880

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees		
	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
Nil to HK\$1,000,000	–	1	3
HK\$1,000,001 to HK\$1,500,000	1	3	1
HK\$1,500,001 to HK\$2,000,000	–	1	–
HK\$2,000,001 to HK\$2,500,000	1	–	1
	2	5	5
	2	5	5

During the Relevant Periods, certain non-director and non-chief executive highest paid employees were granted effective equity interest of T&I Net Communication in respect of their services to the Group, under the share award arrangement of the Group, further details of which are set out in note 28 to the Historical Financial Information. The fair value of such effective equity interest, which has been recognised in the statement of profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Pursuant to the relevant rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Hong Kong

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods. The Hong Kong profits tax rate during the Relevant Periods was 16.5%.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% on the taxable income. During the Relevant Periods, T&I Net Communication was entitled to a preferential tax rate of 15% because it was accredited as a "High and New Technology Enterprise". In addition, the Group's other subsidiaries operating in Mainland China were entitled to preferential tax rates of 5%, 5% and 2.5% of the taxable income within RMB1,000,000, and 10%, 10% and 10% of the taxable income between RMB1,000,000 and RMB3,000,000, for the years ended 31 December 2019, 2020 and 2021, respectively, because they were regarded as "small-scaled minimal profit enterprises", one of the criteria of which is with annual taxable income no more than RMB3,000,000 during the corresponding period.

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
Current tax charged for the year	6,522	8,706	865
Deferred tax credited for the year (<i>note 26</i>)	(171)	(218)	(197)
	<u>6,351</u>	<u>8,488</u>	<u>668</u>

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries/jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
Profit/(loss) before tax			
Cayman Islands	–	–	(13,858)
Hong Kong	–	–	–
Mainland China	65,496	78,655	32,344
	<u>65,496</u>	<u>78,655</u>	<u>18,486</u>
Tax at the statutory tax rate			
Cayman Islands	–	–	–
Hong Kong	–	–	–
Mainland China	16,374	19,664	8,086
	<u>16,374</u>	<u>19,664</u>	<u>8,086</u>
Lower tax rates enacted by relevant authorities	(6,743)	(7,761)	(3,503)
Income not subject to tax	(18)	–	–
Expenses not deductible for tax	445	302	1,594
Additional deductible allowance for research and development expenses	(3,652)	(3,773)	(5,500)
Tax losses utilised from previous periods	(17)	–	(9)
Tax losses not recognised	–	56	–
Temporary differences not recognised	(38)	–	–
Tax charge at the Group's effective rate	<u>6,351</u>	<u>8,488</u>	<u>668</u>

11. DIVIDENDS

The Group's dividends during the Relevant Periods were declared by T&I Net Communication to its shareholders prior to the completion of the Reorganisation, details of which are as follows:

Per ordinary share	Number of Ordinary shares	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
2018 final – RMB0.4	51,660,000	20,664	–	–
2020 interim – RMB0.6	51,660,000	–	30,996	–
2021 interim – RMB0.5	51,660,000	–	–	25,830
		<u>20,664</u>	<u>30,996</u>	<u>25,830</u>

12. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purposes of this report, is not considered meaningful due to the Reorganisation and the presentation of the results of the Group for the Relevant Periods on the basis as disclosed in note 2.1 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Electronics equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2019					
At 1 January 2019:					
Cost	584	405	17,259	1,057	19,305
Accumulated depreciation and impairment	(21)	(211)	(12,369)	(751)	(13,352)
Net carrying amount	<u>563</u>	<u>194</u>	<u>4,890</u>	<u>306</u>	<u>5,953</u>
At 1 January 2019, net of accumulated depreciation and impairment					
	563	194	4,890	306	5,953
Additions	388	261	1,024	–	1,673
Depreciation provided during the year	(322)	(108)	(2,567)	(145)	(3,142)
At 31 December 2019, net of accumulated depreciation and impairment	<u>629</u>	<u>347</u>	<u>3,347</u>	<u>161</u>	<u>4,484</u>
At 31 December 2019:					
Cost	972	666	18,272	1,057	20,967
Accumulated depreciation and impairment	(343)	(319)	(14,925)	(896)	(16,483)
Net carrying amount	<u>629</u>	<u>347</u>	<u>3,347</u>	<u>161</u>	<u>4,484</u>

	Leasehold improvements <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Electronics equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2020					
At 1 January 2020:					
Cost	972	666	18,272	1,057	20,967
Accumulated depreciation and impairment	(343)	(319)	(14,925)	(896)	(16,483)
Net carrying amount	<u>629</u>	<u>347</u>	<u>3,347</u>	<u>161</u>	<u>4,484</u>
At 1 January 2020, net of accumulated depreciation and impairment					
	629	347	3,347	161	4,484
Additions	124	31	655	–	810
Disposals/write-off	–	–	(55)	–	(55)
Depreciation provided during the year	(160)	(134)	(1,744)	(62)	(2,100)
At 31 December 2020, net of accumulated depreciation and impairment	<u>593</u>	<u>244</u>	<u>2,203</u>	<u>99</u>	<u>3,139</u>
At 31 December 2020:					
Cost	1,096	697	17,707	1,057	20,557
Accumulated depreciation and impairment	(503)	(453)	(15,504)	(958)	(17,418)
Net carrying amount	<u>593</u>	<u>244</u>	<u>2,203</u>	<u>99</u>	<u>3,139</u>
31 December 2021					
At 1 January 2021:					
Cost	1,096	697	17,707	1,057	20,557
Accumulated depreciation and impairment	(503)	(453)	(15,504)	(958)	(17,418)
Net carrying amount	<u>593</u>	<u>244</u>	<u>2,203</u>	<u>99</u>	<u>3,139</u>
At 1 January 2021, net of accumulated depreciation and impairment					
	593	244	2,203	99	3,139
Additions	40	–	2,242	–	2,282
Depreciation provided during the year	(246)	(135)	(1,382)	(47)	(1,810)
At 31 December 2021, net of accumulated depreciation and impairment	<u>387</u>	<u>109</u>	<u>3,063</u>	<u>52</u>	<u>3,611</u>
At 31 December 2021:					
Cost	1,136	697	19,949	1,057	22,839
Accumulated depreciation and impairment	(749)	(588)	(16,886)	(1,005)	(19,228)
Net carrying amount	<u>387</u>	<u>109</u>	<u>3,063</u>	<u>52</u>	<u>3,611</u>

14. LEASES

Group as a lessee

The Group has certain lease contracts for buildings for its office and server use. Leases of buildings generally have lease terms between one month and five years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets*

The carrying amounts of right-of-use assets for buildings and the movements during the Relevant Periods are as follows:

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
Carrying amount at beginning of year	15,146	12,717	12,305
Additions	2,125	4,891	1,647
Depreciation charge	(4,554)	(5,303)	(6,171)
	<u>12,717</u>	<u>12,305</u>	<u>7,781</u>

(b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
Carrying amount at beginning of year	14,988	13,074	12,891
New leases	2,125	4,891	1,647
Accretion of interest recognised during the year	757	677	538
Payments	(4,796)	(5,751)	(7,086)
	<u>13,074</u>	<u>12,891</u>	<u>7,990</u>
Analysed into:			
Current portion			
– repayable within one year	<u>4,630</u>	<u>6,513</u>	<u>5,281</u>
Non-current portion			
– repayable in the second year	4,165	4,272	2,582
– repayable in the third to fifth year, inclusive	<u>4,279</u>	<u>2,106</u>	<u>127</u>
	<u>8,444</u>	<u>6,378</u>	<u>2,709</u>

The maturity analysis of lease liabilities is disclosed in note 35 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
Interest on lease liabilities	757	677	538
Depreciation charge of right-of-use assets	4,554	5,303	6,171
Expense relating to short-term leases	1,499	1,416	1,650
	<u>6,810</u>	<u>7,396</u>	<u>8,359</u>
Total amount recognised in profit or loss	<u>6,810</u>	<u>7,396</u>	<u>8,359</u>

(d) The total cash outflow for leases is disclosed in note 30(c) to the Historical Financial Information.

15. OTHER INTANGIBLE ASSETS

Software

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
At beginning of year:			
Cost	3,548	3,786	4,246
Accumulated amortisation and impairment	(724)	(970)	(1,468)
Net carrying amount	<u>2,824</u>	<u>2,816</u>	<u>2,778</u>
At beginning of year, net of accumulated amortisation and impairment	2,824	2,816	2,778
Additions	454	460	759
Disposals/write-off	(81)	–	–
Amortisation provided during the year	(381)	(498)	(566)
At end of year, net of accumulated amortisation and impairment	<u>2,816</u>	<u>2,778</u>	<u>2,971</u>
At end of year:			
Cost	3,786	4,246	5,005
Accumulated amortisation and impairment	(970)	(1,468)	(2,034)
Net carrying amount	<u>2,816</u>	<u>2,778</u>	<u>2,971</u>

16. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2019	31 December 2020	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted equity investment:			
Neunit Communication Technology (Beijing) Co., Ltd.* (新聯協同通信技術(北京)有限公司)	8,069	8,177	–

* The English name represents the best efforts made by the management of the Company to translate the Chinese name

The investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

On 24 March 2021, the Group sold its entire 8.9985% equity interest in Neunit Communication Technology (Beijing) Co., Ltd. at a cash consideration of approximately RMB8,258,000 as this investment no longer coincided with the Group's investment strategy. The corresponding disposal gain was RMB81,000 and the accumulated gain recognised in other comprehensive income of RMB1,851,000 was transferred to retained profits.

17. TRADE RECEIVABLES

	31 December 2019	31 December 2020	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	50,560	79,308	69,381
Impairment	(2,207)	(4,090)	(4,993)
	<u>48,353</u>	<u>75,218</u>	<u>64,388</u>

The Group's trading terms with its customers are mainly on credit, except for small-sized customers, where payment in advance is normally required. The credit period is generally 30 days to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are settled in accordance with the terms of the respective contracts. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the billing date and net of loss allowance, is as follows:

	31 December 2019	31 December 2020	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	40,089	58,842	49,353
4 to 12 months	7,325	14,921	13,955
1 to 2 years	939	1,455	1,080
	<u>48,353</u>	<u>75,218</u>	<u>64,388</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
At beginning of year	1,541	2,207	4,090
Impairment losses (<i>note 6</i>)	666	1,883	3,026
Amount written off as uncollectible	–	–	(2,123)
	<u>2,207</u>	<u>4,090</u>	<u>4,993</u>

The increase in the loss allowance during the years ended 31 December 2019 and 2020 was mainly due to the increase in the loss allowance of RMB642,000 and RMB1,191,000, respectively, as a result of an increase in the gross amount of trade receivables aged over one year.

The increase in the loss allowance during the year ended 31 December 2021 was mainly due to the increase in the loss allowance of RMB1,508,000 as a result of a specific provision made against an aggregate gross amount of trade receivables within the same industry.

