# Marketingforce Management Ltd
# 邁富時管理有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2556)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The board (the "**Board**") of directors (the "**Directors**") of Marketingforce Management Ltd (the "**Company**") hereby announces the audited consolidated results of the Company, its subsidiaries and its consolidated affiliated entities (collectively, the "**Group**") for the year ended December 31, 2024 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2023.

In this announcement, "we", "us", and "our" refer to the Company and where the context otherwise requires, the Group.

## FINANCIAL PERFORMANCE HIGHLIGHTS

| | **2024**<br>***RMB'000***<br>**(Audited)** | 2023<br>*RMB'000*<br>(Audited) | **Change** |
|---|---|---|---|
| Revenue | **1,558,586** | 1,232,120 | 26.5% |
| Gross profit | **825,793** | 706,182 | 16.9% |
| Loss for the year and attributable to owners of the Company | **(876,670)** | (169,478) | 417.3% |
| Non-IFRS Measures:<br>Adjusted net profit/(loss) | **79,212** | (27,736) | 385.6% |

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

| | Notes | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|---|
| **REVENUE** | *4* | **1,558,586** | 1,232,120 |
| Cost of services | | **(732,793)** | (525,938) |
| **GROSS PROFIT** | | **825,793** | 706,182 |
| Other income and gains | | **28,379** | 39,904 |
| Selling and distribution expenses | | **(327,480)** | (326,798) |
| Administrative expenses | | **(264,747)** | (203,892) |
| Research and development expenses | | **(245,449)** | (210,037) |
| Fair value changes of convertible redeemable preferred shares | | **(780,539)** | (107,815) |
| Other expenses | | **(13,653)** | (585) |
| Impairment for financial assets | | **(59,672)** | (31,143) |
| Finance costs | *6* | **(39,302)** | (35,239) |
| **LOSS BEFORE TAX** | *5* | **(876,670)** | (169,423) |
| Income tax expense | *7* | **–** | (55) |
| **LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY** | | **(876,670)** | (169,478) |
| **LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY** | | | |
| Basic and diluted *(RMB)* | *8* | **(4.13)** | (1.01) |

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **LOSS FOR THE YEAR** | **(876,670)** | (169,478) |
| **OTHER COMPREHENSIVE LOSS** | | |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods | | |
| – Change in fair value of financial assets at fair value through other comprehensive income | **7** | 13 |
| – Exchange differences on translation of foreign operations | **(8,488)** | (9,381) |
| Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods | | |
| – Exchange differences on translation of the Company | **7,968** | (10,334) |
| **OTHER COMPREHENSIVE LOSS FOR THE YEAR** | **(513)** | (19,702) |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY** | **(877,183)** | (189,180) |

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Notes | **31 December 2024** *RMB'000* | 31 December 2023 *RMB'000* |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **52,980** | 93,353 |
| Right-of-use assets | | **68,405** | 115,316 |
| Intangible assets | | **3,782** | 2,884 |
| Prepayments, other receivables and other assets | *11* | **14,076** | 17,459 |
| Contract acquisition costs | *4* | **2,217** | 1,390 |
| Total non-current assets | | **141,460** | 230,402 |
| **CURRENT ASSETS** | | | |
| Trade and bills receivables | *10* | **143,697** | 112,663 |
| Contract acquisition costs | *4* | **54,287** | 38,406 |
| Prepayments, other receivables and other assets | *11* | **1,737,966** | 1,711,324 |
| Financial assets at fair value through other comprehensive income | | **56** | 1,602 |
| Tax recoverable | | **3** | – |
| Restricted cash | | **1,074** | 20,481 |
| Time deposit with original maturity of more than three months | | **183,304** | 50,000 |
| Cash and cash equivalents | | **790,916** | 138,022 |
| Total current assets | | **2,911,303** | 2,072,498 |
| **CURRENT LIABILITIES** | | | |
| Trade payables | *12* | **75,094** | 50,950 |
| Other payables and accruals | | **757,413** | 612,701 |
| Interest-bearing bank and other borrowings | | **1,022,586** | 619,812 |
| Lease liabilities | | **37,991** | 54,304 |
| Contract liabilities | *4* | **361,916** | 509,788 |
| Tax payable | | **40** | 7 |
| Convertible redeemable preferred shares | | **–** | 1,223,789 |
| Other current liabilities | | **23,080** | 32,894 |
| Total current liabilities | | **2,278,120** | 3,104,245 |
| **NET CURRENT ASSETS/(LIABILITIES)** | | **633,183** | (1,031,747) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **774,643** | (801,345) |

| | Notes | **31 December 2024** *RMB'000* | 31 December 2023 *RMB'000* |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities | | **49,432** | 89,643 |
| Other payables and accruals | | **2,132** | 3,370 |
| Contract liabilities | *4* | **64,985** | 66,337 |
| Total non-current liabilities | | **116,549** | 159,350 |
| Net asset/(liabilities) | | **658,094** | (960,695) |
| **EQUITY** | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | **1** | 1 |
| Other reserves | | **658,093** | (960,696) |
| Total equity | | **658,094** | (960,695) |

## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 23 February 2021 and was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 May 2024. The registered office address of the Company is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the business of AI+SaaS business, which provides cloud-based marketing and sales services and intelligent talent management services, and precision marketing services, which provides marketing solutions in the PRC.

As at the date of this announcement, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, except for Trueland Information Technology (Shanghai) Co., Ltd., which is a company limited by shares, (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

| Name | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital/issued ordinary shares | Percentage of equity interest attributable to the Company Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| Marketingforce (HongKong) Ltd. ("**Marketingforce HongKong**") | Hong Kong 17 March 2021 | HKD1 | 100% | – | Investment holding |
| American Kaililong International Holding (H.K.) Ltd. ("**American Kaililong**") | Hong Kong 26 March 2009 | HKD10,000 | 100% | – | Marketing and sales services |
| 邁富時網絡技術(上海)有限公司 Marketingforce Network Technology (Shanghai) Co., Ltd. ("**Marketingforce Network Technology**") | PRC/Mainland China 20 April 2021 | USD100,000,000 | – | 100% | Investment holding |
| 珍島信息技術(上海)股份有限公司 Trueland Information Technology (Shanghai) Co., Ltd. ("**Shanghai Trueland**") | PRC/Mainland China 25 September 2009 | RMB27,600,000 | – | 100% | Marketing and sales services |
| 無錫珍島數字生態服務平台技術有限公司 Wuxi Trueland Digital Eco Service Platform Technology Co., Ltd. ("**Wuxi Trueland**") | PRC/Mainland China 20 May 2014 | RMB10,000,000 | – | 100% | Marketing and sales services |
| 無錫珍島智能技術有限公司 Wuxi Trueland Intelligence Technology Co., Ltd. ("**Wuxi Trueland Intelligence**") | PRC/Mainland China 18 October 2019 | RMB10,000,000 | – | 100% | Marketing and sales services |
| 上海珍島智能技術集團有限公司 Shanghai Trueland Intelligence Technology Group Co., Ltd. ("**Shanghai Trueland Intelligence**") | PRC/Mainland China 28 May 2020 | RMB100,000,000 | – | 100% | Marketing and sales services |
| 上海珍島網絡科技有限公司 Shanghai Trueland Network Science & Technology Co., Ltd. ("**Shanghai Trueland Network**") | PRC/Mainland China 28 December 2015 | RMB50,000,000 | – | 100% | Marketing and sales services |

| Name | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital/issued ordinary shares | Percentage of equity interest attributable to the Company Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| 邁富時企業管理（上海）有限公司 Marketingforce Enterprise Management (Shanghai) Co., Ltd. ("**Marketingforce Enterprise Management**")（曾用名：珍島數字科技（上海）有限公司）(Former Name: Trueland Digital Technology (Shanghai) Co., Ltd.) | PRC/Mainland China 28 December 2015 | RMB100,000,000 | – | 100% | Marketing and sales services |
| 上海洞察力數字科技集團有限公司 Shanghai Dongchali Digital Technology Group Co., Ltd. ("**Shanghai Insight**") | PRC/Mainland China 24 May 2011 | RMB100,000,000 | – | 100% | Marketing and sales services |
| 成都珍島信息技術有限公司 Chengdu Trueland Information Technology Co., Ltd. ("**Chengdu Trueland**") | PRC/Mainland China 14 September 2015 | RMB2,000,000 | – | 100% | Marketing and sales services |
| 廣東珍島信息技術有限公司 Guangdong Trueland Information Technology Co., Ltd. ("**Guangdong Trueland**") | PRC/Mainland China 29 January 2015 | RMB10,000,000 | – | 100% | Marketing and sales services |
| 杭州珍島信息技術有限公司 Hangzhou Trueland Information Technology Co., Ltd. ("**Hangzhou Trueland**") | PRC/Mainland China 24 February 2016 | RMB1,000,000 | – | 100% | Marketing and sales services |
| 溫州珍島信息技術有限公司 Wenzhou Trueland Information Technology Co., Ltd. ("**Wenzhou Trueland**") | PRC/Mainland China 17 February 2016 | RMB2,000,000 | – | 100% | Marketing and sales services |
| 寧波珍島信息技術有限公司 Ningbo Trueland Information Technology Co., Ltd. ("**Ningbo Trueland**") | PRC/Mainland China 9 September 2015 | RMB2,000,000 | – | 100% | Marketing and sales services |
| 蘇州珍島信息技術有限公司 Suzhou Trueland Information Technology Co., Ltd. ("**Suzhou Trueland**") | PRC/Mainland China 20 January 2016 | RMB1,000,000 | – | 100% | Marketing and sales services |
| 中山珍島信息技術有限公司 Zhongshan Trueland Information Technology Co., Ltd. ("**Zhongshan Trueland**") | PRC/Mainland China 1 April 2020 | RMB1,000,000 | – | 100% | Marketing and sales services |
| 台州珍島信息技術有限公司 Taizhou Trueland Information Technology Co., Ltd. ("**Taizhou Trueland**") | PRC/Mainland China 2 April 2020 | RMB1,000,000 | – | 100% | Marketing and sales services |
| 凱麗隆（上海）軟件信息科技有限公司 Kaililong (Shanghai) Information Technology Co., Ltd. ("**Shanghai Kaililong**") | PRC/Mainland China 16 May 2011 | RMB10,000,000 | – | 100% | Marketing and sales services |

