You should carefully consider all of the information in this document including the risks and uncertainties described below before making an **[REDACTED]** *in our Shares. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The* **[REDACTED]** *of our Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.*

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our historical growth rates may not be indicative of our future growth. If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our revenue increased by RMB10.7 million, or 1.4%, to RMB767.8 million in 2021, but decreased by RMB226.4 million, or 29.5% from RMB767.8 million in 2021 to RMB541.4 million in 2022.

While our business had grown in 2021, we cannot assure you that we are able to continue to grow our business for various reasons, including uncertainty of our continuous launch of new products and services or expansion of our existing services that currently are of relatively small scale, intensified competition in the enterprise services industry in China and uncertainty of customer demand on our services which may be affected by various factors. Our revenue, expenses and operating results may vary from time to time due to factors beyond our control. As a result of these, and other factors, we cannot assure you that our future revenues will increase or that we will continue to be profitable. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance.

In addition, our anticipated expansion and investment in new products and services may place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or implement all such systems, procedures and control measures successfully. If we are not able to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

We have incurred net losses in the past, and may not be able to maintain our profitability going forward.

In the past, we have incurred significant net losses as we incurred significant selling, administrative and research and development expenses for our services and products. In 2020, 2021 and 2022, we had loss for the year of RMB267.9 million, RMB366.2 million and RMB228.4 million, respectively. Our future profitability will depend on a variety of factors. These factors include our ability to successfully anticipate and address the evolving needs of our users, as well as our ability to further develop and implement monetization strategies in a cost-effective manner. Other market players may launch substitute product and service offerings catered to the needs of our users or develop new business models for enterprise services business and smart enterprise services tailored to the evolving needs of our users. Failure to enhance high user engagement, maintain platform attractions or deliver smart enterprise services which meet the needs of our customers will have adverse effect on our business and results of operations. We also intend to optimize our products and services by developing new products and services which can be deployed in a more cost-effective way, particularly through leveraging our technology capabilities. For example, we have developed and will continue to enhance our SaaS-based products such as Jin Dou Yun (筋斗雲). In addition, our ability to maintain profitability will largely depend on our ability to engage in research and development activities more cost-effectively and to improve our overall operating efficiency. Such efforts may not turn out to be effective and if we fail to continue to drive our revenue growth and manage our costs and expenses, we may not be able to maintain profitability in the future.

Our business is subject to complex and evolving laws and regulations regarding cybersecurity and data privacy.

We face challenges with respect to the complex and evolving laws and regulations regarding cybersecurity and data privacy. We collect personal data from our users in order to better understand them and their needs, and are subject to cybersecurity and data privacy laws in China and other applicable jurisdictions, including without limitation the PRC Cybersecurity Law 《中華人民共和國網絡安全法》), the PRC Data Security Law (《中華人民共和國數據安全法》), and the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), pursuant to which we are required to maintain the confidentiality, integrity, and availability of the information of our users, customers, and suppliers, which is also essential to maintaining their confidence in our services. However, the interpretation and implementation of such laws in China and elsewhere are often subject to uncertainties. Concerns about the process, or security of personal information or other privacy-related matters, with or without merit, or failure to comply with the relevant laws and regulations could subject us to penalties, damage our reputation and brand, cause us to lose users, or result in increased operating cost and expenses, any of which could materially and adversely affect our business and results of operations.

In November 2016, the Standing Committee of the National People's Congress promulgated the PRC Cybersecurity Law, which took effect on June 1, 2017 and provides that network operators must meet their cybersecurity obligations and must take technical measures and other necessary measures to protect the safety and stability of their networks. The PRC Cybersecurity Law is still subject to interpretation by the PRC government authorities. See "Regulatory Overview — Regulations Related to Internet Security and Privacy Protection."

In addition, on June 10, 2021, the Standing Committee of the National People's Congress promulgated the PRC Data Security Law, which took effect on September 1, 2021. The PRC Data Security Law provides for a data security review procedure for the data processing activities that affect or may affect national security. It also imposes data security obligations on persons and entities conducting data processing activities and requires data processors to take necessary measures to protect data security. On August 20, 2021, the Standing Committee of the National People's Congress promulgated the PRC Personal Information Protection Law, which took effect on November 1, 2021. Although it is our policy to only process user information that is necessary for, and relevant to, the services provided and we update our privacy policies and practices in accordance with regulatory developments, we may be required to make further adjustments to our data practices as the PRC Personal Information Protection Law is newly promulgated and the interpretation of many of its specific requirements remains to be clarified by the government authorities or is otherwise subject to uncertainties.

While we take measures to comply with all applicable cybersecurity and data privacy laws and regulations, we cannot assure you the effectiveness of the measures undertaken by us and our business partners. The activities of third parties, such as our platform enterprise clients, service providers and other business partners are beyond our control. If any of these third parties violates the PRC Cybersecurity Law and related laws and regulations, or fails to fully comply with the service agreements with us, or if any of our employees fails to comply with our control measures and misuses the information, we may be subject to regulatory actions, disputes and litigations. Any actual or perceived failure to comply with all applicable cybersecurity and data privacy laws and regulations, or any actual or perceived failure of our business partners to do so, or any actual or perceived failure of our employees to comply with our internal control measures, may result in legal proceedings or regulatory actions against us, and could damage our reputation, discourage current and potential users and business partners from using our services and subject us to claims, fines, and damages, which could materially and adversely affect our business and results of operations.

New laws or regulations concerning data protection, or the interpretation and implementation of existing data security and privacy protection laws or regulations may be announced, published for public consultations, issued, or promulgated from time to time. For example, on December 28, 2021, the CAC promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which took effect on February 15, 2022.

There remain substantial uncertainties with respect to the interpretation and applicability of the Cybersecurity Review Measures. It also remains uncertain whether the future regulatory changes would impose additional restrictions on companies like us. We cannot predict the impact of the Cybersecurity Review Measures, if any, at this stage, and we will closely monitor and assess any development in the rule-making process. If, based on the enacted version of the Cybersecurity Review Measures and other relevant rules and regulations, we will be subject to increased scrutiny regarding data security and data protection, we face uncertainties as to whether we can timely comply with such heightened requirements, or at all. If we are not able to comply with the cybersecurity and data privacy requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores, among other sanctions, which could materially and adversely affect our business and results of operations.

On November 14, 2021, the CAC published a draft of the Administrative Regulations for Internet Data Security (《網絡數據安全管理條例(徵求意見稿)》), or the Draft Data Security Regulations, for public comments. The Draft Data Security Regulations provides that data processors conducting the following activities must apply for cybersecurity review: (i) merger, reorganization, or division of internet platform operators that have acquired a large number of data resources related to national security, economic development, or public interests, which affects or may affect national security; (ii) a foreign listing by a data processor processing personal information of over one million users; (iii) a listing in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. The period for which the CAC solicited comments on this draft ended on December 13, 2021, but there is no timetable as to when the draft regulations will be enacted. As such, substantial uncertainties exist with respect to the enactment timetable, final content, interpretation, and implementation of the draft regulations.

Furthermore, the PRC government authorities have taken steps to limit the method and manner that Internet companies may apply when using the algorithms. For instance, the CAC, together with eight other government authorities, jointly issued the Guidelines on Strengthening the Comprehensive Regulation of Algorithms for Internet Information Services (《關於加強互聯網信息服務算法綜合治理的指導意見》) on September 17, 2021, which provide that daily monitoring of data use, application scenarios, and effects of algorithms must be carried out by the relevant regulators, and the relevant regulators should conduct security assessments of algorithms. The guidelines also provide that an algorithm filing system should be established, and classified security management of algorithms should be promoted. In addition, on December 31, 2021, the CAC, the MIIT, the Ministry of Public Security, and the SAMR promulgated the Administrative Provisions on Internet Information Service Algorithm-Based Recommendation (《互聯網信息服務算法推薦管理規定》), which took effect on March 1, 2022. The Administrative Provisions on Internet Information Service Algorithm-Based Recommendation stipulate that algorithm-based recommendation service providers should inform users of their provision of algorithm-based recommendation services in a conspicuous manner, and publicize the basic principles, purpose intentions, and main operating mechanisms of algorithm-based recommendation services in an appropriate manner. We will continue to take necessary measures, and do not foresee any material impediments, in meeting the relevant compliance requirements set forth in Administrative Provisions on Internet Information Service Algorithm-Based Recommendation and other relevant rules. We will closely monitor the regulatory development and adjust our business operations from time to time to comply with the regulations over algorithm-based recommendation. Although our current operations were in compliance in material respects with the algorithm-based recommendation rules as of the Latest Practicable Date, we cannot assure you that our content operations will continue to be in compliance with the algorithm-based recommendation rules in all respects. If our operations are forced to change in a way to ensure full compliance with the algorithm-based recommendation rules, our ability to improve the efficiency of search for service providers on our ZBJ platform may be adversely affected.