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on the specifically identifiable circumstances attributable to individual customers and ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

	Ageing			Total
	Within 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	1.69%	57.68%	100.00%	4.37%
Gross carrying amount (RMB'000)	48,231	2,219	110	50,560
Expected credit losses (RMB'000)	<u>817</u>	<u>1,280</u>	<u>110</u>	<u>2,207</u>

As at 31 December 2020

	Ageing			Total
	Within 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	2.00%	53.50%	100.00%	5.16%
Gross carrying amount (RMB'000)	75,272	3,129	907	79,308
Expected credit losses (RMB'000)	<u>1,509</u>	<u>1,674</u>	<u>907</u>	<u>4,090</u>

As at 31 December 2021

	Ageing			Total
	Within 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	3.40%	64.82%	100.00%	7.20%
Gross carrying amount (RMB'000)	65,534	3,070	777	69,381
Expected credit losses (RMB'000)	2,226	1,990	777	4,993

18. CONTRACT ASSETS

	31 December 2019 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000
Contract assets arising from services relating to VPC solutions	–	277	2,534
Impairment	–	–	(320)
	–	277	2,214

Contract assets are initially recognised for revenue earned from services relating to VPC solutions as the receipt of consideration is conditional on successful completion of the projects. Upon completion of services rendered and acceptance by the customers, the amounts recognised as contract assets are reclassified to trade receivables.

The increase in contract assets for the year ended 31 December 2020 and 2021 was the result of the increase in the ongoing services relating to VPC solutions at 31 December 2020 and 2021, respectively.

The expected timing of recovery or settlement for contract assets as at end of each of the Relevant Periods is as follows:

	31 December 2019 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000
Within one year	–	277	2,214

The movements in the loss allowance for impairment of contract assets are as follows:

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
At beginning of year	–	–	–
Impairment losses (<i>note 6</i>)	–	–	320
At end of year	–	–	320

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on the specifically identifiable circumstances attributable to individual customers and ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	31 December 2019	31 December 2020	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expected credit loss rate	0.00%	0.00%	12.63%
Gross carrying amount (RMB'000)	–	277	2,534
Expected credit losses (RMB'000)	–	–	320

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	31 December 2019	The Group 31 December 2020	31 December 2021	The Company 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	2,338	4,572	9,408	2,381
Deposits	2,938	2,712	3,122	–
Other receivables	733	151	538	98
Prepaid other tax	918	161	384	–
	6,927	7,596	13,452	2,479
Impairment	(680)	(680)	(757)	–
	6,247	6,916	12,695	2,479

The Group applies an expected credit loss model to evaluate the credit losses for financial assets included in prepayments, other receivables and other assets. The Group's movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	31 December 2019	31 December 2020	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	534	680	680
Impairment losses (<i>note 6</i>)	146	–	77
At end of year	680	680	757

The increase in the loss allowance for the years ended 31 December 2019 and 2021 was due to the increase in the gross carrying amount of other receivables and deposits aged over two years.

20. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2019 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>
Wealth management products	30,394	30,107	–
Structured deposits	60,265	100,378	–
Trust plans	40,000	–	–
Funds	25,149	20,752	31,227
	<u>155,808</u>	<u>151,237</u>	<u>31,227</u>

The Group's wealth management products and structured deposits were issued by commercial banks operating in Mainland China, and the Group's trust plans and funds were issued by licensed trust management companies and licensed fund management companies operating in Mainland China, respectively. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December 2019 <i>RMB'000</i>	The Group 31 December 2020 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>	The Company 31 December 2021 <i>RMB'000</i>
Cash and bank balances	17,741	32,953	147,545	966
Short term deposits	–	–	5,000	–
Time deposits	–	–	21,293	–
	<u>17,741</u>	<u>32,953</u>	<u>173,838</u>	<u>966</u>
Less: Pledged time deposits for bank borrowings	–	–	(21,293)	–
	<u>17,741</u>	<u>32,953</u>	<u>152,545</u>	<u>966</u>

At the end of each of the Relevant Periods, all of the Group's cash and bank balances, short term deposits and pledged time deposits were denominated in RMB, except for the Company's cash and bank balances amounting to RMB930,000 and RMB36,000 at 31 December 2021 which were denominated in the United States dollar ("USD") and HK\$, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are available for withdrawals with seven-day notices in advance depending on the immediate cash requirements of the Group, and earn interest at the short term deposit rates. The bank balances, short term deposits and pledged time deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the billing date, is as follows:

	31 December 2019	31 December 2020	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	19,789	12,106	15,048
4 to 12 months	637	1,818	460
1 to 2 years	57	–	232
	<u>20,483</u>	<u>13,924</u>	<u>15,740</u>

The trade payables are non-interest-bearing and are normally settled on ninety-day terms.

23. CONTRACT LIABILITIES

An analysis of contract liabilities arising from short-term advances received from customers is as follows:

	1 January 2019	31 December 2019	31 December 2020	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
SaaS solutions	21,961	21,691	17,152	21,757
VPC solutions	–	332	504	282
Other services and product sales	398	717	477	677
	<u>22,359</u>	<u>22,740</u>	<u>18,133</u>	<u>22,716</u>

The increase in contract liabilities for the year ended 31 December 2019 was mainly due to the increase in short-term advances received from customers in relation to VPC solutions and other services and product sales at the end of the year. The decrease in contract liabilities for the year ended 31 December 2020 was mainly due to the decrease in short-term advances received from customers in relation to SaaS solutions and other services and product sales at the end of the year. The increase in contract liabilities for the year ended 31 December 2021 was mainly due to the increase in short-term advances received from customers in relation to SaaS solutions and other services and product sales at the end of the year.

24. OTHER PAYABLES AND ACCRUALS

	31 December 2019	The Group 31 December 2020	31 December 2021	The Company 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payroll and welfare payables	12,089	12,646	12,500	–
Other tax payables	2,221	6,160	3,254	–
Other payables	1,240	840	7,108	6,510
	<u>15,550</u>	<u>19,646</u>	<u>22,862</u>	<u>6,510</u>

Other payables are non-interest-bearing and have an average term within one year.

25. INTEREST-BEARING BANK BORROWINGS

	31 December 2019 <i>RMB'000</i>	The Group 31 December 2020 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>	The Company 31 December 2021 <i>RMB'000</i>
Bank borrowings, secured	–	–	10,520	10,520

The Company's loan facility amounting to USD3,000,000 (equivalent to RMB19,127,000), of which USD1,650,000 (equivalent to RMB10,520,000) had been utilised as at 31 December 2021, is repayable within one year. It is interest-bearing at a rate of 3-month LIBOR plus 1.2% per annum and is, through the use of guarantee and standby letter of credit arranged by a bank, secured by one of its subsidiaries' bank deposits of RMB21,000,000.

26. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the Relevant Periods are as follows:

	Fair value adjustments of equity investments at fair value through other comprehensive income <i>RMB'000</i>	Fair value adjustments of financial investments at fair value through profit or loss <i>RMB'000</i>	Impairment of financial assets <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2019	(232)	(57)	178	(111)
Deferred tax credited/(charged) to:				
profit or loss (<i>note 10</i>)	–	(64)	235	171
other comprehensive income	(78)	–	–	(78)
At 31 December 2019 and 1 January 2020	(310)	(121)	413	(18)
Deferred tax credited/(charged) to:				
profit or loss (<i>note 10</i>)	–	(65)	283	218
other comprehensive income	(16)	–	–	(16)
At 31 December 2020 and 1 January 2021	(326)	(186)	696	184
Deferred tax credited to profit or loss (<i>note 10</i>)	–	2	195	197
Disposal of equity investments designated at fair value through other comprehensive income	326	–	–	326
At 31 December 2021	–	(184)	891	707

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2019	31 December 2020	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tax losses	6,374	6,378	4,619
Deductible temporary differences	129	131	131
	<u>6,503</u>	<u>6,509</u>	<u>4,750</u>

Tax losses arising in Mainland China will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At the end of each of the Relevant Periods, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled RMB79,653,000, RMB115,984,000 and RMB121,398,000 as at 31 December 2019, 2020 and 2021, respectively. These temporary differences are subject to the CIT rate of 25% upon their transfers to the WFOE via the contractual arrangements.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. SHARE CAPITAL

	31 December 2019	31 December 2020	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Issued and fully paid	<u>–</u>	<u>–</u>	<u>98</u>

The Company was incorporated in the Cayman Islands on 31 March 2021 with an authorised share capital of USD50,000 divided into 500,000,000 ordinary shares with a par value of USD0.0001 each; therefore, the Company's share capital was nil during the years ended 31 December 2019 and 2020.

At the date of incorporation, on 31 March 2021, the Company allotted and issued 123,450,000 ordinary shares at USD0.0001 each for an aggregate cash consideration of USD12,345 (equivalent to approximately RMB81,000), credited as fully paid, to entities owned by the directors, which were also the then beneficial shareholders, of T&I Net Communication as well as to a shareholder of T&I Net Communication in proportion to their relative effective equity interest in T&I Net Communication. On 19 May 2021, the Company allotted and issued 26,550,000 ordinary shares at USD0.0001 each for an aggregate consideration of USD2,655 (equivalent to approximately RMB17,000), credited as fully paid, to TI YUN Limited, details of which are set out in note 28 to the Historical Financial Information. Upon completion of the above share allotments, the effective equity interest of the Company, as represented by the number of ordinary shares of the Company, held by individual shareholders is identical to or no more than the effective equity interest of T&I Net Communication held by the respective shareholder prior to the commencement of the Reorganisation, and the Company effectively exchanged all of the ordinary shares held by each of the shareholders of T&I Net Communication into the ordinary shares of the Company.

28. SHARE-BASED PAYMENTS

The Group had a share award arrangement and a share incentive plan during the Relevant Periods, both of which aim at providing incentives to the Company's directors and the Group's employees and other eligible participants and optimising the remuneration structure of the Group.

Share award arrangement

In recognition of the contributions of T&I Net Communication's directors and other employees and eligible participants of the Group, the shareholders of T&I Net Communication operated a share award arrangement through Beijing Yunhao Investment Centre (Limited Partnership) ("Beijing Yunhao"), Beijing Yunjing Industrial Investment Centre (Limited Partnership) ("Beijing Yunjing") and Beijing Yunyu Consulting Management Centre (Limited Partnership) ("Beijing Yunyu") which were established in the PRC in May 2015, May 2015 and November 2020, respectively, and held direct equity interest in T&I Net Communication. According to the share award arrangement, the general partner of Beijing Yunhao, Beijing Yunjing and Beijing Yunyu is an entity wholly-owned by a director of T&I Net Communication and the limited partners comprised T&I Net Communication's directors and certain other employees and eligible participants of the Group (or their designated nominees). As part of the share award arrangement, T&I Net Communication's directors also acquired effective equity interest in T&I Net Communication from Beijing Tianchuang Chuangrun Investment Centre (Limited Partnership) ("Beijing Tianchuang Chuangrun"), which is controlled by a shareholder of the Company.

For the years ended 31 December 2019, 2020 and 2021, the participants of the share award arrangement altogether acquired from Beijing Yunhao, Beijing Yunjing, Beijing Yunyu and/or Beijing Tianchuang Chuangrun the effective equity interest of approximately 0.58%, 0.39% and 1.90% in T&I Net Communication at RMB851,000, RMB800,000 and RMB9,434,000, respectively. The Group has estimated the fair value of share award by using a discounted cash flow valuation model based on the forecasted operating cash flows attributable to T&I Net Communication and its subsidiaries, discount rates of 11.4%, 11.5% and 12.6%, and zero perpetual growth rate for the years ended 31 December 2019, 2020 and 2021, respectively. The fair values of share award granted to the participants were RMB2,965,000, RMB2,143,000 and RMB10,606,000 for the years ended 31 December 2019, 2020 and 2021, respectively, and the corresponding share-based payment expenses were RMB2,114,000, RMB1,343,000 and RMB1,172,000, after deducting the amount of the cash consideration paid/payable by the participants.