| Name | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital/issued ordinary shares | Percentage of equity interest attributable to the Company Direct | Percentage of equity interest attributable to the Company Indirect | Principal activities |
|---|---|---|---|---|---|
| 凱麗隆（廣州）信息科技有限公司 Kaililong (Guangzhou) Information Technology Co., Ltd. ("**Guangzhou Kaililong**") | PRC/Mainland China 3 March 2016 | RMB1,000,000 | – | 100% | Marketing and sales services |
| 無錫凱麗隆廣告科技有限公司 Wuxi Kaililong Advertising Technology Co., Ltd. ("**Wuxi Kaililong**") | PRC/Mainland China 26 December 2017 | RMB10,000,000 | – | 100% | Marketing and sales services |
| 凱麗隆國際控股（香港）有限公司 Kaililong International Holding (H.K) Limited ("**Hongkong Kaililong**") | Hong Kong 29 August 2018 | HKD1,000,000 | 100% | – | Marketing and sales services |
| 湖北省珍島數字智能科技有限公司 Hubei Trueland Digital Intelligent Technology Co., Ltd. ("**Hubei Trueland**") | PRC/Mainland China 1 March 2022 | RMB100,000,000 | – | 100% | Marketing and sales services |
| 珍島數字科技（江西）有限公司 Trueland Digital Technology (Jiangxi) Co., Ltd ("**Jiangxi Trueland**") | PRC/Mainland China 16 May 2024 | RMB20,000,000 | – | 100% | Marketing and sales services |
| 邁富時數字科技（江西）有限公司 Marketingforce Digital Technology (Jiangxi) Co., Ltd ("**Marketingforce Jiangxi**") | PRC/Mainland China 23 June 2024 | USD5,000,000 | – | 100% | Marketing and sales services |
| 凱麗隆（杭州）軟件信息科技有限公司 Hangzhou Kaililong Software Information Technology Co., Ltd. ("**Hangzhou Kaililong**") | PRC/Mainland China 2 September 2024 | RMB10,000,000 | – | 100% | Marketing and sales services |
| 上海邁富時數字科技有限公司 Shanghai Marketingforce Digital Technology Co., Ltd ("**Marketingforce Shanghai**") | PRC/Mainland China 8 October 2024 | USD30,000,000 | – | 100% | Marketing and sales services |
| 德富時智能技術（嘉興）有限公司 DHRforce Intelligent Technology (Jiaxing) Co., Ltd. ("**Jiaxing DHRforce**") | PRC/Mainland China 8 November 2024 | RMB13,227,513 | – | 75.6% | Marketing and sales services & Intelligent talent management services |

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS Accounting Standards**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. 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).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

| | |
|---|---|
| Amendments to IFRS 16 | *Lease Liability in a Sale and Leaseback* |
| Amendments to IAS 1 | *Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")* |
| Amendments to IAS 1 | *Non-current Liabilities with Covenants (the "**2022 Amendments**")* |
| Amendments to IAS 7 and IFRS 7 | *Supplier Finance Arrangements* |

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

## 3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in the provision of AI+SaaS business and precision marketing services in Mainland China. Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment, mainly based on segment revenue and segment gross profit. The segment gross profit is calculated as segment revenue minus segment cost of services. Cost of services for AI+SaaS business segment primarily comprised of employee benefit expenses and other direct services costs. Cost of services for precision marketing service segment primarily comprised of traffic purchase cost.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the financial statements. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

| | **AI+SaaS business** *RMB'000* | **Precision marketing service** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|
| Year ended 31 December 2024 | | | |
| Segment revenue | **842,161** | **716,425** | **1,558,586** |
| Segment cost of services | **115,666** | **617,127** | **732,793** |
| Gross profit | **726,495** | **99,298** | **825,793** |
| Year ended 31 December 2023 | | | |
| Segment revenue | 702,378 | 529,742 | 1,232,120 |
| Segment cost of services | 86,223 | 439,715 | 525,938 |
| Gross profit | 616,155 | 90,027 | 706,182 |

## 4. REVENUE

An analysis of revenue is as follows:

### (a) Disaggregated revenue information

***Types of services***

| | **2024** ***RMB'000*** | 2023 *RMB'000* |
|---|---|---|
| Precision marketing service | **716,425** | 529,742 |
| AI+SaaS business | **842,161** | 702,378 |
| | **1,558,586** | 1,232,120 |

***Timing of revenue recognition***

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Precision marketing service** | | |
| At a point in time | **716,425** | 529,742 |
| **AI+SaaS business** | | |
| At a point in time | **87,655** | 14,927 |
| Over time | **754,506** | 687,451 |
| | **1,558,586** | 1,232,120 |

**(b) Performance obligations**

Information about the Group's performance obligations are summarised below:

***AI+SaaS business***

For AI+SaaS service, the performance obligation is mainly satisfied over the contractual term starting from the date when the customer has access to one or more of the cloud applications. For services that are recognised at a point in time, they are recognised when the services are completed. The Group applies both credit policy and advance payments policy to the customers.

For customised software development project, the performance obligation is satisfied after the software is delivered and accepted by the customer and payment is generally due within 30 days from the billing date, except that certain percentage of contract sum is required to be prepaid by the customer.

***Precision marketing service***

The performance obligation is satisfied on benefiting from the services, advertisements distributing or advertisement accounts charging. The performance obligation is satisfied when the customer benefits from the services or the distribution of advertisements and charging of advertisement accounts are completed. The Group provides the recognised and creditworthy third parties with specific credit terms throughout precision marketing service arrangements.

**(c) Revenue recognised in relation to contract liabilities**

The Group recognised the following revenue-related contract liabilities:

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Contract liabilities | **426,901** | 576,125 |

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Revenue recognised that was included in the contract liability balance at the beginning of the reporting period: | | |
| Precision marketing service | **3,642** | 2,602 |
| AI+SaaS business | **506,146** | 416,246 |
| | **509,788** | 418,848 |

The following table includes the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each reporting period and the amounts disclosed below do not include variable consideration which is constrained:

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Expected to be satisfied | | |
| within 1 year | **361,916** | 509,788 |
| over 1 year* | **64,985** | 66,337 |
| Contract liabilities | **426,901** | 576,125 |

* The Group expects the remaining performance obligations will be mainly satisfied in 1 to 2 years.

**(d) Assets recognised from incremental costs to obtain a contract**

The Group has recognised the following assets related to contracts with customers:

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Contract acquisition costs (current) | **54,287** | 38,406 |
| Contract acquisition costs (non-current) | **2,217** | 1,390 |
| | **56,504** | 39,796 |

The Group has recognised assets in relation to incremental costs to acquire the AI+SaaS business offering contracts. This is presented within "Contract acquisition costs" in the consolidated statements of financial position.

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Amortisation into selling expenses related to AI+SaaS business during the year | **38,406** | 14,314 |

**(e) Assets recognised from incremental costs to fulfil a contract**

The Group has also recognised the following assets in relation to costs to fulfil its customized software development contracts. This is presented within "Prepayments, other receivables and other assets" in the consolidated statements of financial position.

| | **31 December 2024** *RMB'000* | 31 December 2023 *RMB'000* |
|---|---|---|
| Contract fulfilment costs (current) | **11,768** | 6,663 |

## 5. LOSS BEFORE TAX

The Group's loss before tax is as follows:

| | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|
| Cost of services rendered (excluding those included in employee benefit expense and depreciation) | **688,284** | 500,619 |
| Depreciation of items of property, plant and equipment | **32,777** | 41,093 |
| Depreciation of right-of-use assets | **37,157** | 55,914 |
| Amortisation of intangible assets | **2,097** | 1,800 |
| Research and development expenses (excluding Amortisation, depreciation and employee benefit expense) | **127,096** | 32,432 |
| Lease expenses not included in the measurement of lease liabilities | **2,388** | 1,769 |
| Auditor's remuneration | **3,043** | 194 |
| Fair value loss on convertible redeemable preferred shares | **780,539** | 107,815 |
| Listing expenses | **20,260** | 25,549 |
| Employee benefit expense (including directors' remuneration): | | |
| – Salaries, allowances and benefits in kind | **336,362** | 411,058 |
| – Pension scheme contributions (defined contribution scheme)* | **38,143** | 45,537 |
| – Share-based payment compensation | **155,083** | 8,378 |
| Net foreign exchange losses | **681** | 60 |
| Impairment for financial assets | **59,672** | 31,143 |
| Additional deductible input VAT | **(3,998)** | (25,332) |
| Government grants | **(6,122)** | (12,727) |
| Bank interest income | **(1,131)** | (1,048) |
| Investment income on time deposits with original maturity of more than three months | **(6,490)** | – |
| Gains on modification of right-of-use assets and lease liabilities | **(5,319)** | (281) |
| Gains on disposal of right-of-use assets and lease liabilities | **(5,154)** | (424) |
| Losses on disposal of items of property, plant and equipment, net | **11,229** | 30 |

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest on interest-bearing bank and other borrowings | **34,279** | 23,889 |
| Interest on lease liabilities | **5,023** | 11,350 |
| | **39,302** | 35,239 |

## 7. INCOME TAX

**Cayman Islands**

The Company is a limited liability company incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

**Hong Kong**

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the reporting period.