The interpretation and application of these PRC cybersecurity and data privacy laws, regulations, and standards are still evolving. It hence remains uncertain whether the future regulatory changes would impose additional compliance requirements on companies like us. We cannot predict the impact of the Draft Data Security Regulations, if any, at this stage, and we will closely monitor and follow any development in the promulgation process. It is uncertain when the final measures will be issued and take effect, how they will be enacted, interpreted, or implemented, and whether and how they will affect us. If the enacted version of the Draft Data Security Regulations mandates clearance of cybersecurity review and other specific actions on companies like us, we face uncertainties as to whether such clearance can be timely obtained, or at all. If we are not able to comply with the cybersecurity and data privacy requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores, among other penalties, which could materially and adversely affect our business and results of operations. See "Regulatory Overview — Regulations Related to Internet Security and Privacy Protection."

Complying with evolving laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially increases our operating cost and expenses or affects our growth momentum that can be adverse to our business.

New products and services may subject us to additional risks.

From time to time, we may launch new products and services to expand into new market. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed to accommodate these new products and services. In developing and marketing new products and services, we may need to invest significant time and resources and we cannot assure you whether improving our technology and data capabilities will be successful or sufficient to offset the costs incurred to offer these services. Initial timetables for the introduction and development of new products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also impact the successful implementation of a new product or service. Failure to successfully manage these risks in the development and implementation of new products or services could have a material adverse effect on our business, results of operations and financial condition.

We recorded net current liabilities as of December 31, 2020, 2021 and 2022.

We recorded net current liabilities of RMB1,448.8 million, RMB1,506.7 million and RMB315.0 million as of December 31, 2020, 2021 and 2022, respectively. For more details, please refer to the section headed "Financial Information — Net Current Assets/(Liabilities)" in this document. We cannot assure you that we will not record net current liabilities in the future. Net current liabilities expose us to liquidity risks. Our future liquidity, the payment of trade and other payables and repayment of borrowings as and when they become due will primarily depend on our ability to generate adequate cash inflows from our operating activities. If we experience a shortage in cash flow generated from operations, our liquidity position may be materially and adversely affected, which, in turn, may adversely affect our results of operations and financial position.

We face intensified competition in the markets in which we operate and may not be able to compete successfully against our existing and future competitors.

We face competition in various aspects of our business and we expect such competition to continue intensifying in the future. In terms of our enterprise services platform business, our potential competitors include other service platforms and industry players who provide similar services. For further information, see "Business — Competition." Some of our potential competitors may have greater resources in certain markets than us, may provide services that are similar to ours or that achieve greater market acceptance, undertake more far-reaching service or solution development and marketing campaigns, or may adopt more aggressive pricing policies. In addition, certain competitors may be able to secure services or merchandise from suppliers on more favorable terms to gain competitive advantages against us. The willingness of customers to purchase our services also depends on our ability to continue offering an attractive value proposition.

As a result, such competitors may be able to develop products and services better received by enterprise clients, service providers or other customers, or may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulations or needs of enterprise clients, service providers and other customers. In addition, some of our competitors may be able to leverage a larger existing base of enterprise clients, service providers and other customers, and sales network to adopt more aggressive pricing policies and offer more attractive sales terms. This could cause us to lose potential sales or compel us to sell our solutions and services at lower prices to remain competitive, which may have a material adverse impact on our results of operation and financial condition.

We may be subject to further competition if any of our competitors enter into business partnerships or alliances or raise significant additional capital, or if established companies from other market segments or geographical markets expand into our market segment or geographical market. Any existing or potential competitors may also choose to operate based on a different pricing model or undercut prices in order to increase their market share. If we are unable to compete successfully against our current or potential competitors, our business, results of operations, and financial condition may be negatively impacted.

We are exposed to risks in connection with the wealth management products and structured deposits we purchased.

As part of our treasury management, we may from time to time purchase low-risk wealth management products as an auxiliary means to improve utilization of our cash on hand on a short-term basis. As of December 31, 2020, 2021 and 2022, we had wealth management products and structured deposits of RMB456.5 million, RMB8.2 million and nil, respectively. We recorded investment income from wealth management products and structured deposits of RMB12.6 million, RMB4.8 million and RMB0.6 million in 2020, 2021 and 2022, respectively. The returns of our investments on the wealth management products and structured deposits are not guaranteed. We measured these wealth management products and structured deposits at fair value through profit or loss, and we are exposed to credit risks in relation to these financial assets, which may adversely affect their fair value. Net changes in their fair value are recorded in profit or loss, and therefore directly affect our results of operations. We have implemented internal control policies and rules setting forth overall principles as well as detailed approval process of our investment activities. We may continue to invest in low-risk wealth management products and structured deposits in the future when we believe that we have surplus cash on-hand. For more details, please see "Financial Information — Financial assets measured at fair value through profit or loss ("**FVPL**")." We cannot guarantee that we will not experience losses with respect to such investments in the future or that such losses or other potentially negative consequences due to such investments will not have material adverse effects on our business, results of operations and prospects.

The fair value measurements of our investment in wealth management products and structured deposits as well as unlisted equity securities require the use of estimates that are based on unobservable inputs, which inherently involves a certain degree of uncertainty, and our financial position and results of operations may be adversely affected by fair value changes in such financial instruments.

Certain of our financial instruments including our investment in wealth management products and structured deposits as well as our investment in unlisted equity securities are measured at fair value and categorized into, for financial reporting purposes, a three-level fair value hierarchy with reference to the observability and significance of the inputs used in the valuation technique.

The fair value of investment in wealth management products and structured deposits is determined using the forecast future cashflow discounted by risk-adjusted discount rate. The fair value measurement is positively correlated to interest return rate. The fair value of such wealth management products and structured deposits is measured using unobservable inputs for which market data such as interest return rate is not available. As of December 31, 2020, 2021 and 2022, we had fair value of wealth management products and structured deposits measured at RMB456.5 million, RMB8.2 million and nil, respectively. Our investment in unlisted equity securities whose fair value is classified in Level 3 mainly represents our investment in unlisted equity securities. The fair value of such securities is measured using unobservable inputs for which market data is not available such as discount for lack of marketability. As of December 31, 2020, 2021 and 2022, we had fair value of unlisted equity securities measured at RMB408.6 million, RMB98.5 million and RMB113.5 million, respectively.

The determination of unobservable inputs used in the valuation requires us to make estimates and assumptions, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control, such as general economic condition, changes in market interest rates, and stability of the capital markets, can significantly influence and cause adverse changes to the estimates we used and thereby affect the fair value of the Level 3 investments. Should any of the estimates and assumptions changed, there may be a change in the fair value of our financial assets, which would materially and adversely affect our results of operation and financial condition.

If we fail to adopt new technologies or adapt our websites, mobile apps, proprietary technologies and systems to changing user requirements, our business may be materially and adversely affected.

To remain competitive, we must continue to stay abreast of the constantly evolving industry trends and to enhance and improve the responsiveness, functionality and features of our mobile apps, websites and systems. Our competitors are constantly innovating and introducing new services and interface features to increase their user base and enhance user experience. As a result, in order to attract and retain users and compete against our competitors, we must continue to invest resources in research and development to enhance our information technology and improve our existing services. The enterprise service industry and the enterprise service e-commerce industry are characterized by rapid technological evolution, changes in user requirements and preferences, frequent introduction of new services and products embodying new technologies, and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices in a cost-effective and timely way. The development of mobile apps, websites and other proprietary technology entails significant technical and business risks. There can be no assurance that we will be able to use new technologies effectively or adapt our websites, mobile apps, proprietary technologies and systems to meet user requirements or emerging industry standards. If we are unable to adapt in a cost-effective and timely manner in response to changing market conditions or user preferences, whether for technical, legal, financial or other reasons, our business may be materially and adversely affected.

Our failure to respond in a timely and cost-effective manner to rapid product and service innovation demands may have an adverse effect on our business and operating results.

We operate and compete in a dynamic and rapidly evolving enterprise services market in China, whereby it is difficult to predict with great assurance the future growth rate and size of the market. The enterprise services industry in China is increasingly influenced by the frequent introduction of new products and services driven by ever-changing market demands, and market players with innovative business models.

We believe that our future success will depend largely on our ability to anticipate product innovations and to offer additional products and services that meet evolving standards and demands on a timely and cost-effective basis. However, we cannot assure you that we will be able to successfully identify new product and service opportunities or introduce these opportunities to our current and potential users and customers in a timely and cost-effective manner. In addition, product and service opportunities that our competitors offer or develop may render our products and services less appealing or non-competitive, which may reduce our user or customer stickiness.