Share incentive plan

The Company operates a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations through the grant of restricted shares or restricted share units of the Company. Eligible participants of the share incentive plan include any directors, supervisors, full-time executives, officers, managers, or employees of the Group or any of its subsidiaries, or any advisor or consultant in which the chief executive officer of the Company considers has contributed or will contribute to the Group. The Company's share incentive plan became effective on 13 May 2021 and, unless otherwise terminated, will remain in force for 10 years from that date.

The maximum number of ordinary shares underlying the share incentive plan is 26,550,000 ordinary shares of the Company, which is held by TI YUN Limited, a company incorporated in the British Virgin Islands and established as a nominee to hold in trust for the ordinary shares of the Company underlying the share incentive plan. Any further issue of new ordinary shares of the Company in excess of this limit is subject to shareholders' approval.

The offer for the grant of restricted shares and restricted share units of the Company may be accepted for a period stated in the offer document. While the restricted shares are vested as granted, the restricted share units are vested according to a vesting schedule as set out in the respective offer for the grant. The restricted share purchase price and the consideration for the restricted share unit are determined by the chief executive officer of the Company.

On 13 May 2021, all the share award granted prior to the adoption of the share incentive plan were transferred to the share incentive plan as 22,459,299 restricted shares of the Company. As all the share award granted prior to the adoption of the share incentive plan were fully vested on their respective grant dates, there was no impact on the Group's profit or loss arising from their transfer to the share incentive plan as restricted shares of the Company. According to the offer for the grant, all the restricted shares are to be released and converted into the ordinary shares of the Company in three equal tranches on the 6-month, 18-month and 30-month anniversaries of the listing date of the Company, respectively. During the year ended 31 December 2021, there were cancellations of 58,080 restricted shares of the Company.

On the same date, as approved by the Board of Directors of the Company, certain employees of the Group were granted 501,080 restricted share units of the Company. All the restricted share units are to be vested, released and converted into the ordinary shares of the Company in three equal tranches on the 6-month, 18-month and 30-month anniversaries of the listing date of the Company (except for one employee whose restricted share units are subject to five-equal tranches on the 6-month, 18-month, 30-month, 42-month and 54-month anniversaries of the listing date of the Company), respectively. During the year ended 31 December 2021, there were cancellations of 10,000 restricted share units of the Company.

The Group has estimated the fair value of the aforementioned restricted share units to be RMB1,826,000 by using a discounted cash flow valuation model based on the forecasted operating cash flows attributable to T&I Net Communication and its subsidiaries, a discount rate of 12.6%, and zero perpetual growth rate. The corresponding share-based payment expense for the year ended 31 December 2021 and the unamortised portion as at 31 December 2021 were RMB58,000 and RMB93,000, respectively, after deducting the amount of the cash consideration of RMB1,675,000 paid/payable by the participants.

Subsequent to the end of the Relevant Periods, there were cancellations of 204,201 restricted shares and 50,000 restricted share units of the Company. At the date of approval of the Historical Financial Information, the Company had 22,197,018 restricted shares and 441,080 restricted share units outstanding, which represented 14.8% and 0.3%, respectively, of the Company's shares in issue at that date.

29. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve

Capital reserve represents the capital and capital reserve amounts of T&I Net Communication.

(b) Share-based payment reserve

Share-based payment reserve represents the fair value of the awarded equity interest of T&I Net Communication and restricted share units of the Company granted to the Group's employees, as further explained in the accounting policy for share-based payment in note 2.4 to the Historical Financial Information. They will be transferred to the capital reserve upon the vesting of the awarded equity interest of T&I Net Communication and restricted share units of the Company.

The Company

	Exchange fluctuation reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At date of incorporation at 31 March 2021	–	–	–
Loss for the period	–	(13,858)	(13,858)
Exchange differences on translation of the financial statements of the Company	175	–	175
	<u>175</u>	<u>–</u>	<u>175</u>
Total comprehensive loss for the period	175	(13,858)	(13,683)
	<u>175</u>	<u>(13,858)</u>	<u>(13,683)</u>
At 31 December 2021	<u>175</u>	<u>(13,858)</u>	<u>(13,683)</u>

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2019, 2020 and 2021, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,125,000, RMB4,891,000 and RMB1,647,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

Lease liabilities

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
At beginning of year	14,988	13,074	12,891
Changes from financing cash flows	(4,039)	(5,074)	(6,548)
New leases	2,125	4,891	1,647
Interest expenses	757	677	538
Interest paid classified as operating cash flows	(757)	(677)	(538)
	<u>13,074</u>	<u>12,891</u>	<u>7,990</u>

Interest-bearing bank borrowings

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
At beginning of year	–	–	–
Changes from financing cash flows	–	–	10,536
Effect of foreign exchange rate changes, net	–	–	(16)
	<u>–</u>	<u>–</u>	<u>10,520</u>

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
Within operating activities	2,256	2,093	2,188
Within financing activities	4,039	5,074	6,548
	<u>6,295</u>	<u>7,167</u>	<u>8,736</u>

31. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	31 December 2019 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>
Contracted, but not provided for:			
Electronics equipment	8	154	–

32. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	Year ended 31 December 2019 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i>	Year ended 31 December 2021 <i>RMB'000</i>
Short term employee benefits	4,356	2,681	2,553
Post-employment benefits	200	16	254
	<u>4,556</u>	<u>2,697</u>	<u>2,807</u>

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group*Financial assets*

As at 31 December 2019

	Financial assets at fair value through profit or loss – mandatorily designated as such <i>RMB'000</i>	Financial assets at fair value through other comprehensive income – equity investments <i>RMB'000</i>	Financial assets at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income	–	8,069	–	8,069
Trade receivables	–	–	48,353	48,353
Financial assets included in prepayments, other receivables and other assets	–	–	2,991	2,991
Financial investments at fair value through profit or loss	155,808	–	–	155,808
Cash and cash equivalents	–	–	17,741	17,741
	<u>155,808</u>	<u>8,069</u>	<u>69,085</u>	<u>232,962</u>

As at 31 December 2020

	Financial assets at fair value through profit or loss – mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income – equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	–	8,177	–	8,177
Trade receivables	–	–	75,218	75,218
Financial assets included in prepayments, other receivables and other assets	–	–	2,183	2,183
Financial investments at fair value through profit or loss	151,237	–	–	151,237
Cash and cash equivalents	–	–	32,953	32,953
	<u>151,237</u>	<u>8,177</u>	<u>110,354</u>	<u>269,768</u>

As at 31 December 2021

	Financial assets at fair value through profit or loss – mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income – equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	–	64,388	64,388
Financial assets included in prepayments, other receivables and other assets	–	–	2,903	2,903
Financial investments at fair value through profit or loss	31,227	–	–	31,227
Pledged deposits	–	–	21,293	21,293
Cash and cash equivalents	–	–	152,545	152,545
	<u>31,227</u>	<u>–</u>	<u>241,129</u>	<u>272,356</u>

Financial liabilities

	Financial liabilities at amortised cost		
	31 December	31 December	31 December
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	20,483	13,924	15,740
Financial liabilities included in other payables and accruals	1,240	840	7,108
Interest-bearing bank borrowings	–	–	10,520
Lease liabilities	13,074	12,891	7,990
	<u>34,797</u>	<u>27,655</u>	<u>41,358</u>

The Company*Financial assets*

	Financial assets at amortised cost	
	31 December	
	2021	
	<i>RMB'000</i>	
Financial assets included in prepayments, other receivables and other assets	98	
Cash and cash equivalents	966	
	<u>1,064</u>	

Financial liabilities

	Financial liabilities at amortised cost	
	31 December	
	2021	
	<i>RMB'000</i>	
Financial liabilities included in other payables and accruals	6,510	
Interest-bearing bank borrowings	10,520	
	<u>17,030</u>	

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial assets – carrying amounts

	31 December 2019 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income	8,069	8,177	–
Financial investments at fair value through profit or loss	155,808	151,237	31,227
	<u>163,877</u>	<u>159,414</u>	<u>31,227</u>

Financial assets – fair values

	31 December 2019 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income	8,069	8,177	–
Financial investments at fair value through profit or loss	155,808	151,237	31,227
	<u>163,877</u>	<u>159,414</u>	<u>31,227</u>

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's senior management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the senior management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry and listing status, and to calculate an appropriate price multiple, such as price to sales ("P/S") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

The Group also invests in other unlisted investments, comprising wealth management products, structured deposits, trust plans and funds. The Group has estimated the fair value of certain wealth management products, structured deposits and trust plans by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks, and the fair value of certain wealth management products and funds based on their respective unadjusted quoted prices in active markets.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2019 and 2020:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	<u>31 December</u> 2019: 1.3	<u>31 December</u> 2019: 5.0% increase/decrease in multiple would result in increase/decrease in fair value by RMB403,000
			2020: 1.3	2020: 5.0% increase/decrease in multiple would result in increase/decrease in fair value by RMB409,000
		Discount for lack of marketability	<u>31 December</u> 2019: 32%	<u>31 December</u> 2019: 5.0% increase/decrease in discount would result in decrease/increase in fair value by RMB589,000
			2020: 15%	2020: 5.0% increase/decrease in discount would result in decrease/increase in fair value by RMB483,000

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 31 December 2019

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	–	–	8,069	8,069
Financial investments at fair value through profit or loss	45,543	110,265	–	155,808
	<u>45,543</u>	<u>110,265</u>	<u>8,069</u>	<u>163,877</u>

As at 31 December 2020

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	–	–	8,177	8,177
Financial investments at fair value through profit or loss	20,752	130,485	–	151,237
	<u>20,752</u>	<u>130,485</u>	<u>8,177</u>	<u>159,414</u>

As at 31 December 2021

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	–	–	–	–
Financial investments at fair value through profit or loss	31,227	–	–	31,227
	<u>31,227</u>	<u>–</u>	<u>–</u>	<u>31,227</u>

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

Equity investments designated at fair value through other comprehensive income

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000
At beginning of year	7,550	8,069	8,177
Total gains recognised in other comprehensive income	519	108	–
Disposal	–	–	(8,117)
At end of year	<u>8,069</u>	<u>8,177</u>	<u>–</u>

The Group did not have any financial liabilities measured at fair value as at the end of each of the Relevant Periods.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates primarily to the Group's bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity (excluding retained profits):

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
As at 31 December 2019			
USD	100	–	–
USD	(100)	–	–
As at 31 December 2020			
USD	100	–	–
USD	(100)	–	–
As at 31 December 2021			
USD	100	(105)	–
USD	(100)	105	–

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from expenses incurred by the Company in currencies other than the Company's functional currency, i.e., HK\$. In addition, the Group has currency exposures from its interest-bearing bank borrowings.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in fair values of monetary assets and liabilities) and the Group's equity (excluding retained profits):

	Increase/ (decrease) in the USD exchange rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
As at 31 December 2019			
If HK\$ weakens against USD	(1)	–	–
If HK\$ strengthens against USD	1	–	–

	Increase/ (decrease) in the USD exchange rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
As at 31 December 2020			
If HK\$ weakens against USD	(1)	–	–
If HK\$ strengthens against USD	1	–	–
As at 31 December 2021			
If HK\$ weakens against USD	(1)	(143)	–
If HK\$ strengthens against USD	1	143	–