**Mainland China**

Under the Law of the PRC on Corporate Income Tax (the "**CIT Law**") and Implementation Regulation of the CIT Law, the CIT rate of the PRC subsidiaries is 25% during the reporting period unless they are subject to tax concession set out below:

(1) Marketingforce Enterprise Management, Shanghai Trueland Network and Wuxi Trueland were accredited as high-tech enterprises in 2018 and 2021. They were entitled to a preferential CIT rate of 15% from January 2018 to December 2023 and a CIT rate of 25% for the year of 2024.

(2) Shanghai Trueland were accredited as a high-tech enterprise in 2012, and was entitled to a preferential CIT rate of 15% for the year of 2023 and 2024.

(3) Shanghai Trueland Intelligence was accredited as a double soft certification enterprise since December 2021, and was exempted from CIT for two years commencing from the first year of profitable, followed by a 50% reduction in the applicable CIT rate for the next three years. Shanghai Trueland Intelligence was accredited as a high-tech enterprise in 2022 and was entitled to a preferential CIT rate of 15% from January 2022 to December 2024.

(4) Hubei Trueland was accredited as a double soft certification enterprise since March 2023, and was exempted from CIT for two years commencing from the first year of profitable, followed by a 50% reduction in the applicable CIT rate for the next three years.

(5) Pursuant to Caishui [2023] circular No.6, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The policy is available during 2022 to 2024. Certain subsidiaries are qualified as small scaled minimal profit enterprises.

The major components of income tax expense of the Group are as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current income tax | **–** | – |
| Deferred income tax | **–** | 55 |
| Total tax charge for the year | **–** | 55 |

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the country in which the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loss before tax | **(876,670)** | (169,423) |
| Tax at the statutory tax rate of 25% | **(219,168)** | (42,356) |
| Effects of preferential tax rates applicable to eligible subsidiaries | **10,121** | 19,336 |
| Income not subject to tax | **(646)** | (288) |
| Expenses not deductible for tax | **196,193** | 18,735 |
| Tax losses utilised from previous periods | **(2,055)** | (1,693) |
| Temporary differences and tax losses for which no deferred income tax asset was recognised | **29,080** | 35,440 |
| Accelerated research and development deductible expenses | **(13,525)** | (29,119) |
| Tax at the effective tax rates | **–** | 55 |

## 8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares, and the weighted average number of ordinary shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Company's share split had been in effect on 1 January 2023.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the convertible redeemable preferred shares and share awards outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

| | **2024** | 2023 |
|---|---|---|
| **Loss** | | |
| Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation *(RMB'000)* | **(876,670)** | (169,478) |
| **Shares** | | |
| Weighted average number of ordinary shares assumed to be in issue during the year used in the basic and diluted loss per share calculation | **212,441,051** | 168,093,200 |
| Loss per share (basic and diluted) *(RMB)* | **(4.13)** | (1.01) |

## 9. DIVIDEND

During the reporting period, no dividends have been declared or paid by the Company.

## 10. TRADE AND BILLS RECEIVABLES

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Bills receivables | **890** | 1,436 |
| Trade receivables | **175,324** | 129,139 |
| Impairment | **(32,517)** | (17,912) |
| | **143,697** | 112,663 |

The Group's trading terms with its precision marketing service customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2024, the principal amount of bank borrowing of RMB20,000,000 and unpaid borrowing interest of RMB10,000 are secured by trade receivables of RMB993,000 and other receivables of RMB71,526,000.

As at 31 December 2023, the principal amount of bank borrowing of RMB20,000,000 and unpaid borrowing interest of RMB RMB14,000 are guaranteed by a related party (Liu Huan) and also secured by trade receivables of RMB4,258,000 and other receivables of RMB87,037,000.

As at 31 December 2024, the principal amount of other borrowing from a third party of RMB90,000,000 (2023: RMB90,000,000) and unpaid borrowing interest of RMB880,000 (2023: RMB780,000) are guaranteed by Shanghai Trueland and also secured by trade receivables of RMB1,784,000 (2023: RMB15,535,000) and other receivables of RMB128,596,000 (2023: RMB252,974,000).

As at 31 December 2024, the Group discounted bills receivable accepted by banks ("**Discounted Bills**") in Mainland China with a carrying amount of RMB53,009,000 (2023: RMB35,600,000). The Group has derecognised part of Discounted Bills ("**Derecognised Bills**"), which amounted to RMB52,212,000 (2023: RMB35,600,000). The Derecognised Bills had a maturity of 6 months and 6 months at 31 December 2024 and 2023, respectively. And for the remaining discounted bills receivable, in the opinion of the directors, the Group has retained the substantial risks and rewards of certain Discounted Bills, which include default risks relating to such Discounted Bills. Those Discounted Bills were accounted as bank borrowings, which amounted to RMB797,000 (2023: nil), respectively. Subsequent to the discount, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties.

In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant. During the reporting period, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The discount has been made evenly throughout the year.

An ageing analysis of the bills receivables and trade receivables as at the end of each reporting period, based on the date of recognition and net of allowance, is as follows:

**(a) Bills receivables**

| | **31 December 2024** *RMB'000* | 31 December 2023 *RMB'000* |
|---|---|---|
| Within 1 year | **886** | 1,425 |

**(b) Trade receivables**

| | **31 December 2024** *RMB'000* | 31 December 2023 *RMB'000* |
|---|---|---|
| Within 90 days | **90,749** | 72,757 |
| 90 days – 180 days | **13,736** | 20,530 |
| 181 days – 1 year | **38,325** | 14,128 |
| Over 1 year | **1** | 3,823 |
| Total | **142,811** | 111,238 |

The movements in loss allowance for impairment of bills receivables and trade receivables are as follows:

**(a) Bills receivables**

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Balance at beginning of year | **11** | 134 |
| Reversal of impairment | **(7)** | (123) |
| Balance at end of year | **4** | 11 |

**(b) Trade receivables**

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Balance at beginning of year | **17,901** | 11,429 |
| Impairment | **14,628** | 6,592 |
| Write off | **(16)** | (120) |
| Balance at end of year | **32,513** | 17,901 |

***Impairment under IFRS 9 for the Reporting Period***

An impairment analysis was made based on expected credit loss model on the recoverability of trade and bills receivables. The identification of impairment requires management's judgements and estimates by considering the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

Set out below is the information about the credit risk exposure on the Group's bills receivables and trade receivables using a provision matrix:

**(a) Bills receivables**

| | **31 December 2024 Within 1 year** | 31 December 2023 Within 1 year |
|---|---|---|
| Expected credit loss rate | **0.45%** | 0.77% |
| Gross carrying amount *(RMB'000)* | **890** | 1,436 |
| Expected credit losses *(RMB'000)* | **4** | 11 |

(b) **Trade receivables**

**As at 31 December 2024**

| | | Collective basis | | | | | |
|---|---|---|---|---|---|---|---|
| | **Individual basis** | **Within 90 days** | **91-180 days** | **181 days-1 year** | **Over 1 year** | **Subtotal** | **Total** |
| Expected credit loss rate | **100.00%** | **4.62%** | **4.69%** | **4.74%** | **75.00%** | **4.66%** | **18.54%** |
| Gross carrying amount *(RMB'000)* | **25,531** | **95,147** | **14,412** | **40,230** | **4** | **149,793** | **175,324** |
| Expected credit losses *(RMB'000)* | **25,531** | **4,398** | **676** | **1,905** | **3** | **6,982** | **32,513** |

**As at 31 December 2023**

| | | Collective basis | | | | | |
|---|---|---|---|---|---|---|---|
| | Individual basis | Within 90 days | 91-180 days | 181 days-1 year | Over 1 year | Subtotal | Total |
| Expected credit loss rate | 100.00% | 2.06% | 1.77% | 2.05% | 5.28% | 2.12% | 13.86% |
| Gross carrying amount *(RMB'000)* | 15,495 | 74,286 | 20,899 | 14,423 | 4,036 | 113,644 | 129,139 |
| Expected credit losses *(RMB'000)* | 15,495 | 1,529 | 369 | 295 | 213 | 2,406 | 17,901 |

## 11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | **31 December 2024** *RMB'000* | 31 December 2023 *RMB'000* |
|---|---|---|
| Non-current: | | |
| Prepayments for purchase of items of property, plant and equipment | **1,703** | 90 |
| Deposits | **14,129** | 18,581 |
| Impairment allowance | **(1,756)** | (1,212) |
| Total | **14,076** | 17,459 |
| Current: | | |
| Other receivables in relation to prepayment on behalf of advertisers – third parties* | **1,698,188** | 1,670,000 |
| Other prepayments | **31,262** | 23,637 |
| Other tax recoverable | **62,498** | 27,966 |
| Deposits | **7,161** | 12,603 |
| Prepayments for purchasing advertising traffic | **5,225** | 4,758 |
| Capitalization of listing expenses | **–** | 1,146 |
| Contract fulfilment cost *(note 4)* | **11,768** | 6,663 |
| Others | **6,078** | 5,034 |
| Impairment allowance | **(84,214)** | (40,483) |
| Total | **1,737,966** | 1,711,324 |

* In the online advertisement distribution services, sometimes, the Group makes prepayments to the media platforms on behalf of the advertisers before receiving the advance payment from these advertisers, these prepayments on behalf of advertisers are recognised as other receivables. As at 31 December 2024, other receivables of RMB200,122,000 (2023: RMB340,011,000) are pledged for bank and other borrowings respectively.