There are also other factors that are beyond our control, such as the future general acceptance and use of the Internet and mobile apps for the provision of enterprise services in China, which reduce our ability to accurately evaluate our future prospects and forecast quarterly or annual performance. As a result, any changes in user or customer demands for product innovations in the future may have a material adverse effect on our business and results of operations.

If we fail to improve and enhance the functionality, performance, reliability, design, security, and scalability of our solutions and services to suit our customers' evolving needs, our customers may not repurchase our solutions and services, which, in turn, will have a material and adverse impact on our business, financial condition, results of operations, and prospects.

The markets in which we operate and compete are characterized by constant change and innovation, and we expect these markets to continue evolving rapidly. To date, our success has been based on our ability to identify and anticipate the needs of our customers and design solutions and services that provide our customers with the tools they require to develop their businesses. For further information on the solutions and services we offer, see "Business — Our Service Offerings." Our ability to attract new customers and users, retain existing customers and users, increase sales to both new and existing customers and increase cross-sales of our enterprise services will depend, to a large extent, on our ability to continue improving and enhancing the functionality, performance, reliability, design, security, and scalability of our solutions and services.

We may experience difficulties with developments in technology that could delay or prevent the development, introduction or implementation of new products, services and enhancements. While we invest time in product and service development through our research and development team, continuous improvement and enhancement of our products and services require investment and we may not have sufficient resources to do so. In addition, our in-house developers may sometimes take months to update, code and test new and upgraded services and products. To the extent we are not able to improve and enhance the functionality, performance, reliability, design, security, and scalability of our products and services in a manner that responds to our customers' evolving needs, our existing customers may not repurchase our solutions and services, and our business, financial condition, results of operations, and prospects will be adversely affected.

Our brands and brand names are integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing our ZBJ.com (猪八戒網) brand and brand name is critical to expanding our business. Maintaining and enhancing our brands and brand names depend largely on our ability to continue to provide quality, useful, reliable, and innovative products and services, which we cannot assure you we will do successfully.

Errors, defects, disruptions or other performance issues with our infrastructure may harm our reputation and brand, and we may introduce new products and services or terms of service which might be poorly received by our customers. Additionally, if our customers have a negative experience using our products or service, such experience may negatively affect our brand and reputation within the industry. We adopt self-operated model and third-party franchise model for our smart business, finance and taxation services under our brand Bajie Finance and Tax (八戒財稅). Our reputation may be harmed if any of the services provided by those third parties does not meet our customers' expectations.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful solutions and services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We market our platform through online and offline marketing activities. Our online marketing activities consist of paid marketing through Internet navigation sites, various popular search engines and apps in China and display advertisements. Our offline marketing activities include promotions via traditional mainstream media, such as outdoor advertisements, public relations activities, as well as sponsored events to increase our visibility and promote our brands. Also, we cooperate with the government to hold promotion activities from time to time. We intend to increase relevant costs and expenses going forward. We cannot assure you, however, that our marketing spends will lead to increased customers or increased revenue, and even if so, such increases in revenue may not be sufficient to offset expenses we incur in building and maintaining our reputation and brand names.

If we fail to attract or retain customers or increase purchase by our existing customers, including our enterprise clients and service providers, or we are unable to conduct sales and marketing activities cost-effectively, our operating results may be harmed.

During the Track Record Period, we generated the substantial majority of our revenues from providing smart enterprise services to our customers and enterprise services platform services to enterprise clients and service providers. Our customers, including our enterprise clients and service providers, are key players in our ecosystem. In order to grow our business, we must continually attract new customers and retain existing customers, including our enterprise clients and service providers, and provide additional services to existing customers, including our enterprise clients and service providers.

We believe that service providers have many different ways of marketing their services, securing customers, and obtaining payments from customers, including meeting and contacting prospective customers through other services, advertising to prospective customers online or offline through other methods, signing up for online or offline third-party agencies, using other online or offline platforms, signing up with staffing firms, using other payment services, or finding employment full-time or part-time through an agency or directly with a business. We believe that enterprise clients have similarly diverse options to find and pay service providers, such as engaging and paying service providers directly, finding service providers through other online or offline platforms or through staffing firms and agencies, using other payment services, or hiring temporary, full-time, or part-time employees. As a result, any decrease in the attractiveness of our platform or failure to retain enterprise clients and service providers could lead to decreased traffic on our platform, diminished network effects, or result in a drop in GMV on our platform, which could adversely affect our business, revenue, financial condition, and operating results. In addition, if we fail to attract new service providers, service providers decrease their use of or cease using our platform, the quality or types of services provided by service providers that use our platform are not satisfactory to enterprise clients, or service providers increase their fees for services more than enterprise clients are willing to pay, enterprise clients may decrease their use of, or cease using, our platform and our revenue may be adversely impacted.

The rate at which we expand our customer base or increase our customers' renewal rates may decline or fluctuate because of several factors, including the prices of our products and services, the prices of products and services offered by our competitors, reduced demand by our customers or reductions in their relevant spending levels due to macroeconomic or other factors out of our control as well as the quality and cost-effectiveness of our services. If our customers do not purchase services or products from us, our revenue may grow more slowly than expected or decline.

Ultimately, attracting new customers and retaining existing customers requires us to continue to provide quality solutions valued by our customers. If we fail to provide quality solutions and convince customers of our value proposition, we may not be able to retain existing customers or attract new customers, which would harm our business and operating results.

Risk of disintermediation could materially and adversely affect our results of operations and financial condition.

Our enterprise services platform facilitates transactions between enterprise clients and service providers where enterprise clients can search for service providers with suitable capabilities and skills for their demands. However, enterprise clients and/or service providers on our enterprise services platform may attempt to bypass the matching services and transact with each other directly offline and in private. This process of disintermediation can put us at risk of losing both service providers and enterprise clients on our enterprise services platform. Disintermediation also may render our products and services less appealing or non-competitive, which may reduce our user or customer stickiness.

We deploy a key words identification system on our online chatting function, which identifies keys words which may be relevant to any attempt to exchange offline contact details in online conversation between enterprise clients and service providers. Where sensitive words are detected for more than five times, the system will escalate the incident to our risk assessment team. Our risk assessment team will investigate and decide whether there is an actual attempt to bypass our services. During the Track Record Period and up to the Latest Practicable Date, we discovered approximately 338 cases in total where service providers made actual attempts to bypass the matching services on our ZBJ platform either identified by our key words identification system or reported by enterprise clients. Actual attempts to bypass our matching services primarily resulted in having service providers' priority in search results lowered, temporary suspension of their accounts for several days and deduction of part of their deposit for penalties as a result of violation of our platform regulation. In cases where there were actual offline transactions that were usually reported by enterprise clients due to service providers' unethical acts, we removed the reported service providers from our ZBJ platform and forfeited their entire deposits as a result of violation of our platform regulation. Despite of our efforts, our internal measures may not adequately and timely detect and prevent attempts to bypass the matching services on our enterprise services platform. Our failure to eliminate such attempts could put us at risk of disintermediation, which will materially and adversely affect our results of operations and financial condition.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases (such as COVID-19) in the PRC may materially and adversely affect our business, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, H1N1 influenza, Ebola virus, and the recent COVID-19 outbreak in China, may materially and adversely affect our business, financial condition and results of operations. An outbreak of an epidemic or contagious disease or other public health developments in China could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business.

Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in the PRC may materially and adversely affect its economy and therefore our business. We cannot assure you that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, H1N1 influenza, COVID-19 or other epidemics, or the measures taken by the PRC government or other countries in response to such contagious diseases, will not seriously disrupt our operations or those of our clients, which may materially and adversely affect our business, financial condition and results of operations.

Since December 2019, the COVID-19 has become widespread in China and around the world. Since early 2020, China has taken various restrictive measures to contain the virus' spread, such as quarantines, travel restrictions and home office policies. In addition, with the emergence of COVID-19 variants like the Delta variant in the first quarter of 2021 and the Omicron variant in the fourth quarter of 2021, the duration and extent of the pandemic remain uncertain. Although vaccines are becoming more widely available, there is a significant degree of uncertainty as to the efficacy of vaccines against existing and new variants of COVID-19, and lack of visibility as to extent and duration of the COVID-19 pandemic and related slowdowns or economic trends.

We have taken a number of measures to contain the impact of COVID-19 on us. For example, we provide our employees with anti-epidemic supplies, and adjust sales and payment methods in a timely manner. During the Track Record Period, our revenue increased from RMB757.1 million in 2020 to RMB767.8 million in 2021.