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2019

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Stage 3 RMB'000		
Trade receivables*	–	–	–	–	50,560	50,560
Financial assets included in prepayments, other receivables and other assets						
– Normal**	2,991	–	–	–	–	2,991
– Doubtful**	–	–	680	–	–	680
Cash and cash equivalents	17,741	–	–	–	–	17,741
	<u>20,732</u>	<u>–</u>	<u>680</u>	<u>–</u>	<u>50,560</u>	<u>71,972</u>

As at 31 December 2020

	12-month ECLs		Lifetime ECLs		Simplified approach	Total
	Stage 1	Stage 2	Stage 3			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	79,308	79,308	79,308
Contract assets*	–	–	–	277	277	277
Financial assets included in prepayments, other receivables and other assets						
– Normal**	2,183	–	–	–	–	2,183
– Doubtful**	–	–	680	–	–	680
Cash and cash equivalents	32,953	–	–	–	–	32,953
	<u>35,136</u>	<u>–</u>	<u>680</u>	<u>79,585</u>	<u>–</u>	<u>115,401</u>

As at 31 December 2021

	12-month ECLs		Lifetime ECLs		Simplified approach	Total
	Stage 1	Stage 2	Stage 3			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	69,381	69,381	69,381
Contract assets*	–	–	–	2,534	2,534	2,534
Financial assets included in prepayments, other receivables and other assets						
– Normal**	2,903	–	–	–	–	2,903
– Doubtful**	–	–	757	–	–	757
Pledged deposits	21,293	–	–	–	–	21,293
Cash and cash equivalents	152,545	–	–	–	–	152,545
	<u>176,741</u>	<u>–</u>	<u>757</u>	<u>71,915</u>	<u>–</u>	<u>249,413</u>

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 17 and 18 to the Historical Financial Information, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables and contract assets are disclosed in notes 17 and 18 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group’s trade receivables are widely dispersed in different sectors and industries.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2019

	On demand or less than one year RMB'000	One to five years RMB'000	Total RMB'000
Trade payables	20,483	–	20,483
Financial liabilities included in other payables and accruals	1,240	–	1,240
Lease liabilities	4,959	10,296	15,255
	<u>26,682</u>	<u>10,296</u>	<u>36,978</u>

As at 31 December 2020

	On demand or less than one year RMB'000	One to five years RMB'000	Total RMB'000
Trade payables	13,924	–	13,924
Financial liabilities included in other payables and accruals	840	–	840
Lease liabilities	6,683	8,077	14,760
	<u>21,447</u>	<u>8,077</u>	<u>29,524</u>

As at 31 December 2021

	On demand or less than one year RMB'000	One to five years RMB'000	Total RMB'000
Trade payables	15,508	232	15,740
Financial liabilities included in other payables and accruals	7,108	–	7,108
Interest-bearing bank borrowings	10,605	–	10,605
Lease liabilities	5,436	3,508	8,944
	<u>38,657</u>	<u>3,740</u>	<u>42,397</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and lease liabilities, less cash and cash equivalents. Capital includes equity. At the end of each of the Relevant Periods, the gearing ratios are as follows:

	31 December 2019	31 December 2020	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	20,483	13,924	15,740
Financial liabilities included in other payables and accruals	1,240	840	7,108
Interest-bearing bank borrowings	–	–	10,520
Lease liabilities	13,074	12,891	7,990
Less: cash and cash equivalents	<u>17,741</u>	<u>32,953</u>	<u>152,545</u>
Net debt	<u>17,056</u>	<u>(5,298)</u>	<u>(111,187)</u>
Equity	<u>187,396</u>	<u>228,002</u>	<u>221,471</u>
Capital and net debt	<u><u>204,452</u></u>	<u><u>222,704</u></u>	<u><u>110,284</u></u>
Gearing ratio*	<u>8%</u>	<u>N/A</u>	<u>N/A</u>

* As at 31 December 2020 and 2021, the Group's cash and cash equivalents exceeded aggregated amounts of trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, and lease liabilities. As such, no gearing ratio was presented.

36. EVENTS AFTER THE RELEVANT PERIODS

Other than the cancellations of 204,201 restricted shares and 50,000 restricted share units as disclosed in note 28 to the Historical Financial Information, there are no significant events subsequent to the end of the Relevant Periods.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2021.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group as at 31 December 2021 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at 31 December 2021 or at any future date.

	Audited consolidated net tangible assets as at 31 December 2021 RMB'000 (Note 1)	Estimated net proceeds from the Global Offering RMB'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets RMB'000 (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets per Share RMB (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets per Share HK\$ (Note 4)
Based on an Offer Price of HK\$12.85 per Share	218,500	238,398	456,898	2.63	3.07
Based on an Offer Price of HK\$13.85 per Share	218,500	258,250	476,750	2.74	3.20

Notes:

- (1) The consolidated net tangible assets as at 31 December 2021 is arrived at after deducting other intangible assets of RMB2,971,000 from the audited net assets of RMB221,471,000 as at 31 December 2021, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on estimated low end and high end offer prices of HK\$12.85 or HK\$13.85 per Share after deduction of the underwriting fees and other related expenses to be incurred by the Group and do not take into account any share which may be sold and offered upon exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 174,000,000 Shares are in issue assuming the Global Offering has been completed on 31 December 2021, excluding any share which may be sold and offered upon exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB0.8558 to HK\$1.00.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2021.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****To the Directors of TI Cloud Inc.**

We have completed our assurance engagement to report on the compilation of pro forma financial information of TI Cloud Inc. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 December 2021, and related notes as set out on page II-1 of the prospectus dated 21 June 2022 issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Part A of Appendix II to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as at 31 December 2021 as if the transaction had taken place at 31 December 2021. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the period ended 31 December 2021, on which an accountants’ report has been published.

Directors’ responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young*Certified Public Accountants*

Hong Kong

21 June 2022

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of the Cayman Companies Act.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on March 31, 2021 under the Cayman Companies Act. The Company's constitutional documents consist of its Memorandum and Articles of Association.

1. MEMORANDUM OF ASSOCIATION

- 1.1 The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- 1.2 By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on June 16, 2022 and will become effective on the Listing Date. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of shares

The share capital of the Company consists of ordinary shares.

(b) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied, modified or abrogated with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate general meeting, provided that the necessary quorum shall be two persons together holding (or,

in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy at least one-third of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(c) *Alteration of capital*

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of a larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(d) *Transfer of shares*

Subject to the Cayman Companies Act and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House (as defined in the Articles) or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders. The Board may also decline to recognise any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed in accordance with the terms equivalent to the relevant section of the Companies Ordinance at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(f) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(g) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20 per cent per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

2.2 Directors

(a) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting or the Articles. Any Director so appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. Every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The Company shall include the particulars of such proposed person for election as a Director in its announcement or supplementary circular, and shall give the shareholders at least seven days to consider the relevant information disclosed in such announcement or supplementary circular prior to the date of the meeting of the election.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the members of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the retirement by rotation provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (i) resigns;
- (ii) dies;
- (iii) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) he is prohibited from being or ceases to be a director by operation of law;
- (vi) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (viii) is removed from office by no less than three-fourths in number of the Directors pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(b) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Act, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, doing so is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Act to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(d) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Act, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, *pro rata*. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(f) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(g) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(h) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution. This prohibition shall not apply to any of the following matters:

- (i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under the Cayman Islands laws and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

2.5 Meetings of members

(a) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the voting rights held by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Cayman Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An ordinary resolution, by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(b) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the

Company, provided that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (i) at least two members;
- (ii) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iii) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, it may appoint proxies or authorise such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision, if permitted by the Listing Rules, shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to speak and vote individually on a show of hands or on a poll.

All Shareholders of the Company (including a Shareholder which is a Clearing House (or its nominee(s))) shall have the right to (a) speak at a general meeting and (b) vote at a general meeting except where a Shareholder is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by

or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted. No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

(c) Annual general meetings

The Company must hold an annual general meeting in each financial year. Such meeting must be held within six months after the end of the Company's financial year.

(d) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Act and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, if permitted by the Rules, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95 per cent of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(e) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

Subject to paragraph 2.1 (b) of this section, the provisions of special resolutions and ordinary resolutions in the Articles shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of Shares.

(f) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A corporation which is a member may execute a form of proxy under the hand of a duly authorised officer. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member present in person at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(g) *Members' requisition for meetings*

One or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

2.6 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Act (which include all sales and purchases of goods by the Company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory, the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules

of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The members shall appoint auditor(s) to hold office by an ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members in general meeting by an ordinary resolution of the members or by the Board if authority is so delegated by the members. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (b) all dividends shall be apportioned and paid *pro rata* in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (c) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

- (ii) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 per cent per annum, as the Board may decide. A payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.8 Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the terms equivalent to the relevant section of the Hong Kong Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

2.9 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarised in paragraph 3.6 of this Appendix.

2.10 Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (a) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and
- (b) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.11 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN COMPANIES ACT

The Company was incorporated in the Cayman Islands as an exempted company on 31 March 2021 subject to the Cayman Companies Act. Certain provisions of the Cayman Companies Act are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Act and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share capital

Under the Cayman Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) any manner provided in section 37 of the Cayman Companies Act;

- (d) writing-off the preliminary expenses of the company; and
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2017 Revision) of the Cayman Islands.

3.15 Register of directors and officers

Pursuant to the Cayman Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and, where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75 per cent in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated, the dissenting member would have no rights comparable to the appraisal rights (that is, the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.18 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.19 Indemnification

The Cayman Islands laws do not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.20 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2020 Revision), which became effective on 1 January 2019, together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. The Company is required to comply with the economic substance requirements from 1 July 2019 and make an annual report in the Cayman Islands as to whether or not it is carrying on any relevant activities and if it is, it must satisfy an economic substance test.

4. GENERAL

Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of the Cayman Companies Act. This letter, together with a copy of the Cayman Companies Act, is on display on the websites of the Stock Exchange and the Company as referred to in the paragraph headed "Documents Delivered to the Registrar of the Companies and Available on Display" in Appendix V. Any person wishing to have a detailed summary of the Cayman Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of Our Company**

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on March 31, 2021. Our registered office is at 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Articles of Association is set out in the section headed "Summary of the Constitution of the Company and the Company Laws of the Cayman Islands – 2. Articles of Association" in Appendix III to this prospectus.

Our principal place of business in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 3, 2021 with the Registrar of Companies in Hong Kong. Mr. Lui, Wing Yat Christopher and Ms. So, Ka Man have been appointed as the authorized representatives of our Company for the acceptance of service of process in Hong Kong. The address for service of process is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Our Company's head office is located at 28-29/F, No.1 Building, 2nd Compound, Ronghua South Road, Beijing Economic and Technological Development Zone, Beijing, PRC.

2. Changes in the Share Capital

As of the date of incorporation of our Company, our authorized share capital was US\$50,000.00, divided into 500,000,000 Shares of a nominal or par value of US\$0.0001.

Since the incorporation of our Company, the following changes in our Company's issued share capital were implemented:

- (a) On March 31, 2021, our Company issued Shares with a par value of US\$0.0001 each in the following manner:
 - (i) 37,500,000 ordinary Shares to Xinyun Inc.;
 - (ii) 22,500,000 ordinary Shares to EastUp Holding Limited;
 - (iii) 13,500,000 ordinary Shares to Connect The Unconnected Limited;
 - (iv) 4,635,000 ordinary Shares to Flyflux Holding Limited;
 - (v) 8,370,000 ordinary Shares to Technolo-Jin Co., Ltd.;

(vi) 36,945,000 ordinary Shares to Fortune Ascend Holdings Ltd.