An impairment analysis was made based on expected credit loss model on the recoverability of certain other receivables items, which are as follows:

| | **31 December 2024** *RMB'000* | 31 December 2023 *RMB'000* |
|---|---|---|
| Other receivables in relation to prepayment on behalf of advertisers – third parties | **1,698,188** | 1,670,000 |
| Deposits | **21,290** | 31,184 |
| Others | **6,078** | 5,034 |
| Total | **1,725,556** | 1,706,218 |

The movements in loss allowance for impairment of other receivables are as follows:

| | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|
| Balance at beginning of year | **41,695** | 25,276 |
| Impairment | **45,051** | 24,675 |
| Write off | **(776)** | (8,256) |
| Balance at end of year | **85,970** | 41,695 |

In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data.

Set out below is the information about the credit risk exposure on the Group's other receivables using a provision matrix:

**As at 31 December 2024**

| | **12-month ECLs** | **Lifetime ECLs** | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Expected credit loss rate | **4.59%** | **11.58%** | **100.00%** | **4.98%** |
| Gross carrying amount *(RMB'000)* | **1,688,726** | **32,175** | **4,655** | **1,725,556** |
| Expected credit losses *(RMB'000)* | **77,590** | **3,725** | **4,655** | **85,970** |

**As at 31 December 2023**

| | 12-month ECLs | Lifetime ECLs | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Expected credit loss rate | 2.01% | 6.47% | 100.00% | 2.44% |
| Gross carrying amount *(RMB'000)* | 1,659,990 | 40,525 | 5,703 | 1,706,218 |
| Expected credit losses *(RMB'000)* | 33,369 | 2,623 | 5,703 | 41,695 |

## 12. TRADE PAYABLES

An ageing analysis of trade payables as at the end of each Reporting Period, based on the date of recognition, is as follows:

| | **31 December 2024** *RMB'000* | 31 December 2023 *RMB'000* |
|---|---|---|
| Within 1 year | **43,587** | 45,952 |
| Over 1 year | **31,507** | 4,998 |
| Total | **75,094** | 50,950 |

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

## BUSINESS REVIEW AND OUTLOOK

### Overview

In 2024, under the backdrop of a complex and volatile global economy, China's economy embarked on a steady recovery path, propelling Chinese enterprises into a pivotal period of digital transformation. Building on its AI+SaaS marketing and sales business, Marketingforce has capitalized on first-mover advantages, laying a solid foundation for the coming full-scale adoption of AI-Agent applications in 2025.

Over the past year, we navigated market cycles with strategic resilience and reshaped our growth trajectory through innovation and breakthrough. We recorded total revenue of RMB1.56 billion, representing a year-on-year increase of 26.5%. In particular, revenue from the AI+SaaS business was RMB840 million, representing a 19.9% year-on-year growth, with a gross margin of 86.3%; revenue from precision marketing services was RMB720 million, representing a year-on-year increase of 35.2%. Adjusted net profit for the year was RMB79.2 million, while net operating cash inflow amounted to RMB138.1 million. These results signified our transition to a new phase of high-quality development, characterized by sustained rapid growth, profitability, and positive cash flow. This milestone demonstrated the robustness and sustainability of our business model.

This year, we accomplished several critical milestones: we listed on the Main Board of The Stock Exchange of Hong Kong Limited (the " **Stock Exchange**"), injecting capital momentum for future development and solidifying a robust platform for AI-Agent, industry consolidation, and overseas expansion. Our first Tforce marketing large language model ("**LLM**") has laid a solid foundation for the next step in launching the AI-Agentforce agent middleware platform, which will drive growth as a new engine through AI and AI-Agent technologies. The Group steadily enhanced its market influence with various recognitions, including six-time consecutive leader in AI SaaS rankings, five-time consecutive leader in Intelligent Marketing, six-time consecutive leader in the Top 100 Enterprises in Shanghai Software and Information Technology Services Industry, four-time consecutive leader in the Top 100 Private Enterprises in Shanghai, the second place in the Business Middle Platform Enterprise Ranking for 2 consecutive years, 2024 AI-Agent Application TOP 5, 2024 Top 50 Information Technology Application Innovation Enterprises, 2024 Top 30 Chinese Software Enterprises, 2024 SaaS Enterprises TOP 5, 2024 Top 100 Artificial Intelligence Enterprises, 2024 CIIE Overseas Professional Service Providers TOP 10, 2024 IDC PeerScape: China's Best Practices for the Industrialization of Generative AI Intelligent Marketing.

Looking forward to 2025, guided by our core strategy of "AI-Agent driven industry solutions", we will execute three strategic priorities: firstly, we will comprehensively develop AI-Agentforce agent middleware platform, prioritizing vertical industry applications in marketing and sales to accelerate AI-Agent commercialization efficiency; secondly, we expect to strengthen our product ecosystem through external mergers and acquisitions; and thirdly, we will expand global footprint by supporting Chinese enterprises in overseas expansion while establishing localized service systems in economically advanced regions. We are confident that in this new era of deep integration between the digital and real economies, Marketingforce will continue to lead industry transformation and contribute China's expertise to global enterprise digitalization.

## 2024 Core Achievements Review

### *1. Financial and Operational Review*

Capitalizing on the strategic opportunities presented by generative AI breakthroughs, we leverage its deep vertical industry scenario deconstruction capabilities to continuously identify application scenarios and build an AI+SaaS ecosystem. By deeply integrating LLM into our all-in-one marketing and sales platform, we have developed next-generation AI+SaaS solutions featuring core capabilities such as intelligent marketing hubs, process automation engines, and scenario-aware matrices. This evolution marks a shift from functional delivery to value-driven delivery. The products we provide to more than 90% of our customers include AI modules, which also constitute the core of our AI+SaaS business. The revenue from the AI+SaaS business was RMB840 million, reflecting a year-on-year increase of 19.9%, supported by a 4.4% increase in paying users to 26,606 and a 12.1% rise in average monthly revenue per user to RMB3,848. The subscription customer retention rate had improved for three consecutive half-year periods, demonstrating the seamless integration of AI with our products and their ability to empower customers, and thus continuously enhancing customer value and loyalty amid challenging economic conditions. In particular, on the one hand, we continued deepening our penetration in the small-to-medium business (SMB) market through the T-Cloud product, offering end-to-end, full-scenario and one-stop AI marketing solutions tailored to address customer acquisition challenges for mid-sized ToB enterprises. Leveraging AI-generated high-quality marketing content, we covered four major traffic ecosystems, utilizing platform search and recommendation algorithms to capture free traffic while qualifying leads, thereby boosting conversion rates of customer acquisition by marketing. On the other hand, we continued to expand the key accounts (KA) markets through True Client, empowering the KA to implement omni-channel customer asset management and operation powered by our foundational AI engine. Through the "hyper-personalized (Qianren Qianmian, 千人千面)" retention strategies for existing clients, we drove higher average order values and repurchase rates of customers across B2B/B2C segments. Through these efforts, we now serve five major industries, including consumer retail, automobile, finance and banking, healthcare, and manufacturing; the subscription revenue retention rate exceeding 100% for three consecutive years, which validated the endogenous growth potential fueled by our product-driven technological edge.

At the same time, our precision marketing business provides one-stop cross-media online advertising solutions encompassing design, launch, monitoring, and optimization of advertising activities, with a strategic focus on top-tier media platforms. Acting as agents rather than principals, we manage advertising placements on behalf of clients on the media platforms designated by customers through their respective advertising accounts. The segment achieved an accounting revenue of RMB720 million, reflecting a year-on-year increase of 35.2%, with gross revenue of RMB7.23 billion, or up 14.6% year-on-year. Such increase was mainly driven by the further enhancement of our close cooperation with media platforms and the optimization of customer portfolio structure.