We believe most of our customers are small and medium-sized enterprises with small business scale and limited capital budget. The impact of the pandemic on such SMEs may be greater and they may choose to reduce expenditure on our services and products, especially in unstable or declining economic conditions. As a result, our revenue decreased from RMB767.8 million in 2021 to RMB541.4 million in 2022.

China began to modify its zero-COVID policy at the end of 2022, and most of the travel restrictions and quarantine requirements were lifted in December 2022. However, there remains uncertainty as to the future impact of the virus, especially in light of this change in policy. The extent to which the pandemic impacts our results of operations going forward will depend on future developments, which are highly uncertain and unpredictable, including the frequency, duration and extent of outbreaks of COVID-19, the effectiveness of efforts to contain or treat cases, and future actions that may be taken in response to these developments. China may experience lower domestic consumption, higher unemployment and greater economic uncertainty, which may impact our business in a materially negative way as consumers curtail their consumption behavior in response to potential economic hardship. Since the modification of the zero-COVID policy, we have resumed our business development activities with our existing and potential small and medium-sized enterprise customers that were previous stalled by COVID-related restrictions. Nonetheless, our customers will need time to recover from the economic effects of the pandemic even after business conditions begin to return to normal. Consequently, the COVID-19 pandemic may continue to materially and adversely affect our business, financial condition and results of operations in the current and future years.

A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business and financial condition.

COVID-19 had a severe and negative impact on the Chinese and the global economy starting from the first quarter of 2020. Whether this will lead to a prolonged downturn in the economy is still unknown. Moreover, the Chinese and global macroeconomic environment is facing numerous other challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including China and the United States. In addition, the Russia-Ukraine tensions have recently escalated, resulting in Russia's military action against Ukraine since February 2022. The Russia-Ukraine tensions have negative impact on international relations, which are beyond the regional conflicts and may lead to significant global economic uncertainty. Also, the unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between China and the United States with respect to trade policies, treaties, government regulations and tariffs. The tensions between China and the U.S. and other countries have intensified. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China.

We believe majority of our customers are small and medium-sized enterprises, which may be disproportionately affected by economic downturns. They frequently have limited budgets, and may choose to reduce their spending on our services and products, especially in times of economic uncertainty or recessions. In addition, our government customers may delay their service procurement which will have a material adverse effect on our business. Therefore, any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

If our products and services contain serious errors or defects, we may lose our sources of revenue and our customers may lose confidence in our products and services. In addition, we may incur significant costs defending or settling claims with our customers as a result of such serious errors or defects.

Products and services within the enterprise services industry, such as those we develop, often contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our platform may contain serious errors or defects, security vulnerabilities or software issues which we are unable to successfully correct in a timely manner or at all, which could result in revenue loss, significant expenditures of capital, delay or loss in market acceptance and damage to our reputation and brand, any of which could have an adverse effect on our business, reputation, financial condition, and results of operations.

Further, our platform allows us to deploy new versions and enhancements to all of our service providers simultaneously. To the extent we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software issues concurrently to all of our service providers, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of service providers.

Given that many of our customers use our products and services in processes that are critical to their businesses, any error, defect, security vulnerability, service interruption or software issue in our platform could result in losses to our customers. Our customers may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, our customers may share information about their negative experiences on social media, which could damage our reputation and result in a loss of future sales. We cannot assure you that provisions limiting our exposure to claims, which we typically include in agreements with our customers, would be enforceable, adequate or otherwise protect us from liabilities or damages with respect to any particular claim. Even if the claims lodged by customers did not succeed, a claim brought against us by any of our customers would likely be time-consuming, costly to defend and may have a material adverse impact on our reputation and brand, making it harder for us to sell our products and services.

We could be adversely affected as a result of our provision of services to certain entities that are, or become, subject to economic sanctions administered by the United States and other relevant sanctions authorities.

The United States and other jurisdictions or organizations, including the E.U., U.K., and Australia, have, through issuing executive orders, passing legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organizations within such countries. For more information on our international sanctions related risks, please refer to "Business — Sanctions Risk" in this document.

Xinjiang Production and Construction Corp (新疆生產建設集團) ("**XPCC**") was designated to the Specially Designated Nationals And Blocked Persons List (SDN list) by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) on July 31, 2020 and has remained on the SDN list since then and up to the Latest Practicable Date. Our revenue generated from transactions with XPCC during the Track Record Period amounted to approximately RMB0.6 million, RMB14.1 million and RMB0.5 million for the years ended December 31, 2020, 2021 and 2022, representing approximately 0.1%, 1.8% and 0.1% of our total revenue for the same period, respectively. According to our U.S. Sanction Legal Advisor, we did not violate U.S. primary sanctions and likely would not face U.S. secondary sanctions.

During the Track Record Period, one of our subsidiaries and two of our then subsidiaries have engaged in business activities with XPCC. The following table sets forth details of contracts entered into with XPCC during the Track Record Period.

Relevant subsidiaries	Relevant entities in XPCC	Date of the contract	Scope of services	Contract value	Completion/ contract expiry date
Bajie Technology Service Co., Ltd. (八戒科技服務有限公司) ("**Bajie Technology**"), one of our subsidiaries	XPCC Shihezi High-tech Industrial Development Zone Management Committee (石河子高新技術產業開發區管理委員會)	January 15, 2020	Provision of consultancy services and project planning services	RMB197,000	April 30, 2020
Kunyu Bajie Enterprise Management Co., Ltd. (昆玉市八戒企業管理有限公司) ("**Kunyu Bajie**"), one of our then subsidiaries	the Fourteenth Division of XPCC Kunyu Development and Reform Committee (新疆生產建設兵團第十四師昆玉市發展和改革委員會)	December 15, 2020	Provision of integrated services for collective construction project for the jujube industry in Xinjiang	RMB23,250,000	December 19, 2022
Xinjiang Kunyu Tianpeng Yuncai Network Technology Co., Ltd. (新疆昆玉市天蓬雲采網絡科技有限公司) ("**Xinjiang Kunyu**"), one of our then subsidiaries	Finance Bureau of XPCC (新疆生產建設兵團財政局)	April 29, 2021	Provision of procurement system and its operation services of XPCC's supermarkets	RMB1,360,000	February 28, 2023

XPCC's contracts with Kunyu Bajie and Xinjiang Kunyu were entered into, after XPCC had been designated on the SDN list in July 2020, because we were unaware of XPCC's designation on the SDN list at that time as a result of our then inadequate and ineffective internal control measures in relation to sanctions risks. We subsequently implemented internal control measures to help us continuously monitor and evaluate our business and take measures to protect our interests, our Shareholders and investors from sanctions risks. Bajie Technology's contract and Kunyu Bajie's contract with XPCC has been completed in April 2020 and December 2022, respectively. Xinjiang Kunyu's contract with XPCC has expired in February 2023.

We disposed of our entire interest in Kunyu Bajie and Xinjiang Kunyu in June 2022 to Chongqing Longxing Lisheng Industrial Co., Ltd. (重慶龍興勵升實業有限公司) ("**Longxing Lisheng**"), an independent third party. Neither Longxing Lisheng nor any of its controlling shareholders has any relationship with our Group and our Group's directors and senior management. As a result, we currently do not have any business dealings with XPCC or any of its divisions. We had not been notified that any sanctions will be imposed on us for our business activities in relation to our transactions with XPCC during the Track Record Period. Our U.S. Sanctions Legal Advisor is of the view that (i) our business activities with XPCC through Bajie Technology do not expose our Group to any U.S. primary or secondary sanctions risk as Bajie Technology's business activity with XPCC was from January 2020 to April 2020 which was before OFAXC imposed sanctions on XPCC on July 31, 2020; and (ii) our business dealings with XPCC through Kunyu Bajie and Xinjiang Kunyu during the Track Record Period after XPCC was designated on the SDN list in July 2020 did not violate U.S. primary sanctions and would not likely expose us to U.S. secondary sanctions risks either. To be specific, our business dealings with XPCC through Kunyu Bajie and Xinjiang Kunyu during the Track Record Period did not violate any primary sanctions, because none of our revenue received from XPCC was denominated in U.S. dollars or processed through U.S. financial institutions and there were no other known U.S. persons involved in the transactions. Therefore, the transactions did not invoke U.S. primary sanctions jurisdiction. Our U.S. Sanctions Legal Advisor is of the view that our business dealings with XPCC through Kunyu Bajie and Xinjiang Kunyu during the Track Record Period would not likely expose us to U.S. secondary sanctions risks either for the following reasons: (i) the relevant secondary sanctions in E.O. 13818 are discretionary in nature, rather than mandatory, so the risk is lower relative to other OFAC sanctions programs; (ii) the purpose behind sanctions is to "change behavior," and since the Group has ended its engagements with XPCC, it would not serve the U.S. government's policy interests to target the Group as the Group has already ceased its sanctionable activity; and (iii) the Group's activity with XPCC was not perpetuating human rights abuses and corruption, which is the type of activity the U.S. government is targeting with sanctions under E.O. 13818.