(b) On May 19, 2021, our Company issued 26,550,000 Shares with a par value of US\$0.0001 to TI YUN Limited.

Save as disclosed herein, there has been no alteration in our share capital and no redemption, repurchase or sale of any of our share capital since our incorporation.

3. Resolutions of our Shareholders

As an extraordinary general meeting of our Company held on June 16, 2022, resolutions of our Shareholders were passed, pursuant to which, among others:

- (a) the Memorandum and Articles of Association were approved and adopted conditional upon Listing;
- (b) conditional upon all the conditions set out in “Structure of the Global Offering – Conditions of the Global Offering” in this prospectus being fulfilled:
 - (i) the Global Offering was approved and the Board (or any committee thereof established by the Board pursuant to the Articles) was authorized to make or effect the same as it thinks fit;
 - (ii) the Board (or any committee thereof established by the Board pursuant to the Articles) was authorized to allot, issue and approve the transfer of such number of Shares in connection with the Global Offering; and
 - (iii) the Board (or any committee thereof established by the Board pursuant to the Articles) was authorized to agree to the price per Offer Share with the Joint Bookrunners;
- (c) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers or agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted, issued or dealt with, otherwise than pursuant to the Global Offering or pursuant to a right issue or pursuant to the exercise of any subscription rights attaching to any warrants or any option scheme or similar arrangement which may be allotted and issued by our Company from time to time on a specific authority granted by the Shareholders in general meeting or, pursuant to the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, Shares not exceed 20% of the number of the Shares in issue immediately following completion of the Global Offering, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which

the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever is the earliest;

- (d) a general unconditional mandate was given to the Directors authorizing them to exercise all the powers of our Company to repurchase its own Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares will represent up to 10% of the number of the Shares in issue immediately following the completion of the Global Offering, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first;
- (e) the general mandate mentioned in paragraph (c) above be extended by the addition to the number of the Shares which may be allotted, or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the number of Shares repurchased by the Company pursuant to the mandate to purchase shares referred to in paragraph (d) above.

4. Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the listing of our Shares on the Stock Exchange. See the section headed “History, Reorganization and Corporate Structure” in this prospectus for information relating to the Reorganization.

5. Changes in the Capital of our Subsidiaries and Consolidated Affiliated Entities

Our subsidiaries during the Track Record Period are referred to in the Accountants’ Report set out in Appendix I to this prospectus.

There have been no alterations in the share or registered capital of our subsidiaries and Consolidated Affiliated Entities taking place within two years immediately preceding the date of this prospectus.

6. Repurchase of our Own Securities

(a) *Provisions of the Listing Rules*

Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) *Shareholders' approval*

All proposed repurchases of Shares (which must be fully paid up) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution of our Company passed at an extraordinary general meeting of our Company held on June 16, 2022, a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the number of Shares in issue immediately following the completion of the Global Offering until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(iii) *Trading restrictions*

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue immediately after the completion of the Global Offering. Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our

Company is required to procure that the broker appointed by our Company to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased Shares

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be canceled and destroyed.

(v) Suspension of repurchase

Pursuant to the Listing Rules, our Company may not make any repurchases of Shares after inside information has come to its knowledge until the information is made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional.

(vi) Procedural and reporting requirements

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made

during the year, including a monthly analysis of the number of shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Connected parties

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person (as defined in the Listing Rules) and a core connected person shall not knowingly sell its securities to the company on the Stock Exchange.

(b) Reasons for repurchases

The Directors believe that it is in the best interests of our Company and Shareholders for the Directors to have general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position as disclosed in this prospectus and taking into account the current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this prospectus. The Directors, however, do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

The exercise in full of the Repurchase Mandate, on the basis of 174,000,000 Shares in issue immediately following the completion of the Global Offering, could accordingly result in 17,400,000 Shares being repurchased by our Company during the period prior to the earliest occurrence of (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of Hong Kong to be held; or (3) the revocation or variation of the purchase mandate by an ordinary resolution of the Shareholders in general meeting (the “Relevant Period”).

(d) *General*

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of Hong Kong. Our Company have not repurchased any Shares since our incorporation.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:

- (a) an exclusive technical services agreement (獨家技術服務協議) dated May 12, 2021 entered into between Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司) ("**T&I Net Communication**") and TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) ("**WFOE**"), pursuant to which T&I Net Communication agreed to engage WFOE as its exclusive technology service provider of consultancy, technical support and relevant services;

- (b) an exclusive technical services agreement (獨家技術服務協議) dated May 12, 2021 entered into between Shanghai Tianrun Rongtong Information Technology Co., Ltd. (上海天潤融通信息科技有限公司) (“**Shanghai Tianrun Rongtong**”) and TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”), pursuant to which Shanghai Tianrun Rongtong agreed to engage WFOE as its exclusive technology service provider of consultancy, technical support and relevant services;
- (c) an exclusive technical services agreement (獨家技術服務協議) dated May 12, 2021 entered into between Shanghai Xinfeng Information Technology Co., Ltd. (上海欣峰信息科技有限公司) (“**Xinfeng Information Technology**”) and TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”), pursuant to which Xinfeng Information Technology agreed to engage WFOE as its exclusive technology service provider of consultancy, technical support and relevant services;
- (d) an exclusive technical services agreement (獨家技術服務協議) dated May 12, 2021 entered into between Beijing Xunchuan Rongtong Technology Co., Ltd. (北京迅傳融通科技有限公司) (“**Xunchuan Rongtong Technology**”) and TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”), pursuant to which Xunchuan Rongtong Technology agreed to engage WFOE as its exclusive technology service provider of consultancy, technical support and relevant services;
- (e) an exclusive technical services agreement (獨家技術服務協議) dated May 12, 2021 entered into between Nanjing Guanxun Information Technology Co., Ltd. (南京冠迅信息科技有限公司) (“**Guanxun Information Technology**”) and TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”), pursuant to which Guanxun Information Technology agreed to engage WFOE as its exclusive technology service provider of consultancy, technical support and relevant services;
- (f) an exclusive purchase option agreement (獨家轉股期權協議) dated September 14, 2021 entered into among (i) TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”), (ii) Mr. WU Qiang (吳強), Mr. LI Jin (李晉), Mr. PAN Wei (潘威), Mr. AN Jingbo (安靜波), Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)), Beijing Yunhao Investment Center (Limited Partnership) (北京雲昊投資中心(有限合夥)), Beijing Yunyu Consulting Management Center (Limited Partnership) (北京雲昱諮詢管理中心(有限合夥)), Beijing Yunjing Industrial Investment Center (Limited Partnership) (北京雲景興業投資中心(有限合夥)) (collectively, the “**Registered Shareholders**”), (iii) Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司) (“**T&I Net Communication**”), and (iv) Mr. TIAN Suning (田溯寧), Beijing Tiandi Rongchuang Venture Capital Co., Ltd. (北京天地融創創業投資有限公司) and Beijing Yunhao Industrial Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司) (collectively, the “**Other Parties**”), pursuant to which: (i) each of the Registered Shareholders agreed to irrevocably and unconditionally grant an exclusive option to WFOE whereby the Registered Shareholders shall, upon the request of WFOE, transfer all or part of their equity interested in T&I Net

Communication to WFOE and/or its designated entity and/or individual, and (ii) the Other Parties agreed, among others, to procure certain Registered Shareholders controlled by the Other Parties to comply with the terms of the exclusive option agreement;

- (g) a voting proxy agreement (股東表決權委託協議) dated September 14, 2021 entered into among (i) TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”), (ii) Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司) (“**T&I Net Communication**”), (iii) Mr. WU Qiang (吳強), Mr. LI Jin (李晉), Mr. PAN Wei (潘威), Mr. AN Jingbo (安靜波), Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)), Beijing Yunhao Investment Center (Limited Partnership) (北京雲昊投資中心(有限合夥)), Beijing Yunyu Consulting Management Center (Limited Partnership) (北京雲昱諮詢管理中心(有限合夥)), Beijing Yunjing Industrial Investment Center (Limited Partnership) (北京雲景興業投資中心(有限合夥)) (collectively, the “**Registered Shareholders**”), and (iv) Mr. TIAN Suning (田溯寧), Beijing Tiandi Rongchuang Venture Capital Co., Ltd. (北京天地融創創業投資有限公司) and Beijing Yunhao Industrial Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司) (collectively, the “**Other Parties**”), pursuant to which: (i) each of the Registered Shareholders irrevocably undertook to execute a proxy letter whereby it shall authorize WFOE or any entities designated by WFOE (including directors of its offshore holding company and their successors and any liquidator replacing the directors of the Company) to exercise, on its behalf, rights as a shareholder of T&I Net Communication, and (ii) the Other Parties agreed, among others, to procure certain Registered Shareholders controlled by the Other Parties to comply with the terms of the voting proxy agreement;
- (h) a power of attorney (授權委託書) dated May 12, 2021 executed by Mr. WU Qiang (吳強) in favor of TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”), pursuant to which Mr. WU Qiang (吳強) agreed to, among other things, exclusively authorize WFOE to exercise all of his rights as shareholder of Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司);
- (i) a power of attorney (授權委託書) dated May 12, 2021 executed by Mr. PAN Wei (潘威) in favor of TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”), pursuant to which Mr. PAN Wei (潘威) agreed to, among other things, exclusively authorize WFOE to exercise all of his rights as shareholder of Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司);
- (j) a power of attorney (授權委託書) dated May 12, 2021 executed by Mr. LI Jin (李晉) in favor of TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”), pursuant to which Mr. LI Jin (李晉) agreed to, among other things, exclusively authorize WFOE to exercise all of his rights as shareholder of Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司);

- (k) a power of attorney (授權委託書) dated May 12, 2021 executed by Mr. AN Jingbo (安靜波) in favor of TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“WFOE”), pursuant to which Mr. AN Jingbo (安靜波) agreed to, among other things, exclusively authorize WFOE to exercise all of his rights as shareholder of Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司);
- (l) a power of attorney (授權委託書) dated May 12, 2021 executed by Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)) in favor of TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“WFOE”), pursuant to which Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)) agreed to, among other things, exclusively authorize WFOE to exercise all of its rights as shareholder of Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司);
- (m) a power of attorney (授權委託書) dated May 12, 2021 executed by Beijing Yunhao Investment Center (Limited Partnership) (北京雲昊投資中心(有限合夥)) in favor of TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“WFOE”), pursuant to which Beijing Yunhao Investment Center (Limited Partnership) (北京雲昊投資中心(有限合夥)) agreed to, among other things, exclusively authorize WFOE to exercise all of its rights as shareholder of Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司);
- (n) a power of attorney (授權委託書) dated May 12, 2021 executed by Beijing Yunyu Consulting Management Center (Limited Partnership) (北京雲昱諮詢管理中心(有限合夥)) in favor of TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“WFOE”), pursuant to which Beijing Yunyu Consulting Management Center (Limited Partnership) (北京雲昱諮詢管理中心(有限合夥)) agreed to, among other things, exclusively authorize WFOE to exercise all of its rights as shareholder of Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司);
- (o) a power of attorney (授權委託書) dated May 12, 2021 executed by Beijing Yunjing Industrial Investment Center (Limited Partnership) (北京雲景興業投資中心(有限合夥)) in favor of TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“WFOE”), pursuant to which Beijing Yunjing Industrial Investment Center (Limited Partnership) (北京雲景興業投資中心(有限合夥)) agreed to, among other things, exclusively authorize WFOE to exercise all of its rights as shareholder of Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司);
- (p) an equity pledge agreement (股權質押協議) dated May 12, 2021 entered into among Mr. WU Qiang (吳強), TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“WFOE”) and Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司) (“T&I Net Communication”), pursuant to which Mr. WU Qiang (吳強) pledged all of his equity interests in T&I Net Communication in favor of WFOE;