### *2. Significant Performance Growth*

Within our AI+SaaS business, recurring revenue amounted to RMB780 million, accounting for 92.2% of revenue from the AI+SaaS business, providing strong guarantee for future performance growth. With the implementation of a hybrid model of full prepayment, full subscription, and standardized products for SMBs combined with industry-specific lighthouse projects for KAs to develop replicable solutions and focus on subscription penetration in targeted sectors, 80.9% of KA customer revenue was recurring revenue, demonstrating our highly sustainable and scalable revenue structure. Revenue contribution from existing clients increased year-over-year to 77.7%. At the same time, the subscription revenue retention rate improved, the customer loyalty has steadily increased, demonstrating the market's strong endorsement of our AI product portfolio. We successfully onboarded the industry leaders including Jiangling Ford, Chery Automobile, Jetour Automobile, Swire Coca-Cola, Skyworth, Weichai, Chow Tai Fook, Yili, CFMOTO, Panasonic, Bull Electric, Slenergy, Jung Kwan Jang, Shede Spirits, Meituan, Huaxia Bank, Bank of Chongqing, AALIB (in no particular order) during the Reporting Period, enabling the development of a standardized solution library spanning various industries, which solidified the foundation for scalable and efficient expansion. In particular, we empowered key clients including Bausch & Lomb, Jointown, Bull Electric and LYFEN through AI technology, achieving the commercialization of AI in scenarios including marketing, sales and operations.

### *3. AI & AI-Agent: A New Engine of Technology-Driven Growth*

As a pioneering leader in China's AI+SaaS sector and a trailblazer in driving industry digital transformation, we have strategically anchored our growth "AI-driven industrial upgrading," with technological innovation serving as its core growth engine. In 2024, we launched the Tforce marketing LLM, marking a pivotal milestone in the deep integration of AI R&D with real-world industrial applications. Leveraging over a decade of industry-specific data and continuously enhanced algorithmic capabilities, we developed enterprise-grade core functionalities, including market intelligence, content generation, intelligent strategy optimization, by seamlessly integrating these solutions into customers' existing application scenarios. Substantially all SaaS products provided to our customers now contain AI modules, constituting one of our core competitive advantages. Our unique scenario-driven advantage and real-time data feedback mechanisms established a closed-loop ecosystem of "application scenarios – model training – feature iteration", differentiating us from competitors focused solely on LLM development. Our R&D expenses increased by 16.9% year-over-year, expanding our portfolio from 74 modules to 311 modules. Notably, the successful implementation of our AI solutions has laid the foundational technical infrastructure and provided real-world scenario validation for the full-scale deployment of our 2025 AI-Agent strategy.

**Vision 2025: Becoming the AI-Driven Global Digital Intelligence Partner**

***1. AI-Agent Driving a New Era for Intelligent Business***

2025 will mark the commercialization era of AI-Agent. Building on our decades of industry expertise, vast client networks, practical implementation scenarios, continuously upgraded LLM capabilities, domestic technological advantages, and long-established brand influence, we have launched a marketing LLM that outperforms general LLM in understanding industry-specific workflows, alongside the AI-Agentforce intelligent agent middleware platform to drive R&D and delivery efficiency.

In marketing, AI-Agent will deeply integrate industry knowledge with model intelligence, unlocking application scenarios for marketing agents across the entire customer acquisition lifecycle – from campaign planning and preparation to execution management – to help businesses secure clients in a more efficient manner. In sales scenario, functionalities such as AI-powered enterprise insights, client insights, intelligent sales coaching, and operational analytics will revolutionize conversion rates and customer experience, redefining the value of CRM systems. At the same time, in 2025, we simultaneously launched AI-powered all-in-one intelligent machines tailored for government agencies and state-owned enterprises, paving a secure and controllable new path for comprehensive efficiency enhancement in intelligent office operations across government agencies and enterprises.

Looking ahead, Marketingforce will accelerate the deep integration of AI-Agent with vertical scenarios. As technological costs decline and application scenarios proliferate, we will drive China's industrial transformation from "data empowerment" to "intelligent decision-making" through marketing and sales innovation. With unwavering confidence in our pioneering role, we will collaborate with our partners to explore new frontiers in intelligent commerce, delivering faster, more agile, and smarter digital-intelligent transformation frameworks for enterprises worldwide.

***2. Seizing Industry Consolidation Opportunities, Building an Intelligent Marketing & Sales Ecosystem***

At present, the SaaS marketing and sales sector is riding a transformative growth wave in China. Driven by technological innovation and evolving demands, as the market has been rapidly consolidating around leaders with technological moats and ecosystem strategies, we – as a proven industry frontrunner – have seized this strategic inflection point. We have proactively seized such strategic window of opportunity, intensifying its focus on the AI and product-related M&A in the primary market throughout 2024, prioritizing firms excelling in artificial intelligence, big data analytics, and vertical-specific solutions. These targets exhibit strategic alignment with our core capabilities across R&D, client assets, and product portfolios.

Looking ahead, we will execute a dual-track strategic synergy of "organic growth + external M&A". On one front, we will drive technological breakthroughs and amplify product-client synergies through in-house R&D; on the other, we will accelerate ecosystem development by strategic investments, forging a tripartite closed-loop integration of technology advancement, product innovation, and service excellence. We are confident that through visionary M&A positioning and operational integration excellence, and powered by technological convergence, product portfolio expansion, and ecosystem scaling, we will systematically enhance our integrated service offerings and fortify its market leadership. By 2025, we aim to complete at least two investments or acquisitions, and deliver one-stop digital-intelligent transformation solutions globally. Through this disciplined approach, we will emerge as a world-class intelligent marketing ecosystem enterprise.

### *3. Capitalizing on Chinese Enterprises' Global Expansion, Establishing a Worldwide Intelligent Marketing Service Provider*

Starting from mid-January 2025, Chinese ministries including the Ministry of Industry and Information Technology and Ministry of Commerce have promulgated successively a series of encouraging policies to bolster domestic enterprises in cross-border trade and global expansion. We will also continue to focus on the marketing and sales digital service areas and steadily advance our globalization. While current overseas operations prioritize serving Chinese enterprises' international expansion, we are progressively introducing localized solutions tailored to foreign markets. Our products serving foreign trade now support 49 languages, cover over 90% of global regions, delivering data intelligence, social media marketing, AIGC, CRM system development and precision advertising services for clients in cross-border e-commerce, consumer goods, and manufacturing sectors. Looking ahead, we will cultivate market-specific product adaptations, establish overseas agent networks to support local enterprises' marketing and sales needs worldwide. By continuously empowering domestic enterprises in global expansion and actively exploring business models to serve overseas local enterprises, we will implement technological innovation and model iteration, gradually realizing the transformation from a service provider for Chinese enterprises going overseas to a global marketing and digital service provider, and contributing Chinese solutions to the development of the global industry.

## 4. *Deepening AI+SaaS Market Leadership, Forging an Intelligent Marketing and Sales Sector Moat*

According to Frost & Sullivan's industry research, China's SaaS marketing and sales market is entering a golden development phase, and the market potential is projected to surpass RMB4.3 trillion by 2027. As an industry leader, we will consolidate our first-mover advantage in AI+SaaS to deepen penetration in both SMB and KA markets while expanding market share. Our current business networks, which are anchored in the Yangtze River Delta and Pearl River Delta regions and radiate to key cities nationwide, will further extend to emerging markets in Central and Western China. Concurrently, we will strengthen channel partnerships to achieve a nationwide presence characterized by "precision operations in tier-1 cities, regional expansion in new tier-1 cities, rapid replication in tiers-2 and 3 coastal cities, and channel penetration into other cities".

To achieve our strategic objectives, we will anchor our development in a "platform-driven, ecosystem-integrated" framework, continuously enhancing our core competitiveness. In product development, AI-powered innovations will drive iterative upgrades across our marketing automation and sales digitization product matrix; operationally, we will build a "client success framework + industry-specific solutions" model to strengthen client lifecycle value management capabilities; in ecosystem, we will deepen collaborations with leading AI model developers and computing power providers to establish a full-scenario service ecosystem that supports enterprises throughout their digital-intelligent transformation journey.

2024 was a year full of changes and challenges. We maintained our strategic stability in the midst of macroeconomic fluctuations, and grasped the opportunities for innovation and build core moats in the midst of the wave of technological revolutions. Guided by China's 14th Five-Year Plan accelerating enterprise digital transformation and deepening localization initiatives, we are uniquely positioned to capitalize on these historic tailwinds. As an industry leader committed to our vision of "becoming the premier global partner for enterprise digitalization and intelligence", we took AI technological innovation as the key to break through, and through the industrialized application of Tforce marketing LLM, the forward-looking layout of AI-Agent strategy, and the synergistic promotion of globalization and M&A, Marketingforce has reshaped a distinct development path in the fierce market competition.

Looking ahead to 2025, we call it the inaugural year of AI-Agent applications, we remain steadfast in our mission of "Technology-Driven Client Success," intensifying efforts across AI R&D, product ecosystem development, and global expansion. We recognise that our growth is anchored in the trust and commitment of shareholders, the value co-creation with clients, the relentless dedication of employees, and the unwavering partnership of allies.