Furthermore, as advised by our U.S. Sanctions Legal Advisor, given the **[REDACTED]** scope and the expected **[REDACTED]** as detailed in this document, the involvement by parties in the **[REDACTED]** will not implicate any applicable sanctions program or export controls on such parties, including our Company and our subsidiaries, their respective directors, employees, shareholders and investors, the Hong Kong Stock Exchange, the Hong Kong Securities Clearing Company Limited, the **[REDACTED]** Limited and the Securities and Futures Commission.

International sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated international sanctions. Our business and reputation could be adversely affected if the authorities of the United States, the E.U., U.K., and Australia or any other jurisdictions were to determine that any of our activities constitutes a violation of the sanctions they impose or provides a basis for them to impose sanctions against our Group. In such events, our financial results may be materially and adversely affected.

We are dependent on the continued services and performance of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition.

Our future performance depends on the continued services and contributions of our senior management and other key employees, including our founders, Chief Executive Officer, Chief Technology Officer, Chief Financial Officer, and other key employees, to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our senior management or other key employees can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our senior management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them within our business also require significant amounts of time, training and resources, and may impact our existing corporate culture.

If we are unable to attract, retain and motivate qualified personnel, our business may be adversely affected.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel specializing in Internet, cloud computing and marketing. The inability to attract or retain qualified personnel, or delays in hiring required personnel, may cause significant harm to our business, financial condition and operating results. Our ability to continue to attract and retain highly skilled personnel, specifically employees with technical and engineering skills and employees with high levels of experience in intellectual property, finance, accounting, taxation, business administration and Internet-related services, will be critical to our future success. If we lose the services of any member of management or key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth, therefore materially and adversely affecting our business, financial condition, results of operations and prospects.

Meanwhile, the size and scope and the future growth of our business may require us to hire and retain a wide range of effective and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. Competition for talent and qualified personnel in the enterprise service industry is intense, and the availability of suitable and qualified candidates in the PRC is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. In addition, even if we were to offer higher compensation and other benefits, we cannot assure you that these individuals would choose to join, or continue working for, us. If we fail to attract and retain personnel with suitable managerial or other expertise, or to maintain an adequate labor force on a continuous and sustained basis, our financial position and results of operations could be materially and adversely affected.

If we are unable to continue to provide services to service providers on our enterprise services platform or to implement our strategy to enable more service providers with more products, our business and prospects may be materially and adversely affected.

We have extended our enterprise services platform from serving enterprise clients to serving the service-supply end. Our wide range of products services to service providers on our enterprise services platform, such as fund custody value-added service and store operation tools, facilitates their digital transformation and transaction protection, helps service providers attract and better serve more enterprises clients more efficiently, increase sales and enhance profitability. We believe such services represent an important market opportunity and will further enhance user experience, thus solidifying our market-leading position. There is no assurance, however, that we will be successful in implementing such products and services as a result of the development of new business models or increased competition in this field. If we are unable to continue to provide services to service providers or to implement our strategy to enable more service providers with more products and services, our business and prospects may be materially and adversely affected.

Security breaches and attacks against our platform, and any potentially resulting breach or failure to otherwise protect confidential and proprietary information, could damage our reputation and negatively impact our business, as well as materially and adversely affect our financial condition and results of operations.

Although we have employed resources to develop our security measures against breaches, our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of user information, or a denial of service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate, or implement adequate measures to protect against, these attacks.

We have in the past and are likely again in the future to be subject to these types of attacks, although to date no such attack has resulted in any material damages or remediation costs and we have contingency plans in place to reduce the impact of such attack on our business operations. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed and we could sustain substantial revenue loss from lost sales and customer dissatisfaction. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Cyber-attacks may target us, our customers and users or the communication infrastructure on which we depend. Actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants.

During the Track Record Period, we had experienced two cyber-attacks. In November 2019, our platform was attacked by a DDoS attack of unknown origin, which had disrupted our platform's normal operation for 6 minutes. The advanced anti DDoS handover was carried out at the first instance when the alarm of attack was received. Because of the impact of DNS taking effect, access to our platform from some regions were unavailable for a short time. In respect of the technical problem where the switching of DDoS alarm was dependent on DNS to take effect, which had led to longer system failure time, we have carried out a dual active transformation of the computer room, which supports two computer rooms to provide services at the same time, and supports second level computer room traffic switching.

Another instance of cyber-attack took place in September 2020, our platform was attacked by a DDoS attack of unknown origin. At that time, the advanced anti DDoS service had switched normally. However, due to the disoperation of a third-party cloud service provider's advanced anti DDoS service during traffic cleaning, some users were unable to access our platform for 12 minutes. In view of the instability of such third party cloud service provider's advanced anti DDoS products, we immediately replaced the advanced anti DDoS services with another third-party service provider.

We have adopted the Data Security Management Measures, which specifies the early warning, response, procedures and reporting of data security incidents. We regularly carry out the emergency drill targeting material data leakage. Our technology and data center will formulate the emergency drill procedures and manual in advance. We also carry out the emergency drill for attacks and improve our procedures.

The integrity and reliability of our platform and services largely rely upon our ability to verify information relating to service providers and to detect fraud and false information. If we fail to perform such obligations or meet the requirements of relevant laws and regulations, we may be subject to liabilities.

We have adopted and implemented a robust and comprehensive set of on boarding procedures to verify the authenticity and completeness of our platform service providers' identity and qualifications. We require service providers to submit their government-issued business licenses or identity documents and other relevant certifications to us before we allow them to register with our platform. We cannot assure you that such measures are sufficient to ensure the authenticity and integrity of the information provided by our service providers. If the information provided by certain service providers turns out to be false or inaccurate, our clients may suffer various consequences, from wasting time and money on unqualified services to incurring losses due to defective services. Other than losing confidence in our platform, these clients may even sue us for failing to ensure the integrity and reliability of the information presented on our platform. The resulting loss of revenue and possible incurrence of legal fees for defending such suits may have a material adverse impact on our business operations and financial conditions, as well as our brand and reputations.

Our business of connecting enterprise clients with service providers on our online platform constitutes an intermediary service, and our contracts with service providers are intermediation contracts under the Civil Code of the People's Republic of China ("**PRC Civil Code**"). Under the PRC Civil Code, an intermediary that intentionally conceals any material information or provides false information in connection with the conclusion of the proposed contract, which results in harm to the customer's interests, may not claim any service fee for its intermediary services and is liable for any damage incurred by the customer. In addition, according to the Provisions on Talent Market Administration (《人才市場管理規定》) (the "**Talent Provisions**"), as a talent intermediary service provider, we are prohibited from providing false information, making false promises and publishing false advertisement. Therefore, if any false information or advertisement is provided through our online platform, we could be subject to liabilities as an intermediary under the PRC Civil Code and liabilities under the Talent Provisions. We may also face claims for negligence or other purported injuries resulting from such false information, advertisement or the nature of our services. Such claims, with or without merit, may be expensive and time-consuming, result in significant diversion of resources and management attention from our operations, and adversely affect our brand image and reputation, which materially and adversely affect our business. See the section headed "Regulatory Overview — Regulations Related to Advertising."

Our online advertisement may constitute Internet advertisement, which subjects us to laws, rules and regulations applicable to advertising.

We derive a portion of our revenues from online advertisement. In July 2016, the State Administration for Market Regulation, or SAIC, formerly known as the State Administration for Industry and Commerce, promulgated the Interim Administrative Measures on Internet Advertising, effective September 2016, pursuant to which Internet advertisements are defined as any commercial advertising that directly or indirectly promotes goods or services through Internet media in any form including paid-for search results. See the section headed "Regulatory Overview — Regulations Related to Advertising". Under the Interim Administrative Measures on Internet Advertising, our online advertisement and marketing services may constitute Internet advertisement.

The PRC advertising laws, rules and regulations require advertisers, advertising operators and advertising distributors to ensure that the content of the advertisements they prepare or distribute is fair, accurate and in full compliance with applicable law. Violation of these laws, rules or regulations may result in penalties, including fines, confiscation of advertising fees, orders to cease dissemination of the advertisements and orders to publish corrective information. In circumstances involving serious violations, the PRC government may order a violator to terminate its advertising operation or even suspend its business license or revoke its advertising review and approval documents. In addition, the Interim Administrative Measures on Internet Advertising require paid-for search results to be distinguished from natural search results so that consumers will not be misled as to the nature of these search results. As such, we are obligated to distinguish from others the service providers who purchase online marketing services from us or the relevant listings by these service providers. Complying with these requirements and any penalties or fines for any failure to comply may reduce the attractiveness of our platform and increase our costs and could have a material adverse effect on our business, financial condition and results of operations.