- (q) an equity pledge agreement (股權質押協議) dated May 12, 2021 entered into among Mr. PAN Wei (潘威), TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”), and Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司) (“**T&I Net Communication**”), pursuant to which Mr. PAN Wei (潘威) pledged all of his equity interests in T&I Net Communication in favor of WFOE;
- (r) an equity pledge agreement (股權質押協議) dated May 12, 2021 entered into among Mr. LI Jin (李晉), TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”) and Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司) (“**T&I Net Communication**”), pursuant to which Mr. LI Jin (李晉) pledged all of his equity interests in T&I Net Communication in favor of WFOE;
- (s) an equity pledge agreement (股權質押協議) dated May 12, 2021 entered into among Mr. AN Jingbo (安靜波), TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”) and Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司) (“**T&I Net Communication**”), pursuant to which Mr. AN Jingbo (安靜波) pledged all of his equity interests in T&I Net Communication in favor of WFOE;
- (t) an equity pledge agreement (股權質押協議) dated September 14, 2021 entered into among Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)), Beijing Tiandi Rongchuang Venture Capital Co., Ltd. (北京天地融創創業投資有限公司), Mr. TIAN Suning (田溯寧), Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司) (“**T&I Net Communication**”) and TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”), pursuant to which Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)) pledged all of its equity interests in T&I Net Communication in favor of WFOE;
- (u) an equity pledge agreement (股權質押協議) dated September 14, 2021 entered into among Beijing Yunhao Investment Center (Limited Partnership) (北京雲昊投資中心(有限合夥)), Beijing Yunhao Industrial Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司), Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司) (“**T&I Net Communication**”) and TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“**WFOE**”), pursuant to which Beijing Yunhao Investment Center (Limited Partnership) (北京雲昊投資中心(有限合夥)) pledged all of its equity interests in T&I Net Communication in favor of WFOE;
- (v) an equity pledge agreement (股權質押協議) dated September 14, 2021 entered into among Beijing Yunyu Consulting Management Center (Limited Partnership) (北京雲昱諮詢管理中心(有限合夥)), Beijing Yunhao Industrial Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司), Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司) (“**T&I Net Communication**”) and TI Cloud

- (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“WFOE”), pursuant to which Beijing Yunyu Consulting Management Center (Limited Partnership) (北京雲昱諮詢管理中心(有限合夥)) pledged all of its equity interests in T&I Net Communication in favor of WFOE;
- (w) an equity pledge agreement (股權質押協議) dated September 14, 2021 entered into among Beijing Yunjing Industrial Investment Center (Limited partnership) (北京雲景興業投資中心(有限合夥)), Beijing Yunhao Industrial Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司), Beijing T&I Net Communication Co., Ltd. (北京天潤融通科技股份有限公司) (“**T&I Net Communication**”) and TI Cloud (Beijing) Technology Co., Ltd. (天潤雲(北京)科技有限公司) (“WFOE”), pursuant to which Beijing Yunjing Industrial Investment Center (Limited partnership) (北京雲景興業投資中心(有限合夥)) pledged all of its equity interests in T&I Net Communication in favor of WFOE;
- (x) the cornerstone investment agreement dated June 3, 2022 entered into among the Company, Platinum Investment Management Limited, China International Capital Corporation Hong Kong Securities Limited, Macquarie Capital Limited and Fortune Ascend Holdings Ltd., pursuant to which Platinum Investment Management Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of HK\$118,000,000;
- (y) the cornerstone investment agreement dated June 2, 2022 entered into among the Company, Agora, Inc., China International Capital Corporation Hong Kong Securities Limited, Macquarie Capital Limited and Fortune Ascend Holdings Ltd., pursuant to which Agora, Inc. agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$8 million; and
- (z) the Hong Kong Underwriting Agreement.


2. Intellectual Property Rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group has registered the following trademarks in the PRC which we consider to be material to our Group's business:

Trademark	Place of registration	Registered owner
CTI-Cloud	PRC	T&I Net Communication
	PRC	T&I Net Communication
	PRC	T&I Net Communication
	PRC	T&I Net Communication
	PRC	T&I Net Communication
全能行	PRC	T&I Net Communication
天润云软	PRC	T&I Net Communication
	PRC	T&I Net Communication
天润慧智	PRC	T&I Net Communication
天润汇智	PRC	T&I Net Communication
天润融通	PRC	T&I Net Communication
屹立方	PRC	T&I Net Communication
立方客	PRC	T&I Net Communication
微藤	PRC	T&I Net Communication

As of the Latest Practicable Date, our Group had made applications to register the following trademarks in Hong Kong which we consider to be material to our Group's business:

Trademark	Place of application	Applicant
 天潤雲	Hong Kong	T&I Net Communication
天潤云	Hong Kong	T&I Net Communication

(b) Domain Names

As of the Latest Practicable Date, our Group had registered the following domain names which we consider to be material to our Group's business:

Domain name	Registered owner	Expiry date
ccic2.com	T&I Net Communication	October 22, 2022
clink.cn	T&I Net Communication	July 14, 2023
cticloud.cn	T&I Net Communication	June 15, 2023
cticloud.com.cn	T&I Net Communication	November 4, 2022
octopus.video	T&I Net Communication	June 10, 2023
tcare.cn	T&I Net Communication	March 11, 2027
tcare.com.cn	T&I Net Communication	March 11, 2027
tianrunyun.cn	T&I Net Communication	October 18, 2022
tianrunyun.com.cn	T&I Net Communication	October 18, 2022
tianrunyun.net	T&I Net Communication	October 18, 2022
ti-net.cn	T&I Net Communication	February 21, 2027
ti-net.com	T&I Net Communication	December 17, 2022
ti-net.com.cn	T&I Net Communication	February 14, 2027
ti-net.net	T&I Net Communication	June 26, 2023
ti-net.net.cn	T&I Net Communication	February 14, 2027
ti-scrm.cn	T&I Net Communication	June 12, 2026
ti-scrm.com	T&I Net Communication	June 12, 2026
tinet-ai.cn	T&I Net Communication	July 23, 2023
tinetcloud.cn	T&I Net Communication	May 27, 2023
tinetcloud.com	T&I Net Communication	May 27, 2023
tinetcloud.com.cn	T&I Net Communication	May 27, 2023
tinetcloud.net	T&I Net Communication	May 27, 2023
t-sdms.com	T&I Net Communication	December 17, 2025
vlink.cn	T&I Net Communication	June 4, 2023
vlink.com.cn	T&I Net Communication	March 30, 2027

(c) Patents

As of the Latest Practicable Date, our Group had registered the following patents which we consider to be material to our Group's business:

Title	Place of registration	Registered owner
A managed call system with a backup (一種具有備份的託管呼叫系統)	PRC	T&I Net Communication
Gateway hot backup system (網關熱備份系統)	PRC	T&I Net Communication
A method for real-time invocation of data at WEB servers (一種WEB服務器數據實時調用方法)	PRC	T&I Net Communication
A managed call system (一種託管型呼叫系統)	PRC	T&I Net Communication
Dynamic load balance system (動態負載均衡系統)	PRC	T&I Net Communication
Graphical user interface for computers (用於電腦的圖形用戶界面)	PRC	T&I Net Communication
A cloud-based centralized monitor device (一種雲端集中監控裝置)	PRC	T&I Net Communication
A cloud-based call device (一種雲端呼叫裝置)	PRC	T&I Net Communication
Platform management graphical user interface for computers (用於電腦的平台管理圖形用戶界面)	PRC	T&I Net Communication
Methods and systems for bidirectional data synchronization (雙向數據同步方法及系統)	PRC	T&I Net Communication
Methods and devices requested for cloud-based services (雲服務請求方法和裝置)	PRC	T&I Net Communication

As of the Latest Practicable Date, our Group had made applications to register the following patents which we consider to be material to our Group's business:

Title	Place of application	Applicant
Methods and systems for noise reduction processing based on RNN (基於RNN的降噪處理方法及系統)	PRC	T&I Net Communication
Methods and devices for automatic search and optimization of optimal threshold of text similarity (文本相似度最佳閾值自動尋找及優化方法及裝置)	PRC	T&I Net Communication
Optimization methods for intention hitting of multi-round chatbots (多輪對話機器人意圖命中優化方法)	PRC	T&I Net Communication
Methods and devices for speech encryption, methods and devices for speech decryption (語音加密方法與裝置,語音解密方法與裝置)	PRC	T&I Net Communication
Core network system of cloud computing (雲計算核心網路系統)	PRC	T&I Net Communication
Methods and devices for call ticket push (話單推送方法及裝置)	PRC	T&I Net Communication

(d) Software copyrights

As of the Latest Practicable Date, our Group had registered the following software copyrights which we consider to be material to our Group's business:

Title	Place of registration	Registered owner
Tianrun Integrated Network Call Center Software V1.0 (天潤融通網絡呼叫中心軟件 V1.0)	PRC	T&I Net Communication
Tianrun Business Hotline System V1.0 (天潤商務熱線系統V1.0)	PRC	T&I Net Communication
Tianrun Marketing Service Hotline System V1.0 (天潤營銷服務熱線系統V1.0)	PRC	T&I Net Communication
Tianrun Managed Call Center System V2.7 (天潤託管型呼叫中心系統V2.7)	PRC	T&I Net Communication
Tianrun Cloud Call Center System V1.0 (天潤雲端呼叫中心系統V1.0)	PRC	T&I Net Communication
Tianrun Distributed Call Center System V1.0 (天潤分佈式呼叫中心系統V1.0)	PRC	T&I Net Communication
Tianrun Cloud-based Call Center System V1.0 (天潤雲呼叫中心系統V1.0)	PRC	T&I Net Communication
Tianrun Mobile Call Center System V1.0 (天潤移動端呼叫中心系統V1.0)	PRC	T&I Net Communication
Tianrun Intelligent Voice System V1.0 (天潤智能語音系統V1.0)	PRC	T&I Net Communication
Tianrun Intelligent Voice System V2.0 (天潤智能語音系統V2.0)	PRC	T&I Net Communication
Tianrun Cloud-based Call Center System V2.0 (天潤雲呼叫中心系統V2.0)	PRC	T&I Net Communication
Tianrun Client Liaison Cloud-based System V2.0 (天潤客戶聯絡雲系統V2.0)	PRC	T&I Net Communication