The future is here, and the time for action is now. Standing at the dawn of the intelligent era, we anchor ourselves in long-termism and set sail with innovative breakthroughs to navigate the vast frontiers of digitalization and intelligence. Let us unite to harness technology's power in reshaping commerce, wield wisdom to spearhead industry evolution, and co-author a new chapter of high-quality growth for Marketingforce.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Key Operating Data

| | Year ended December 31, | |
|---|---|---|
| | **2024** | 2023 |
| **AI+SaaS business** | | |
| Total users | **26,606** | 25,495 |
| Monthly average revenue per user *(RMB)* | **3,848** | 3,432 |
| **Precision marketing services** | | |
| Number of advertising customers | **912** | 1,042 |
| Average revenue per advertising customer *(RMB in thousands)* | **786** | 508 |
| Gross billing *(RMB in thousands)* | **7,226,050** | 6,308,073 |
| – Online advertisement solution services | **625,318** | 445,033 |
| – Online advertisement distribution services | **6,600,732** | 5,863,040 |

*Revenue*

Our revenue increased by 26.5% from RMB1,232.1 million in 2023 to RMB1,558.6 million in 2024. We generated revenue from our AI+SaaS business and precision marketing services. Revenue from AI+SaaS business increased by 19.9% from RMB702.4 million in 2023 to RMB842.2 million in 2024. Revenue from precision marketing services increased by 35.2% from RMB529.7 million in 2023 to RMB716.4 million in 2024. The following table sets out the breakdown of revenue by business segment in absolute amounts and as a percentage of our total revenue for the periods indicated:

| | Year ended December 31, | | | | |
|---|---|---|---|---|---|
| | **2024** | | 2023 | | Year-on-year change |
| | ***Amount*** | ***%*** | *Amount* | *%* | *%* |
| | *(RMB in million, except percentages)* | | | | |
| AI+SaaS business | **842.2** | **54.0** | 702.4 | 57.0 | 19.9 |
| Precision marketing services | **716.4** | **46.0** | 529.7 | 43.0 | 35.2 |
| Total | **1,558.6** | **100** | 1,232.1 | 100 | 26.5 |

AI+SaaS Business

We offer AI+SaaS products to meet each user's diverse needs for marketing and sales activities. We primarily offer two signature AI+SaaS products, T Cloud and True Client, targeting the marketing process and the sales process, respectively. Relying on the deep deconstruction capabilities of vertical industry scenarios, we continue to explore industry application scenarios to build an AI+SaaS ecosystem. By deeply integrating large models into a one-stop marketing and sales platform, we create a next-generation SaaS solution with multiple core capabilities including an intelligent marketing hub, process automation engine, and context-awareness matrix, and achieve an upgrade from function delivery to value delivery.

In particular, we continued deepening our penetration in the small-to-medium business (SMB) market through the T Cloud product, offering end-to-end, full-scenario and one-stop AI marketing solutions tailored to address customer acquisition challenges for mid-sized B2B enterprises. Leveraging AI-generated high-quality marketing content, we covered four major traffic ecosystems, utilizing platform search and recommendation algorithms to capture free traffic while qualifying leads, thereby boosting conversion rates of customer acquisition by marketing. We continued to expand the key accounts (KA) markets through True Client, empowering the KA to implement omni-channel customer asset management and operation powered by our foundational AI engine. Through the "hyper-personalized (Qianren Qianmian, 千人千面)" retention strategies for existing clients, we drove higher average order values and repurchase rates of customers across B2B/B2C segments. Through these efforts, we now serve five major industries, including consumer retailing, automotive, financial services, comprehensive healthcare, and manufacturing.

Our revenue from AI+SaaS business increased by 19.9% from RMB702.4 million in 2023 to RMB842.2 million in 2024. The revenue growth was driven by the continued expansion of our AI+SaaS business. Specifically, we had a 12.1% growth in monthly average revenue per user for 2024, compared to the same period in 2023. Additionally, the paying users for our AI+SaaS business reached 26,606 for 2024, marking a 4.4% increase from the same period in 2023.

Precision Marketing Services

For our precision marketing business, we cooperate with media platforms with high-quality traffic to help advertisers optimize their marketing efforts by, among other things, raising brand awareness or increasing online exposure for their products or services, while reaching more potential consumers. Our advertising customers are primarily B2C companies.

Revenue from our precision marketing services increased by 35.2% from RMB529.7 million in 2023 to RMB716.4 million in 2024, primarily attributable to the further enhancement of our close cooperation with media platforms and the optimization of customer portfolio structure.

*Cost of Services*

Our cost of services increased by 39.3% from RMB525.9 million in 2023 to RMB732.8 million in 2024, in line with our business expansion.

AI+SaaS Business

Our cost of services of AI+SaaS business increased by 34.2% from RMB86.2 million in 2023 to RMB115.7 million in 2024. Such increase was primarily due to an increase in the labor costs, driven by the growing revenue contribution from True Client products, which are our high-contract-value products in the AI+SaaS business.

Precision Marketing Services

Our cost of services of precision marketing services increased by 40.4% from RMB439.7 million in 2023 to RMB617.1 million in 2024, primarily due to higher traffic procurement costs driven by precision marketing business enhancement.

*Gross Profit and Gross Profit Margin*

Our gross profit increased by 16.9% from RMB706.2 million in 2023 to RMB825.8 million in 2024, while our gross profit margin slightly decreased from 57.3% in 2023 to 53.0% in 2024. Of which, the gross profit margin of AI+SaaS business decreased by 1.4 percentage points in 2024, and the gross profit margin of precision marketing business decreased by 3 percentage points.

The following table sets forth a breakdown of gross profit and gross profit margin by business segment in absolute amounts and as a percentage of their respective revenues for the years indicated:

| | **Year ended December 31,** | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | **Gross Profit** | **Gross Profit Margin (%)** | Gross Profit | Gross Profit Margin (%) |
| | *(RMB in million, except percentages)* | | | |
| AI+SaaS business | **726.5** | **86.3** | 616.2 | 87.7 |
| Precision marketing services | **99.3** | **14.0** | 90.0 | 17.0 |
| Total | **825.8** | **53.0** | 706.2 | 57.3 |

AI+SaaS Business

The gross profit of our AI+SaaS business increased from RMB616.2 million in 2023 to RMB726.5 million in 2024, primarily driven by the growth in revenue from the AI+SaaS business. The gross profit margin of our AI+SaaS business decreased from 87.7% in 2023 to 86.3% in 2024, mainly due to the expansion of KA business in 2024, where we penetrated more niche markets, requiring additional labor costs.

Precision Marketing Services

The gross profit of our precision marketing service increased from RMB90.0 million in 2023 to RMB99.3 million in 2024. The increase in gross profit was mainly due to the increase in revenue from precision marketing service. However, the gross margin for precision marketing services declined from 17.0% in 2023 to 14.0% in 2024, mainly attributable to an increase in the revenue contribution from online advertisement solutions services with a lower gross profit margin.

*Selling and Distribution Expenses*

Our selling and distribution expenses increased by 0.2% from RMB326.8 million in 2023 to RMB327.5 million in 2024, mainly due to the increase in share-based payment expenses as a result of our Group's newly granted share incentives to our sales employees in March 2024. Our selling and distribution expenses (excluding the share-based payment expenses of RMB40.7 million) amounted to RMB286.8 million in 2024, representing a year-on-year decrease of 12.2% compared to the same period in 2023, which was due to the improvement in sales efficiency, which reduced staff costs as the largest expense category.

*Administrative Expenses*

Our administrative expenses increased by 29.9% from RMB203.9 million in 2023 to RMB264.8 million in 2024, mainly due to (i) an increase in the share-based payment expenses as a result of our Group's newly granted share incentives to our administrative employees in March 2024; and (ii) an increase in the listing expenses as we completed the IPO in May 2024 and have expensed the remaining amount. Our administrative expenses (excluding the share-based payment expenses and listing expenses amounting to RMB92.1 million) amounted to RMB172.7 million in 2024, representing a year-on-year decrease of 15.3%, primarily due to the enhanced operational efficiency achieved through increased application of LLM and digital tools in our middle and back office operations.

*Research and Development Expenses*

Our research and development expenses increased by 16.9% from RMB210.0 million in 2023 to RMB245.5 million in 2024, primarily due to (i) that we adjusted our R&D staff structure this year so that more non-core R&D needs had to be met through external procurement, and thus the overall external R&D expenses were increased; and (ii) an increase in share-based payment expenses as a result of our Group's newly granted share incentives to our research and development employees in March 2024.

*Other Income and Gains*

Our other income and gains decreased by 28.9% from RMB39.9 million in 2023 to RMB28.4 million in 2024, primarily because we no longer received government grants that refunded additional deductible VAT.

*Finance Costs*

Our finance costs increased by 11.5% from RMB35.2 million in 2023 to RMB39.3 million in 2024, primarily due to increased interest expenses arising from additional bank borrowings in 2024 to support our business expansion.

*Fair Value Changes of Convertible Redeemable Preferred Shares*

Fair value changes of convertible redeemable preferred shares increased from RMB107.8 million in 2023 to RMB780.5 million in 2024, as a result of the conversion of all preferred shares to ordinary shares upon listing, with the changes in fair value being recognised under the offer price of IPO.

*Other Expenses*

Our other expenses increased from RMB0.6 million in 2023 to RMB13.7 million in 2024, mainly due to (i) losses from disposal of office equipment and furniture; and (ii) foreign exchange losses due to fluctuations in exchange rate.

*Impairment for Financial Assets*

Our impairment for financial assets amounted to RMB31.1 million and RMB59.7 million in 2023 and 2024, respectively, which was mainly due to bad debt provision for receivables/other receivables/notes.