In addition, for advertising content related to specific types of products and services, advertisers, advertising operators and advertising distributors must confirm that the advertisers have obtained the requisite government approvals, including the advertiser's operating qualifications, proof of quality inspection of the advertised products and services, and, with respect to certain industries, government approval of the content of the advertisement and filing with the local authorities. Pursuant to the Interim Administrative Measures on Internet Advertising, we are required to take steps to monitor the content of advertisements displayed on our mobile apps and websites. This requires considerable resources and time, and could significantly affect the operation of our business, while also exposing us to increased liability under the relevant laws, rules and regulations. The costs associated with complying with these laws, rules and regulations, including any penalties or fines for our failure to so comply if required, could have a material adverse effect on our business, financial condition and results of operations. Any further change in the classification of our online marketing services by the PRC government may also significantly disrupt our operations and materially and adversely affect our business and prospects.

If our analytics algorithms are or become flawed or ineffective, our reputation and market share may be materially and adversely affected.

Through AI, big data, cloud computing and other technologies, we are able to provide integrated intelligent solutions and services for our smart enterprise services including our smart business, finance and taxation services, including several advanced and intelligent functions such as automatic invoice collection, automatic voucher generation, automatic tax statement generation, automatic declaration of tax types and automatic declaration of personal tax, which have improved work efficiency. We identify potential customers through big data and use big data as the driving force to establish our smart intellectual property services that are better positioned to serve customers. Leveraging big data, we can intelligently help customers monitor the progress and analyze the chance of intellectual property applications and offer other smart services, including, among other things, trademark analysis and naming. For further information, see "Business — Our Data Assets and Big Data Analytics Capabilities."

The data we collect may not be relevant to all industries, and, for certain industries, we may not have sufficient user data to ensure that our algorithms and data engines work effectively. Furthermore, we usually only verify the core data instead of all data we gather. Not verifying all data we gather may subject us to potential inaccuracies. Even if such data were accurate, they may become irrelevant or outdated and, as a result, may not reflect a user's genuine interest. For example, following the date on which we obtain the relevant data, a user's interest and behavioral pattern may change.

In addition, we anticipate significant growth in the amount of data we process as we continue to develop new products, services and features to meet evolving and growing demands. As the amount of data and variables we process increases, our algorithms and data engines process increasingly complex calculations, which may increase the likelihood of defect and errors. To the extent our proprietary algorithms and data engines fail to accurately assess or predict a user's interest, or experience significant errors or defects, users may not achieve their goals in a cost-effective manner or at all, which could make our platform less attractive to them, result in damages to our reputation and a decline in our market share, and adversely affect our business and results of operations.

We rely on search engines and social media platforms to attract our customers and users. If we are not able to generate traffic to our website and apps through Internet search engines and social media platforms, our ability to attract new customers and users may be impaired.

Many of our customers and users locate our website through Internet search engines, such as Baidu, and advertisements on social media platforms, such as WeChat. The prominence of our website in response to Internet searches is a critical factor in attracting potential customers to our platform. If we are listed less prominently or fail to appear in search results for any reason, visits to our website could decline significantly, and we may not be able to replace this traffic. Further, Internet search engines revise their algorithms from time to time to optimize their search results. As a result, our website may appear less prominently or not at all in search results, which could result in reduced traffic to our website.

Additionally, if the price of marketing our products and services on search engines or social networking platforms increases, we may incur additional marketing expenses or be required to allocate a larger portion of our marketing spend to search engine marketing, which could affect our business and operating results. Our competitors may, in the future, bid on specific search terms that we use to drive traffic to our website which could increase our marketing costs and result in decreased traffic to our website. In addition, search engines or social media platforms may change their advertising policies from time to time. If any change to these policies delays or prevents us from advertising through these channels, this could result in reduced traffic to our website and sales of our products and services. Further, new search engines or social media platforms may develop that reduce traffic on existing search engines and social media platforms, and if we are not able to achieve prominence through advertising or otherwise, we may not achieve significant traffic to our website through these new platforms, and our business and operating results could be adversely affected.

We rely on service providers and our employees to provide quality services to enterprise clients on our enterprise services platform. Their illegal actions, misconduct and other improper activities, or any failure by them to provide satisfactory services or maintain their service levels, could materially and adversely affect our business, reputation, financial condition and results of operations.

Service providers are the ultimate providers of the majority of services listed on our enterprise services platform, and our brand and reputation may be harmed by actions taken by service providers that are outside our control. For example, the third-party service providers on our ZBJ website may fail to provide services to our clients due to bankruptcy of their business. Any shortcomings of our service providers, such as difficulty in servicing enterprise demand, providing timely delivery and good service, or failure to provide services as advertised or generally meet enterprise clients' expectations, may be attributed by enterprise clients to us, thus damaging our reputation and brand value and potentially affecting our results of operations. In addition, negative publicity and enterprise clients' sentiment generated as a result of fraudulent or deceptive conduct by our service providers on our enterprise services platform could damage our reputation, disrupt our ability to attract new customers or retain our current customers, and diminish the value of our brand.

In addition to the services provided by service providers on our enterprise services platform, we also rely on our employees to provide various smart enterprise services to our customers. To the extent they are unable to provide satisfactory services, which may be due to events that are beyond our or their control, such as changes in applicable policies, laws and regulations, we may suffer reputational damage, and our business, financial condition and results of operations may be materially and adversely affected. Further, labor disputes initiated by employees could also directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, lead to decreases in our revenue. If we are unable to effectively address these risks, our brand image, reputation and financial performance may be materially and adversely affected.

The future growth of our smart enterprise finance, accounting and tax administration services depends on our ability to expand our network of directly-operated branches and to maintain and enhance their performance.

As we primarily market and sell our smart business, finance and taxation services through our directly-operated branches network, our growth largely depends on our ability to increase the number of these branches and to maintain and enhance their performance. As of December 31, 2022, we have 39 directly-operated branches in 31 first-tier or second-tier cities covering 22 provinces and municipalities in China. Delays or failures in opening new branches could materially and adversely affect the growth strategy and expected results of our smart business, finance and taxation services. The growth of our directly-operated branch network and substantial efforts associated with the development of each additional branch may cause our operating results and financial performance to fluctuate. To complement our self-operated branch network, we also recruit third parties to open franchise branches in geographic areas which we do not have directly-operated branches. The performance of our franchisers is subject to a number of factors and risks, some of which may be out of our control. Although we generally require our franchisers to strictly comply with our quality standards and other operational policies and obtain all requisite licenses and approvals, they may improperly use our trademarks, breach other terms and conditions of franchise agreements or we may not be able to effectively monitor the operations of our franchise branches. Any of these may adversely affect our reputation and brand image, which may in turn materially and adversely affect our business, results of operations and financial condition. In addition, on February 6, 2007, the State Council issued the Regulation on the Administration of Commercial Franchises to regulate commercial franchising activities, including stipulating that franchisors should go through record-filing procedures with the competent commercial authorities, improve information disclosure and engage in franchise operations in accordance with its requirements. We are required to take measures to comply with the Regulation on the Administration of Commercial Franchises and other applicable regulations, which requires significant resources and time, and exposes us to additional responsibilities under the relevant regulations. Failure to fully comply with the foregoing may result in us being ordered to make rectifications or fined or other regulatory measures taken by the competent authorities, which in turn may materially damage our business, financial condition and results of operations.

Our strategy of making strategic acquisitions and investments may fail and may result in material and adverse impact on our financial condition and results of operations.

As part of our business growth strategy, we may, in the future, acquire businesses that we believe can expand and strengthen our services and customer coverage, as well as our technological capacities. Our ability to implement our acquisition strategy will depend on our ability to identify suitable targets, our ability to reach agreements with them on commercially reasonable terms, and within a desired timeframe, and the availability of financing to complete acquisitions, as well as our ability to obtain any required shareholder or government approvals. Our strategic acquisitions and investments could subject us to uncertainties and risks, including high acquisition and financing costs, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve our intended objectives, benefits or revenue-enhancing opportunities, uncertainty of entering into markets in which we have limited or no experience, and in which competitors have stronger market positions, costs associated with, and difficulties in, integrating acquired businesses and managing a larger business, and diversion of our resources and management attention. Our failure to address these uncertainties and risks may have a material adverse effect on our liquidity, financial condition and results of operations. Even if we are able to successfully acquire or invest in suitable businesses, we cannot assure you that we will achieve our expected returns on such acquisitions or investments. As of the Latest Practicable Date, we had not identified or pursued any acquisition target. If we fail to identify or acquire suitable projects or achieve our expected returns on such acquisitions or investments in the future, our business, financial conditions, results of operations and prospects may be materially and adversely affected.