Title	Place of registration	Registered owner
Tianrun Intelligent Artificial Intelligence System Software V1.0 (天潤慧智人工智能系統軟件V1.0)	PRC	T&I Net Communication
Tianrun Client Liaison Cloud-based System V2.1 (天潤客戶聯絡雲系統軟件V2.1)	PRC	T&I Net Communication
Tianrun Data Annotation System V1.0 (天潤數據標註系統V1.0)	PRC	T&I Net Communication
Tianrun Full-scenario Liaison Center System V1.0 (天潤全場景聯絡中心系統V1.0)	PRC	T&I Net Communication
Tianrun CTI-Cloud Call Center System V1.0 (天潤CTI-Cloud呼叫中心系統V1.0)	PRC	T&I Net Communication
Tianrun Unified Business Transaction Accounting System V1.0 (天潤統一營業受理賬務系統V1.0)	PRC	T&I Net Communication
Tianrun Intelligent Conversation System V1.0 (天潤智能對話系統V1.0)	PRC	T&I Net Communication
Tianrun Unified Management System for Authority to Login V1.0 (天潤統一登錄權限管理系統V1.0)	PRC	T&I Net Communication
Tianrun Intelligent Artificial Intelligence System Software V2.0 (天潤慧智人工智能系統軟件V2.0)	PRC	T&I Net Communication
Tianrun Intelligent Risk Control System V1.0 (天潤智能風控系統V1.0)	PRC	T&I Net Communication
Tianrun SIP Load Agency System V1.0 (天潤SIP負載代理系統V1.0)	PRC	T&I Net Communication
Tianrun Full-scenario Liaison Center Operation Management System V1.0 (天潤全場景聯絡中心運營管理系統V1.0)	PRC	T&I Net Communication

Title	Place of registration	Registered owner
Tianrun Work Order Management System V1.0 (天潤工單管理系統V1.0)	PRC	T&I Net Communication
Tianrun Integrated Managed Call Center System Software V1.0 (天潤融通託管呼叫中心系統軟體V1.0)	PRC	Shanghai Tianrun Rongtong
Tianrun CTI-Cloud Call Center System V2.0 (天潤CTI-Cloud呼叫中心系統V2.0)	PRC	T&I Net Communication
Tianrun Unified Business Transaction Accounting System V2.0 (天潤統一營業受理賬務系統V2.0)	PRC	T&I Net Communication
Tianrun Intelligent Artificial Intelligence System Software V3.0 (天潤慧智人工智能系統V3.0)	PRC	T&I Net Communication
Tianrun Intelligent Risk Control System V2.0 (天潤智能風控系統V2.0)	PRC	T&I Net Communication
Tianrun Artificial Intelligence Training System V1.0 (天潤人工智能訓練系統V1.0)	PRC	T&I Net Communication
Tianrun Mobile Marketing App for IOS V1.0 (天潤移動營銷App蘋果系統V1.0)	PRC	T&I Net Communication
Tianrun Mobile Marketing App for Android V1.0 (天潤移動營銷App安卓系統V1.0)	PRC	T&I Net Communication
Tianrun Cloud-based Customer Service APP for Android V1.0 (天潤雲客服APP安卓端V1.0)	PRC	T&I Net Communication
Tianrun Cloud-based Customer Service APP for IOS V1.0 (天潤雲客服APP蘋果端V1.0)	PRC	T&I Net Communication

Saved as disclosed above, as of the Latest Practicable Date, there were no other trademarks, service marks, patents, intellectual property rights, or individual property rights which are or may be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors in the share capital of our Company and its associated corporations following completion of the Global Offering

Immediately following completion of the Global Offering (without taking into account the Shares to be allotted and issued upon the exercise of the Over-allotment Option), the interests and/or short positions (as applicable) of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required under Section 352 of the SFO to be entered in the register referred to in that section, or which will be required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“Model Code”) once the Shares are listed, will be as follows:

(i) Interest in the Shares

Name of Director	Nature of Interest	Number of Shares Interested upon Listing	Approximate percentage of shareholding upon Listing
Mr. Wu	Interest in controlled corporation; interest jointly held with another person ⁽¹⁾	86,505,000	49.72%
Mr. Pan	Interest in controlled corporation; interest jointly held with another person ⁽¹⁾⁽²⁾	86,505,000	49.72%
Mr. Li	Interest in controlled corporation; interest jointly held with another person ⁽¹⁾⁽³⁾	86,505,000	49.72%
Mr. An	Interest in controlled corporation; interest jointly held with another person ⁽¹⁾⁽⁴⁾	86,505,000	49.72%

Notes:

- (1). As of the Latest Practicable Date, Xinyun Inc. directly held 37,500,000 Shares; EastUp Holding Limited directly held 22,500,000 Shares. Xinyun Inc. and EastUp Holding Limited are wholly-owned subsidiaries of Hanyun Inc., which is in turn wholly owned by Mr. WU Qiang. Accordingly, Mr. Wu is deemed to be interested in the total number of Shares held by Xinyun Inc. and EastUp Holding Limited.

Pursuant to the deeds of voting proxy dated June 6, 2021 with each of Connect The Unconnected Limited, Flyflux Holding Limited and Technolo-Jin CO., LTD, Mr. Wu as an attorney has the right to vote over all the Shares held by each of them, as a result of which Mr. Wu and Principal Shareholders are in substance parties acting in concert.

- (2). As of the Latest Practicable Date, Connect The Unconnected Limited, a company wholly owned by Mr. Pan, directly owns 13,500,000 Shares. Accordingly, Mr. Pan is deemed to be interested in the number of Shares held by Connect The Unconnected Limited.
- (3). As of the Latest Practicable Date, Technolo-Jin CO., LTD, a company wholly owned by Mr. Li, directly held 8,370,000 Shares. Accordingly, Mr. Li is deemed to be interested in the number of Shares held by Technolo-Jin CO., LTD.
- (4). As of the Latest Practicable Date, Flyflux Holding Limited, a company wholly owned by Mr. An, directly owns 4,635,000 Shares. Accordingly, Mr. An is deemed to be interested in the number of Shares held by Flyflux Holding Limited.

(ii) Interests in associated corporations

Name of Director	Name of associated corporation	Number of securities held	Approximate percentage of interests
Mr. Wu	T&I Net Communication	31,840,284	61.63%
Mr. Li	T&I Net Communication	2,883,468	5.58%
Mr. Pan	T&I Net Communication	2,618,700	5.07%
Mr. An	T&I Net Communication	1,595,748	3.09%

Note:

- (1). Mr. Wu directly holds 18,135,684 shares in T&I Net Communication. Beijing Yunjing Industrial Investment Center (Limited Partnership) (北京雲景興業投資中心(有限合夥)), Beijing Yunhao Investment Center (Limited Partnership) (北京雲昊投資中心(有限合夥)) and Beijing Yunyu Consulting Management Center (Limited Partnership) (北京雲昱諮詢管理中心(有限合夥)) (the “**Holding Entities**”) are interested in 13,704,600 shares in T&I Net Communication. The general partner of each of the Holding Entities is Beijing Yunhao Industrial Investment Consulting Co., Ltd. (北京雲昊興業投資顧問有限公司), which is controlled and wholly owned by Mr. Wu. Therefore, Mr. Wu is deemed to be interested in the total number of shares held by the Holding Entities in T&I Net Communication.

(b) *Interests and short positions of the Substantial Shareholders in the Shares and underlying shares of our Company*

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, our Directors or chief executive are not aware of any other person, not being a Director or chief executive of our Company, who has any interest or short position in the Shares and underlying Shares of our Company which, once the Shares are listed, would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly interested in 10% or more of the issued voting shares of our Company.

(c) *Interests of the substantial shareholder of any member of our Group (except our Company)*

Save as set out above and in the table below, as of the Latest Practicable Date, our Directors are not aware of any persons (not being Directors or chief executive of our Company) who would, immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option) be directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group (except our Company).

Name	Name of members of our Group	Nature of Interest	Approximate percentage of interests
Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)) ⁽¹⁾	T&I Net Communication	Beneficial owner	24.63%

Note:

- (1). Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) (北京天創創潤投資中心(有限合夥)) is an investment holding limited partnership established under the laws of the PRC. The general partner of Beijing Tianchuang Chuangrun Investment Center (Limited Partnership) is Beijing Tiandi Rongchuang Venture Capital Co., Ltd. (北京天地融創創業投資有限公司), which is controlled and owned as to 98% by Mr. Tian.

2. Particulars of Service Contracts and Appointment Letters

(a) *Executive Directors*

Each of the executive Directors has entered into a service contract with our Company under which they agreed to act as executive Directors for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or our Company. The Executive Directors' remuneration will comprise of a fixed amount of approximately RMB600,000 per year, and performance-based compensation linked to certain key performance indicators. The specific terms of the key performance indicators will be determined by the Board each year with reference to the Group's development strategies.

The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

(b) *Independent Non-executive Directors*

Each of the independent non-executive Directors has signed an appointment letter with our Company for a term of three years with effect from the Listing Date. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles. The independent non-executive Directors' remuneration will be a fixed amount of approximately RMB120,000 per year.

(c) *Others*

- (i) Save as disclosed above, none of the Directors has entered into any service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).
- (ii) During the year ended December 31, 2021, the aggregate of the remuneration paid and benefits in kind granted to the Directors was approximately RMB2.3 million. Details of the Directors' remuneration are also set out in Note 8 of the Accountants' Report set out in Appendix I to this prospectus. Save as disclosed in this prospectus, no other emoluments have been paid or are payable in respect of the year ended December 31, 2021 by our Company to the Directors.
- (iii) Under the arrangements currently in force, the aggregate of the remuneration and benefits in kind payable to the Directors for the year ending December 31, 2022 is estimated to be approximately RMB2.5 million.

- (iv) None of the Directors or any past Directors of any members of our Group has been paid any sum of money during the Track Record Period (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a Director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (v) There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind during the Track Record Period.
- (vi) None of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

3. Fees or commissions received

Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed under the section headed “– E. Other Information – 11. Consent of Experts” below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

4. Miscellaneous

Save as disclosed in this prospectus:

- (a) none of the Directors or chief executive of our Company has any interest or short positions in the Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to in that section, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code, in each case once our Shares are listed on the Stock Exchange;
- (b) none of our Directors nor any of the parties listed in the section headed “– E. Other Information – 11. Consent of Experts” below has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

- (c) none of our Directors nor any of the parties listed in the section headed “– E. Other Information – 11. Consent of Experts” below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) other than pursuant to the Underwriting Agreements, none of the parties listed in the section headed “– E. Other Information – 11. Consent of Experts” below:
 - (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (e) none of our Directors or their respective close associates (as defined under the Listing Rules) or any of our Shareholders (who to the knowledge of our Directors owns more than 5% of our number of issued shares) has any interest in our five largest suppliers or our five large customers.

D. SHARE INCENTIVE PLAN

1. Share Incentive Plan

The following is a summary of the principal terms of the Share Incentive Plan. The Share Incentive Plan was adopted and approved by resolutions in writing by the Board on May 13, 2021. The terms of the Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

(a) *Summary of terms*

Purpose

The purpose of the Share Incentive Plan is to enable our Group to grant awards to selected participants as incentives or rewards for their contribution to our Group, in particular, (i) to motivate them to optimize their performance and efficiency for the benefit of our Group; (ii) to attract and retain them whose contributions are or will be beneficial to our Group; and (iii) to encourage them to enhance cooperation and communication amongst team members for the growth of our Group.

Types of Awards

The Share Incentive Plan provides for awards of RSUs, Shares issued subject to forfeiture or repurchase by our Company until vested (“**Restricted Shares**”), and other share-based awards or rights (collectively, the “**Awards**”).