*Income Tax Expenses*

We recorded negative income tax expenses of RMB55.7 thousand in 2023, and did not have income tax expense in 2024 due to income tax credit.

*Loss for the Period*

As a result of the foregoing, our net loss increased from RMB169.5 million in 2023 to RMB876.7 million in 2024.

**Non-IFRS Measure**

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit/(loss) (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from period-on-period and company to company by eliminating potential impacts of certain items.

We believe adjusted net profit/(loss) (non-IFRS measure) provides useful data to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit/(loss) (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles our adjusted net profit/(loss) for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRS, which are net loss for the period:

| | **Year ended December 31,** | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| **Reconciliation of net loss to adjusted net profit/(loss) (non-IFRS measure):** | | |
| Net loss for the period | **(876,670)** | (169,478) |
| Add: | | |
| Fair value changes of convertible redeemable preferred shares | **780,539** | 107,815 |
| Listing expenses | **20,260** | 25,549 |
| Share-based compensation expenses | **155,083** | 8,378 |
| Adjusted net profit/(loss) for the period (non-IFRS measure) | **79,212** | (27,736) |

*Liquidity and Financial Resources*

As of December 31, 2024, we had a liquidity of RMB975.3 million, which includes cash and cash equivalents, restricted cash and time deposit with original maturity of more than three months. We believe that this level of liquidity is sufficient to finance our operations, having considered our business development and expansion plans.

| | **As of December 31, 2024** |
|---|---|
| | ***RMB'000*** |
| Time deposit with original maturity of more than three months | **183,304** |
| Restricted cash | **1,074** |
| Cash and cash equivalents | **790,916** |
| Total | **975,294** |

*Indebtedness*

| | As of December 31, 2024 *RMB'000* |
|---|---|
| Borrowings | **1,022,586** |
| Lease liabilities – Current | **37,991** |
| Lease liabilities – Non-current | **49,432** |
| Total | **1,110,009** |

As of December 31, 2024, we had unutilized banking facility of approximately RMB50 million.

We monitored capital using gearing ratio. As of December 31, 2024, our Group's gearing ratio was 17.0%, which is calculated as net debt divided by total capital at the end of each financial period. Net debt equals to our total borrowings and lease liabilities less time deposit with original maturity of more than three months, restricted cash and cash and cash equivalents. Total capital is calculated as total equity plus net debt.

*Free Cash Flow*

Free cash flow represents net cash from/(used) in operating activities plus capital expenditures. In 2024, we had free cash inflow amounting to RMB127.9 million, representing an increase of 192.6% from cash outflow of RMB138.1 million in 2023. In 2024, cash inflows from sales of goods and provision of labour services were RMB1,306.8 million, representing an increase of 31.2% from 2023.

| | **Year ended December 31,** | |
|---|---|---|
| | **2024** *RMB'000* | 2023 *RMB'000* |
| Net cash used in operating activities | **138,060** | (121,504) |
| Capital expenditures | **(10,129)** | (16,615) |
| Total | **127,931** | (138,119) |

## Treasury Policy

Our Group adopts a prudent treasury management policy to actively monitor its liquidity and maintain sufficient financial resources for future development. Based on this, our Group regularly reviews and adjusts its financial structure to ensure financial resources are used in the best interests of our Group.

### Pledge of Assets

As of December 31, 2024, we pledged trade receivables, other receivables and onshore bank deposits of RMB202.9 million, as well as offshore bank deposits of USD25.5 million for bank and other borrowings.

### Significant Investments Held

During 2024, we did not have any significant investments.

### Future Plans for Material Investments and Capital Assets

As of December 31, 2024, we had no specific plan for material investments and acquisition of capital assets.

### Capital Commitments

As of December 31, 2024, we had no significant capital commitments.

### Contingent Liabilities

As of December 31, 2024, we did not have any material contingent liabilities.

### Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

In 2024, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

### Foreign Exchange Risk

Our Group mainly operates in Mainland China and Hong Kong with most of our monetary assets, liabilities and transactions principally denominated in Renminbi and United States dollars. Our Group has not used any derivative to hedge its exposure to foreign currency risk.

### Employees

As of December 31, 2024, we had 1,563 full-time employees, the majority of whom are based in Shanghai, China. Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses, and other incentives. As a result, we have a strong track record in attracting and retaining our core employees. We primarily recruit our employees in China through internal references and recommendations, and online channels such as third-party recruitment websites. As a matter of policy, we provide a robust training program for new employees. We believe such programs are effective in equipping them with the skill set and work ethic we require of employees. We also provide regular and specialized training, both online and offline, tailored to the needs of our employees in different departments.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting high standards of corporate governance, which is essential to the Company's development and protection of Shareholders' interests. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance practices since May 16, 2024 (the "**Listing Date**").

The Board is of the view that since the Listing Date up to December 31, 2024, the Company has complied with all the applicable code provisions as set out in the CG Code, except for code provision C.2.1 described below. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

Pursuant to code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhao Xulong ("**Mr. Zhao**") is currently the chairman of the Board and the chief executive officer of the Company. Notwithstanding the deviation from code provision C.2.1 of Part 2 of the CG Code, given Mr. Zhao's substantial contribution to the Group since its establishment and his extensive knowledge and experience in the industry, the Board considers that vesting the roles of both chairman of the Board and chief executive officer of the Company in Mr. Zhao provides the Group with strong and consistent leadership, enabling more effective and efficient overall strategic planning for the Group. While this would constitute a deviation from code provision C.2.1 of Part 2 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by the Board requires approval by at least a majority of the Directors, and the Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. Zhao and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, inter alia, that he/she acts for the benefit and in the best interests of the Company and makes decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels and the balance of power and authority for the present arrangement will not be impaired. The Board will continue to review the effectiveness of the corporate governance structure of the Group from time to time and consider the appropriate move to take when appropriate.

**Compliance with the Model Code**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' dealings in the securities of the Company by the Directors. Specific enquiries have been made to all Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code since the Listing Date up to December 31, 2024.

**Purchase, Sale or Redemption of the Listed Securities of the Company**

Save for the global offering and the completion of issuance of 1,000,000 new shares on December 27, 2024 under general mandate pursuant to the placing agreements dated December 18, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) from the Listing Date up to December 31, 2024.

As at December 31, 2024, the Company did not hold any treasury shares (including any treasury shares held or deposited with CCASS).

## PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

**Placing of New Shares in December 2024**

References are made to the announcements of the Company dated December 18, 2024, and December 27, 2024, respectively. On December 27, 2024, the Company completed the placing of a total of 1,000,000 new shares of the Company (the "**2024 Placing**").

The placing price was HK$110.00 per share. The gross proceeds from the 2024 Placing are approximately HK$110.0 million. The net proceeds from the 2024 Placing are approximately HK$109.5 million. The net price per share for the 2024 Placing after deducting related fees and expenses is approximately HK$109.54 per share. For more information on the use of such net proceeds, see "USE OF PROCEEDS" below.

The new shares were placed to not less than six professional investors who, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, together with their respective ultimate beneficial owners, are independent third parties. None of the placees and their ultimate beneficial owners become a substantial shareholder of the Company as a result of the 2024 Placing. The 2024 Placing is being undertaken to strengthen the Company's financial position and supplement the Group's long-term funding of its expansion and growth plan. The intended use of proceeds is in line with the Company's strategic focus on enhancing its AI technological advantages and strengthening its leadership in AI empowered digitalization. The Directors consider that the 2024 Placing will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

**Placing of New Shares in February 2025**

References are made to the announcements of the Company dated February 21, 2025, and February 28, 2025, respectively. On February 28, 2025, the Company completed the placing of a total of 20,105,800 new shares of the Company (the "**2025 Placing**").

The placing price was HK$60.00 per share. The gross proceeds from the 2025 Placing are approximately HK$1,206.35 million. The net proceeds from the 2025 Placing are approximately HK$1,201.79 million. The net price per share for the 2025 Placing after deducting related fees and expenses is approximately HK$59.77 per share.

The new shares were placed to not less than six professional investors who, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, together with their respective ultimate beneficial owners, are independent third parties. None of the placees and their ultimate beneficial owners become a substantial shareholder of the Company as a result of the 2025 Placing. The 2025 Placing is being undertaken to strengthen the Company's financial position and supplement the Group's long-term funding of its expansion and growth plan. The Company intends to apply the net proceeds from the Placing for the purposes and in the amounts set forth below: (i) approximately 40% of the net proceeds, or HK$480.72 million for the development and commercialization of AI-Agent platform application, mainly including but not limited to (a) recruiting and cultivating top-caliber AI talents, and increasing the compensation levels for current development and research personnel in the Company's AI department to establish a skilled team dedicated to advancing its proprietary marketing large language model, training vertical models uniquely applied to its specific business scenarios based on foundation models and developing the AI agent products; (b) upgrading technology infrastructure to enhance computing power and storage capacity to support more complex and efficient AI operations; and (c) enhancing the Group's commercialization capability; (ii) approximately 20% of the net proceeds, or HK$240.36 million for investments, mergers and acquisitions, our potential investment or acquisition targets primarily include (a) companies in the digitalized marketing and sales industry with an extensive customer base in specific industry verticals with strong digital transformation needs; (b) companies with cutting-edge AI or big data technologies in the digital marketing and sales field; and (c) companies with AI-related products and modules that could be complementary to its offering; (iii) approximately 10% of the net proceeds, or HK$120.18 million for global expansion, mainly including but not limited to (a) recruiting and cultivating experienced staff for the expansion of overseas markets; (b) construction of exhibition centers and promotional training activities; and (c) leasing office building and covering administration expenses for new sales offices; and (iv) approximately 30% of the net proceeds, or HK$360.54 million for replenishing working capital and general corporate purposes, mainly including but not limited to (a) cost of services for SaaS business and precision marketing service; (b) purchase and lease of office buildings and office renovation to support the business expansion; (c) repayment of bank loans to reduce its leverage and enhance financial stability; and (d) daily operating expenses.