Acquisitions may also expose us to successor liability relating to the actions by an acquired company and its management before and after the acquisition. The due diligence that we conduct in connection with an acquisition or investment may not be sufficient to discover unknown liabilities, and any contractual guarantees or indemnities that we receive from the sellers of the acquired companies or investment target companies and/or their shareholders may not be sufficient to protect us from, or compensate us for, actual liabilities. A material liability associated with an acquisition or investment could adversely affect our reputation and reduce the benefits of the acquisition or investment. In addition, if the management team or key employees of an acquired company fail to perform as expected, this may affect the business performance of such acquired company and, in turn, have a material adverse effect on our business, financial conditions and results of operations. From a financial perspective, if we cannot effectively integrate and manage the new businesses, we may incur impairment or fair value loss on investments. As there are uncertainties in the repayment of such debt, based on the principle of utmost prudence, we made provision for impairment losses of RMB200.0 million in connection to the investment. If the performance of our investment or the newly acquired business falls below our expectations prior to the investment, it could lead to a material and adverse impact on our results of operations and financial condition.

We cannot assure you that we can secure new or renew our existing leases with local governments or state-owned enterprises according to preferential policies, or at all.

Our entrepreneurship and innovation park services business relies on securing leases with local governments or state-owned enterprises in accordance with relevant preferential policies to obtain the land use right of the workplaces in local entrepreneurship and innovation parks. Pursuant to such preferential policies, we generally do not have to pay any rent for the first three years of the lease term, and can receive the preferential treatment of paying half of the rent for the following two years. We cannot assure you that we will be able to procure such new leases on favorable policies, or at all. Our efforts to secure new leases with preferential policies may be hindered by factors beyond our control, which may include, among others, changes in general economic conditions and evolving government policies and regulations. Even where we succeed in procuring such leases, we cannot guarantee that such leases will be renewed with favorable terms upon expiration. If the preferential policies for our leases expire, our cost for obtaining the land use right of the workplaces in local entrepreneurship and innovation parks will be significantly higher which may adversely impacted on our results of operation.

If such leases are not renewed or are terminated, there is no guarantee that we would be able to find other business opportunities and enter into alternative leases on favorable terms, or at all. In the event of such terminations or non-renewals, our business, results of operations and financial condition could be materially and adversely affected. In addition, both termination and non-renewal of such leases could potentially be detrimental to our reputation and brand value and diminish our competitiveness within the market.

Failure to maintain our occupancy rate for our entrepreneurship and innovation park may have a material adverse effect on our business, financial condition and results of operations.

For each of the three years ended December 31, 2020, 2021 and 2022, our revenue from customers of entrepreneurship and innovation park services amounted to RMB81.4 million, RMB82.6 million and RMB59.0 million, respectively. Revenue from our enterprise and innovation park services is affected by the occupancy rate of the workplaces we provide under our services. External factors, such as general economic conditions, the outbreak of pandemics and the general acceptance of the practice of working from home, may affect tenants' willingness to rent space in entrepreneurship and innovation parks. Additionally, lower-than-expected occupancy rate may also affect our ability to negotiate our service fee. If the workplaces we provide fail to achieve the expected occupancy rate upon opening or maintain a high occupancy rate during their life cycle, our revenue may decrease, and as a result, our business, our results of operations and financial condition may be adversely affected.

We are subject to various risks relating to third-party payments.

During the Track Record Period, certain of our customers settled their payments with us through third-party payors (the "**Third-party Payment Arrangement(s)**"). Most of the Third-party Payment Arrangements were made by customers who settle their payments with us through third-party payors who are not affiliated with those customers (the "**Relevant Customers**"). We consider the following persons or entities affiliates of our customers: (a) the immediate family member of our customer; (b) the legal representative, shareholder or the actual controller of our customer; (c) employee of such customer such as its finance employee; and (d) entities within the same group as our customer. In 2020, 2021 and 2022, there were 8,489, 8,614 and 4,740 Relevant

Customers, and the aggregate amount of third-party payments made by such Relevant Customers was RMB36.8 million, RMB35.0 million and RMB16.9 million respectively, representing approximately 4.9%, 4.6% and 3.1% of our total revenue, respectively. Starting from October 2022, we have already stopped entering into new Third-party Payment Arrangement without a Third-party Payment Agreement. No individual Relevant Customer had made material contribution to our revenue, and none of them were our top five customers during the Track Record Period.

We were subject to various risks relating to such Third-party Payment Arrangements during the Track Record Period, including possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may as a result be adversely affected.

If our collaboration with any of our strategic partners is terminated or curtailed, or if we are no longer able to benefit from the synergies of our business collaborations with our strategic partners, our business may be adversely affected.

Our business has benefited from our collaborations with our strategic partners, such as our collaborations with third-party technology service provider in connection with the development of our technologies and infrastructure. However, we cannot assure you that we will continue to maintain our cooperative relationships with our strategic partners and their respective affiliates in the future. If the services provided by these strategic partners become limited, compromised, restricted, curtailed or less effective or become more expensive or unavailable to us for any reason, our business may be materially and adversely affected. To the extent we cannot maintain our cooperative relationships with these strategic partners, we may need to source other alternative partners to provide such services, which may divert significant management attention from existing business operations.

We may be unable to obtain any additional capital required in a timely manner or on acceptable terms, or at all. Further, our future capital needs may require us to sell additional equity or debt securities that may dilute our shareholders' shareholdings or introduce covenants that may restrict our operations or our ability to pay dividends.

To grow our business and remain competitive, we may require additional capital from time to time for our daily operations. Our ability to obtain additional capital is subject to a variety of uncertainties, including:

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

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

The proper functioning of our technology infrastructure is essential to our business, and any failure to maintain the satisfactory performance, security and integrity of our technology infrastructure would materially and adversely impair our ability to provide services and affect our business, reputation, financial condition and results of operations.

The proper functioning of our technology infrastructure is essential to the conduct of our business. Specifically, the satisfactory performance, reliability and availability of our websites and mobile apps, our transaction-processing systems and our network infrastructure are critical to our success and our ability to attract and retain users and provide adequate services. Our revenues depend on the user traffic on our websites and mobile apps and the volume of activities that traffic generates.

In addition, our ability to provide users with a quality online experience depends on the continuing operation and scalability of our network infrastructure and information technology systems. The risks we face in this area include:

- our systems are potentially vulnerable to damage or interruption as a result of earthquakes, floods, fires, extreme temperatures, power loss, telecommunications failures, technical error, computer viruses, hacking and similar events;

- we may encounter problems when upgrading our systems or services and undetected programming errors could adversely affect the performance of the software we use to provide our services. The development and implementation of software upgrades and other improvements to our internet services is a complex process, and issues not identified during pre-launch testing of new services may only become evident when such services are made available to our entire user base; and

- we rely on servers, data centers and other network facilities provided by third parties, and the limited availability of third-party providers with sufficient capacity to house additional network facilities and broadband capacity in China may lead to higher costs or limit our ability to offer certain services or expand our business.

These and other events may lead to interruptions, decreases in connection speed, degradation of our services or the permanent loss of user data and uploaded content. Any system interruptions caused by telecommunications failures, computer viruses, or hacking or other attempts to harm our systems that result in the unavailability of our mobile apps and websites or reduced performance would affect the attractiveness of the services offered on our platform. If we experience frequent or persistent service disruptions, whether caused by failures of our own systems or those of third-party service providers, our reputation or relationships with our users may be damaged and our users may switch to our competitors, which may have a material adverse effect on our business, financial condition and results of operations.

Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations.

Our business is subject to governmental supervision and regulation by the relevant PRC governmental authorities. Together, these government authorities promulgate and enforce regulations that cover many aspects of our business operations, including but not limited to internet information services, online data processing, and agency bookkeeping. In addition, governmental authorities are likely to continue to issue new laws, rules and regulations governing these industries, enhance enforcement of existing laws, rules and regulations, and require new and additional approvals, licenses or permits from us or participants on our platform. For detailed discussion of certain licenses and permits relevant to our business, see the section headed "Business — Licenses and Permits" and the relevant discussion in the section headed "Regulatory Overview" in this document.

Due to the large number of different service categories offered on our platform, we cannot assure you that we have obtained or applied for all the permits and licenses required and necessary for conducting our business or will be able to maintain our existing permits and licenses or obtain any new permits and licenses if required by any future laws or regulations.