Who may join

The Board, in the context of the Share Incentive Plan, including any committee or person(s) duly authorized by the Board, may at its discretion, invite any person belonging to any of the following classes of eligible participants (“**Eligible Participants**”), to take up an Award to subscribe for Shares:

- i. any full-time executives, officers, managers or employees of our Company or any of its subsidiaries or controlled affiliates, or any entities designated by them, who had attained the requisite seniority and performance grade and/or targets as may be determined by the chief executive officer of our Company from time to time;
- ii. any directors and supervisors (including non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries or controlled affiliates, or any entities designated by them;
- iii. any advisor and consultant who the chief executive officer of our Company considers, in its sole discretion, has contributed or will contribute to our Group.

Maximum Number of Shares

Unless otherwise duly approved by the Board, the total number of Shares underlying the Share Incentive Plan shall not exceed 26,550,000 Shares.

Performance Target

The participant may be required to achieve any performance targets as the Board may specify before the relevant Awards can be vested, exercised or settled upon the grant of an Award to an Eligible Participant.

Consideration for RSU and Restricted Share purchase price

The price to be paid upon the vesting and settlement of RSUs, and the purchase price of Restricted Shares shall, subject to any adjustments made pursuant to the Share Incentive Plan, be such amount in such form as may be determined by the Board from time to time and set out in the offer for the grant of an Award.

Conditions of Issuance of Shares

The Eligible Participant who accepts the offer for the grant of an Award (the “**Grantee**”) must not have committed any breach of the Share Incentive Plan and any ancillary documents that he has entered into with our Company in respect of the Award.

The Grantee must not have violated any provision of the articles of association or constitutional documents of the relevant member of our Group, or otherwise impaired the interests of our Group.

The Board may, at its absolute discretion, fix any other performance targets that must be achieved and any other conditions that must be fulfilled before any Award can be vested or settled.

If the conditions set out above in this clause are not satisfied, the RSUs and/or Restricted Shares shall automatically lapse on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion.

Vesting Schedule

Subject to the terms of the Share Incentive Plan, the RSUs shall be vested and settled, and the Restricted Shares shall be vested and no longer subject to forfeiture, as set out in the offer for the grant of an Award.

If a change of control shall occur, such Grantee's RSUs shall be vested and settled, and Restricted Shares shall be vested and no longer subject to forfeiture (as applicable).

Vesting of Awards

i. Settlement of RSUs

Subject to the terms of the applicable Award, RSUs will be settled upon vesting by delivery to the Grantee of the number of Shares that equals the number of RSUs that then become vested. If RSUs are settled, one or more of the Directors of our Company will, on behalf of our Company, cause and direct the share registrar of our Company to update our Company's register of members with the name of the Grantee entered therein as the record holder of the Shares.

ii. Release of Restricted Share

Subject to the terms of the applicable Award, Restricted Shares shall be released from escrow. After the Restricted Shares are released, the Shares shall be freely transferable by the Grantee, subject to applicable restrictions in the Award and any legal restrictions.

Non-transferability of the Awards

Save and except for the provisions in the paragraph below and except under the applicable laws or as otherwise provided by the Share Incentive Plan, the Awards shall be personal to the Grantee and the Grantee shall not sell, transfer, pledge or assign the Awards and the Share Incentive Plan or any interest or benefits therein.

The Grantee shall be permitted to transfer the Awards to his wholly owned entity or any trust arrangement whereby the Grantee is the sole beneficiary. The terms of the Share Incentive Plan shall be binding upon the personal representatives, executors, administrators, heirs, successors and assignees of the Grantee. Unless transferred pursuant to the foregoing, the Awards shall be exercisable, during the Grantee's lifetime, only by the Grantee.

Without limiting the generality of the foregoing, except as otherwise provided by the Share Incentive Plan, the Awards may not be assigned, transferred, pledged or hypothecated in any way, shall not be assignable by operation of law, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Awards contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Awards shall be null and void and without effect and such breach by an Grantee shall entitle our Company to cancel any outstanding Awards granted to such Grantee.

Lock-up Period

In connection with any underwritten public offering by our Company of its equity securities, the Grantee shall not, for a period of 180 days following the date of completion of the applicable offering, directly or indirectly, sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under the Share Incentive Plan without the prior written consent of our Company or its underwriters.

Termination

Our Company may by resolution in general meeting or the Board may at any time terminate the operation of the Share Incentive Plan and in such event no further Award shall be offered but the provisions of the Share Incentive Plan shall remain in force to the extent necessary to give effect to any outstanding Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Incentive Plan. Outstanding Awards granted prior to such termination but not yet exercised, settled or released at the time of termination shall continue to be valid and exercisable or releasable in accordance with the Share Incentive Plan.

(b) Reorganization of Capital Structure

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split or similar change affecting the Shares including any alteration in the capital structure of our Company, such as capitalization issue, rights issue, consolidation, sub-division and reduction of the share capital of our Company, the Board may make equitable adjustments that it considers appropriate, at its sole discretion, including:

- i. make arrangements for the grant of substitute award of equivalent fair value to an award in the purchasing or surviving company;
- ii. reach such agreement or compromise with the Grantee as it considers appropriate, including the payment of cash compensation to the Grantee for the equivalent fair value of the Award to the extent not vested;
- iii. waive any conditions to the vesting of any Award to the extent not already vested; or
- iv. permit the continuation of an Award in accordance with its original terms.

(c) Outstanding Grants

As of the Latest Practicable Date, an aggregate of 441,080 RSUs and 22,197,018 restricted shares, in respect of an aggregate of 22,638,098 Shares have been granted to 71 eligible participants pursuant to the Share Incentive Plan. The restricted shares are subject to release scale of thirty (30) months in tranches, and will be released from escrow as soon as practicable after the applicable release date; and (ii) the RSUs are subject to vesting schedule of thirty (30) months in three equal tranches (except for one employee who is subject to a fifty four (54)-month vesting schedule) and will be settled upon vesting by delivery to the grantee of the number of Shares. The grantees include one senior management member (being our Chief Financial Officer, Mr. Zhang) and a director of two Consolidated Affiliated Entities (being Ms. Li Meirong (李美榮)). Save as disclosed, no Director, connected person or consultant of the Company has been identified to be the grantees under the Share Incentive Plan as of the Latest Practicable Date.

All the Shares underlying the Share Incentive Plan have been allotted and issued and are held by TI YUN Limited, a special purpose vehicle established as a nominee to hold in trust. In respect any grant of awards to connected persons of the Company, the Company will comply with the applicable requirements under Chapter 14A and other applicable rules of the Listing Rules.

TI YUN Limited will not exercise any voting rights in respect of the Shares underlying the share awards. TI YUN Limited is entitled to the same dividend rights as other shareholders of the Company.

The Shares underlying the Share Incentive Plan do not count towards the public float.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries or consolidated affiliated entities.

2. Litigation

As of the Latest Practicable Date, we are not aware of any litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

3. Application for Listing

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued or sold as mentioned in this prospectus. All necessary arrangements have been made to enable such Shares into CCASS.

4. No Material Adverse Change

The Directors confirm that there has been no material change in the financial or trading position or prospects of our Group since December 31, 2021 (being the date to which the latest audited consolidated financial statements of our Group were prepared) up to the date of this prospectus.

5. Agency Fees and Commissions Received

The Underwriters will receive an underwriting commission as referred to in the section headed “Underwriting – Underwriting Arrangements and Expenses – Commissions and Expenses.”

6. The Sole Sponsor and the Sole Sponsor’s fees

The Sole Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules. The fees payable by our Company to the Sole Sponsor to act as a sponsor to our Company in connection with the Global Offering is US\$500,000.

7. Preliminary expenses

We have not incurred any material preliminary expenses.

8. Promoter

The Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

9. Taxation of holders of Shares**(a) Hong Kong**

The sale, purchase and transfer of shares registered with our Hong Kong register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.13% of the consideration or, if higher, of the value of the shares being sold or transferred. Profits from dealings in the shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of shares in our Company as long as we do not hold any interest in land in the Cayman Islands.

(c) People's Republic of China

We may be treated as a PRC resident enterprise for PRC enterprise income tax purposes. In that case, distributions to our Shareholders may be subject to PRC withholding tax and gains from dispositions of our Shares may be subject to PRC tax. See "Risk Factors – Risks Related to Doing Business in China – We may be classified as a 'PRC resident enterprise' for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our Shareholders, and have a material adverse effect on our results of operations and the value of your investment" of this prospectus.

(d) Consultation with professional advisors

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attached to them). None of our Company, our Directors or the other parties involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

10. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants under the Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under the Financial Reporting Council Ordinance (Cap. 588)
Commerce & Finance Law Offices	Company's PRC legal advisers
Harney Westwood & Riegels	Company's Cayman Islands attorneys-at-law
China Insights Industry Consultancy Limited	Independent industry consultants

11. Consent of Experts

Each of the experts mentioned in the sub-section headed “– Qualification of Experts” above has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this prospectus in the form and context in which it is respectively included.

12. Particulars of the Selling Shareholder

Name:	Fortune Ascend Holdings Ltd.
Place of incorporation:	British Virgin Islands
Registered office address:	Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands
Description:	shareholder
Number of Sale Shares:	19,530,000

13. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

14. Bilingual prospectus

The English and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

F. MISCELLANEOUS

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Save as disclosed in this prospectus, our Group had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities.

- (c) Our Directors confirm that:
 - (i) there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2021 (being the date to which the latest audited consolidated financial statements of our Group were prepared) up to the date of this prospectus;
 - (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and
 - (iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (d) The principal register of members of our Company will be maintained in the Cayman Islands by our Principal Share Registrar. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Branch Share Registrar.
- (e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (f) No company within our Group is presently listed on any stock exchange or traded on any trading system.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) a copy of **GREEN** Application Form;
- (b) the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 11. Consent of Experts” in Appendix IV to this prospectus;
- (c) copies of the material contracts referred to in the section headed “Statutory and General Information – B. Further Information about our Business – 1. Summary of Material Contracts” in Appendix IV to this prospectus; and
- (d) a copy of the statement of particulars of the Selling Shareholder.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at <https://www.ti-net.com.cn> during a period of 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles of Association;
- (b) the Accountants’ Report of our Group prepared by Ernst & Young, the texts of which are set out in Appendix I to this prospectus;
- (c) the report issued by Ernst & Young in relation to the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the three financial years ended December 31, 2019, 2020 and 2021;
- (e) the PRC legal opinions issued by our PRC Legal Adviser on PRC law, in respect of certain general corporate matters of our Group and the property interests of our Group;
- (f) the letter of advice prepared by Harneys Westwood & Riegels, our legal adviser on Cayman Islands law, summarizing certain aspects of the Cayman company law referred to in Appendix III to this prospectus;

- (g) the report issued by China Insights Industry Consultancy Limited, from which information in the section headed “Industry Overview” of this prospectus is extracted;
- (h) the Cayman Companies Act;
- (i) the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 11. Consent of Experts” in Appendix IV to this prospectus;
- (j) the material contracts referred to in the section headed “Statutory and General Information – B. Further Information about our Business – 1. Summary of Material Contracts” in Appendix IV to this prospectus;
- (k) the service contracts and the appointment letters with our Directors referred to in the section headed “Statutory and General Information – C. Further Information about our Directors and Substantial Shareholders – 2. Particulars of Service Contracts and Appointment Letters” in Appendix IV to this prospectus;
- (l) the terms of the Share Incentive Plan; and
- (m) a copy of the statement of particulars of the Selling Shareholder.



天潤雲

天潤云股份有限公司

TI CLOUD INC.