The Company is a leading marketing and sales SaaS solution provider in China with strong R&D capability and leading proprietary technologies, and in particular has long been dedicated to the application of AI technologies in the marketing domain. It has primarily integrated AI capabilities into its SaaS products, with a particular focus on the research and development of AI content generation, natural language processing (NLP) technologies, and knowledge graph. In the second half of 2024 and early 2025, the AI sector is experiencing a phase of accelerated growth and transformation, characterized by numerous technological advancements and innovations. Driven by breakthroughs in AI technology and a series of supportive government policies, the marketing and sales industry is rapidly evolving. Given this dynamic environment, the Company is actively observing and analysing these developments to stay abreast on the latest trends and innovations in the industry and dedicating efforts to its own AI development. Considering the ongoing innovation and breakthroughs in AI sector, the proactive application of AI technologies by peer companies to drive innovation and launch competitive products, and a series of supportive industry policies introduced by government departments, the Company plans to further enhance its investment in AI technologies, particularly strengthen its AI-Agent platform by allocating additional resources. In addition, the 2025 Placing will further enable the Company to expand its business layout to enter overseas markets and invest in and acquire leading companies in niche sectors both domestically and internationally, thereby enhancing its technological capabilities and developing its vertical industry expertise. The Board considers that the 2025 Placing would be appropriate in order to replenish the Company's cash resources for the above intended purposes, which would be important for the promotion of the Group's long-term success.

## USE OF PROCEEDS

### Initial Global Offering

The shares of the Company were listed on the Main Board of the Stock Exchange on the May 16, 2024. The net proceeds from the initial public offering of the shares of the Company on the Main Board of the Stock Exchange (after deducting underwriting fees and other related expenses) were approximately HK$181.1 million. As of December 31, 2024, the Company had utilized HK$68.4 million as intended. The Company intends to utilize such proceeds from the global offering for the purposes and in the amounts as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated May 7, 2024 (the "**Prospectus**"). To the extent that such net proceeds are not immediately used for the purposes described above, the Group deposited those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance. The table below sets out the details of actual usage of the net proceeds as of December 31, 2024:

| **Intended purpose of net proceeds** | **Approximate percentage of the total net proceeds** | **Net proceeds from the global offering** *(HK$ million)* | **Actual net amount utilized as of December 31, 2024** *(HK$ million)* | **Unutilized net amount as of December 31, 2024** *(HK$ million)* | **Expected timeline of full utilization** |
|---|---|---|---|---|---|
| Enhance our Marketingforce platform and cloud-based offerings | 20.0% | 36.2 | 28.3 | 7.9 | By end of 2026 |
| Improve our underlying technologies including AI, big data analysis and cloud computing | 30.0% | 54.3 | 27.1 | 27.2 | By end of 2026 |
| Expand our sales network, enhance customer success system and improve brand presence | 30.0% | 54.3 | 4.0 | 50.3 | By end of 2026 |
| Achieve strategic investment and acquisition to enhance our Marketingforce platform, enrich our product matrix and improve existing product functions | 15.0% | 27.2 | 0 | 27.2 | By end of 2026 |
| Working capital and general corporate purposes | 5.0% | 9.1 | 9.0 | 0.1 | By end of 2026 |
| **Total** | **100%** | **181.1** | **68.4** | **112.7** | |

*Notes:*

1. The adjustment to the expected timeline of full utilization of the net proceeds from the Initial Global Offering is a decision to adapt to the business development of the Company and will not have any material adverse impact on the Group's existing business and operations, and will enable the Group to deploy financial resources more effectively and achieve organic growth.

2. Due to rounding, there may be a difference between the sum of the individual sub-values and the total amount. The expected timeline for using the unutilized net proceeds is based on the best estimation of the business market situations made by the Company and might be subject to changes based on the market conditions and business development.

**Placing of New Shares in December 2024**

In December 2024, the Company completed the placing of 1,000,000 new shares of the Company and raised net proceeds of approximately HK$109.5 million. As of December 31, 2024, the Company had utilized HK$9.3 million as intended. To the extent that such net proceeds are not immediately used for the purposes described above, the Group deposited those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance. The table below sets out the details of actual usage of the net proceeds as of December 31, 2024:

| Intended purpose of net proceeds | Approximate percentage of the total net proceeds | Net proceeds from the 2024 Placing *(HK$ million)* | Actual net amount utilized as of December 31, 2024 *(HK$ million)* | Unutilized net amount as of December 31, 2024 *(HK$ million)* | Expected timeline of full utilization |
|---|---|---|---|---|---|
| Research and development of AI large language models in marketing and sales, including improving our Tforce large language model in marketing, building our AI agent platform, and business application of AI agent platform in various scenarios | 70.0% | 76.7 | 9.3 | 67.4 | By end of 2025 |
| Working capital and general corporate purposes | 30.0% | 32.8 | 0 | 32.8 | By end of 2025 |
| **Total** | **100%** | **109.5** | **9.3** | **100.2** | |

The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently and will be subject to change based on future development of market conditions and actual business needs.

## AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. CHEN Chen, Mr. QIN Ci, and Mr. YANG Tao. The chairman of the Audit Committee is Mr. CHEN Chen.

The Audit Committee has reviewed the consolidated annual results of the Group for the year ended December 31, 2024 with the management and the Auditor of the Company. The Audit Committee considered that the consolidated annual results of the Group for the year ended December 31, 2024 are in compliance with the applicable accounting standards, laws and regulations. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and issues in relation to internal control, risk management and financial reporting with the management of the Company.

## SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statements of financial position, consolidated statements of profit or loss and comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in this annual results announcement have been agreed by the Group's Auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Ernst & Young on this annual results announcement.

## EVENTS AFTER THE REPORTING PERIOD

On December 31, 2024, DHRforce Intelligent Technology (Jiaxing) Co., Ltd. ("**Jiaxing DHRforce**") entered into a capital increase agreement with Jiaxing Nanhu Keying Equity Investment Partnership (Limited Partnership) ("**Jiaxing Nanhu Keying**") and Shanghai Yitu Enterprise Management Co., Ltd. ("**Shanghai Yitu**") (the "**Capital Increase Agreement**"), respectively. According to the Capital Increase Agreement, each of Jiaxing Nanhu Keying and Shanghai Yitu agreed to subscribe for the additional registered capital of RMB2,380,952 and RMB846,561 in Jiaxing DHRforce at a consideration of RMB45 million and RMB16 million, respectively. On January 22, 2025, the capital increase has been completed.

On February 16, 2025, Mr. Huang Shaodong has tendered his resignation as a non-executive Director with effect from February 16, 2025, due to adjustment of his work arrangement and decision to devote more time to his personal overseas business. For details, please refer to the announcement of the Company dated February 16, 2025.

On 28 February 2025, a total of 20,105,800 new Shares were successfully placed to not less than six placees at the placing price of HK$60.00 per placing share. The gross proceeds from the 2025 Placing are approximately HK$1,206.35 million. The net proceeds from the 2025 Placing are approximately HK$1,201.79 million. For details, please refer to the section headed "PLACING OF NEW SHARES UNDER THE GENERAL MANDATE – Placing of New Shares in February 2025" in this announcement and the announcements of the Company dated dated February 21, 2025, and February 28, 2025.

Save as disclosed in this announcement, there are no material subsequent events undertaken by the Group after December 31, 2024 and up to the date of this announcement.

## FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024.

## ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Monday, May 19, 2025. A notice convening the AGM will be published in the manner required by the Listing Rules on the Stock Exchange in due course.

## CLOSURE OF THE REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Wednesday, May 14, 2025 to Monday, May 19, 2025, both days inclusive, in order to determine the eligibility of Shareholders who are entitled to attend and vote at the AGM to be held on Monday, May 19, 2025. Shareholders whose name appear on the register of members of the Company on Monday, May 19, 2025 will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer accompanied by relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Tuesday, May 13, 2025.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.marketingforce.com).

The annual report of the Company for the year ended December 31, 2024 containing all the information required by the Listing Rules will be published on the aforementioned websites of the Stock Exchange and the Company, and will be despatched to the Shareholders who have already provided instructions indicating their preference to receive hard copies in due course.

By order of the Board
**Marketingforce Management Ltd**
**ZHAO Xulong**
*Chairman of the Board and Chief Executive Officer*

Hong Kong, March 31, 2025

*As at the date of this announcement, the Directors of the Company are: Mr. ZHAO Xulong as chairman, executive Director and chief executive officer, Mr. XU Jiankang as executive Director, Ms. ZHAO Fangqi as non-executive Director and Mr. YANG Tao, Mr. QIN Ci and Mr. CHEN Chen as independent non-executive Directors.*