In addition, some of our PRC subsidiaries conducted overseas investment of enterprises outside of the PRC, and are required to comply with the Measures for the Administration of Overseas Investment of Enterprises, the Measures for the Administration of Overseas Investment and other regulations on overseas investment of enterprises. According to the aforementioned requirements, PRC domestic enterprises investing overseas must perform the approval, filing, registration and other relevant overseas investment procedures with the competent departments of commerce, development and reform, foreign exchange, etc. If we fail to perform the relevant overseas investment procedures in full compliance with the aforementioned requirements, we may face the risk of being required by the competent authorities to suspend or cease the implementation of relevant overseas investment projects or other regulatory measures.

If we fail to obtain and maintain approvals, licenses or permits required for our business, governmental authorities shall have the power to, among other things, give warnings, order us to make correction within a deadline, levy fines, confiscate our illegal gains, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions may have a material and adverse effect on our business, financial condition and results of operations.

We rely on third-party online payment service providers for online payment processing on our platform. If these payment services are restricted or curtailed in any way or become unavailable to us or our users for any reason, our business may be materially and adversely affected.

All online payments for services rendered by our service providers on our ZBJ platform are settled through third-party online payment service providers. Our business depends on the billing, payment and escrow systems of these payment service providers to maintain accurate records of payments of sales proceeds by users and collect such payments. If the quality, utility, convenience or attractiveness of these payment processing and escrow services declines, or we have to change the pattern of using these payment services for any reason, the attractiveness of our platform could be materially and adversely affected.

Business involving online payment services is subject to a number of risks that could materially and adversely affect third-party online payment service providers' ability to provide payment processing and escrow services to us, including:

- dissatisfaction with these online payment services or decreased use of their services by our users;
- increasing competition, including from other established PRC internet companies, payment service providers and companies engaged in other financial technology services;
- changes to rules or practices applicable to payment systems that link to third-party online payment service providers;
- breach of users' personal information and concerns over the use and security of information collected from users;
- service outages, system failures or failures to effectively scale the system to handle large and growing transaction volumes;
- increasing costs to third-party online payment service providers, including fees charged by banks to process transactions through online payment channels, which would also increase our cost of revenue; and
- failure to manage funds accurately or loss of funds, whether due to employee fraud, security breaches, technical errors or otherwise.

In addition, we cannot assure you that we will be successful in entering into and maintaining amicable relationships with these online payment service providers and commercial banks. Identifying, negotiating and maintaining relationships with these providers require significant time and resources. Our current agreements with these service providers also do not prohibit them from working with our competitors. They could choose to terminate their relationships with us or propose terms that we cannot accept. In addition, these service providers may not perform as expected under our agreements with them, and we may have disagreements or disputes with such payment service providers, any of which could adversely affect our brand and reputation as well as our business operations.

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

We seek to establish risk management and internal control systems consisting of an organizational framework, policies, procedures and risk management methods that are appropriate for our business operations, and seek to continue to improve these systems. For further information, see "Business — Risk Management and Internal Control." However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

We are subject to anti-corruption, anti-bribery, sanctions and similar laws, and noncompliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses.

We are subject to anti-corruption, anti-bribery, sanctions and similar laws and regulations in various jurisdictions in which we conduct activities. We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. These interactions subject us to an increased level of compliance related concerns. We have implemented policies and procedures designed to ensure compliance by us and our Directors, officers, employees, representatives, consultants, agents and business partners with applicable anti-corruption and anti-bribery and similar laws and regulations. However, our policies and procedures may not be sufficient and our Directors, officers, employees, representatives, consultants, agents and business partners could engage in improper conduct for which we may be held responsible, or subject us to financial loss and sanctions or penalties imposed by governmental authorities while seriously damaging our reputation.

Non-compliance with anti-corruption or anti-bribery laws and regulations could subject us to whistle-blower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses. If we or any of our associates fail to comply with economic sanctions or trade restrictions imposed by national or international authorities that are applicable to us or them, we may be exposed to potential legal liability and the costs associated with investigating potential misconduct, as well as potential reputational damage.

Any export controls or any economic or trade restrictions in the U.S. or elsewhere applicable to our businesses could be complex and may change frequently. The interpretation and enforcement of such laws and regulations involve uncertainties, which may be driven by political or other factors out of our control or heightened by national security concerns. Any potential restrictions imposed on us or our suppliers, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may cause disruptions to our service offerings and business operations, result in negative publicity, require significant management time and attention and subject us to fines, penalties or orders. Any of the foregoing events may have a material and adverse effect on our business, financial condition and results of operations.

We face potential liability, expenses for legal claims and harm to our business based on the nature of our business. We may also be subject to regulatory actions or legal proceedings in the ordinary course of our business.

We face potential liability, expense for legal claims and harm to our business relating to the nature of the service industry. For example, we could be subject to legal claims relating to product liability, property damage, breach of contract, unfair competition or other legal claims relating to the service offerings we make available on our platform. Even if an incident is not associated with our service offerings, the negative publicity and user sentiment about the industry in general resulting from such incident could also materially and adversely affect our business, financial condition and results of operations.

In addition, we face potential liability and expense for claims relating to the information published on our websites and mobile apps including claims for libel, negligence, copyright, patent or trademark infringement, fraud, other unlawful activity or other theories and claims based on the nature and content of information to which we link or that may be posted on our website or mobile apps generated by our users, or delivered or shared hypertext links to third-party websites, or video or image services, if appropriate licenses and/or third-party consents have not been obtained. For example, we have been subject to liabilities caused by the intellectual property infringement and false advertising committed by third-party service providers.

We may be subject to regulatory actions, litigation, disputes, or claims of various types brought by relevant regulatory authorities or our competitors, users, employees, or other third parties against us in the ordinary course of our business. Such regulatory actions, disputes, allegations, complaints, or legal proceedings may damage our reputation, evolve into litigations, or otherwise materially and adversely affect our reputation and business. Further, we may become subject to additional types of legal or regulatory proceedings as our business grows and the variety of our services expands. Litigation is expensive, may subject us to the risk of significant damages, requires significant managerial resources and attention, and could materially and adversely affect our business, financial condition, and results of operations. The outcomes of actions we institute may not be successful or favorable to us. Lawsuits against us, whether meritorious or not, may also generate negative publicity that significantly harms our reputation, which may adversely affect our user base.

We have been involved in litigation relating principally to third-party intellectual property infringement claims, contract disputes, civil tort disputes, employment-related cases and other matters in the ordinary course of our business. We may also be held liable if other participants in our network, such as platform service providers, fail to comply with applicable rules and regulations.

We have been and expect to continue to be subject to legal claims. Potentially, the frequency of such claims could increase in proportion to the number of enterprise client and service providers that use our platform. After we become a publicly listed company with a higher profile, we may face additional exposure to claims and lawsuits. These claims could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. In some instances, we may elect or be compelled to remove content or may be forced to pay substantial damages if we are unsuccessful in our efforts to defend against these claims, which could harm our business, financial condition and results of operations.

Our business generates and processes a large amount of data, and the improper use or disclosure of such data could subject us to significant reputational, financial, legal and operational consequences, and deter current and potential customers from using our services.

Our business generates and processes a large quantity of personal, transaction, demographic and behavioral data. We face risks inherent in handling large volumes of data and in protecting the security of such data. In particular, we face a number of challenges relating to data from transactions and other activities on our platform, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behavior by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, disclosure or security of personal information, including any requests from regulatory and government authorities relating to such data.

Any systems failure or security breach or lapse that results in the release of user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability. We have encountered user data leakage incidents in the past. For example, an incident involved an employee releasing customer information to one of our service providers. Our internal control team implemented our privacy policies, assessed the situation, and contacted the relevant authorities for legal advice. Subsequently, the service provider's account was closed and we implemented measures to prevent the re-occurrence of similar incidents. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any regulatory requirements or privacy protection-related laws, rules and regulations could result in loss of customers and proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and severely disrupt our business.

Certain of our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines.

Certain of our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines if we fail to remediate after receiving any notice from the relevant PRC government authorities. In case of failure to register or file a lease, the parties to the unregistered lease may be ordered to make rectifications (which would involve registering such leases with the relevant authority) before being subject to penalties. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. Although we have proactively requested that the applicable lessors complete or cooperate with us to complete the registration in a timely manner, we are unable to control whether and when such lessors or lessees will do so. In the event that a fine is imposed on us, and if we are unable to recover from the lessor or lessee any fine paid by us, such fine will be borne by us, which in turn may damage our business, financial condition and results of operations.

We may not be able to renew our current leases or locate desirable alternatives for our leased properties.

We rent properties for our offices and other business purposes, and we may not be able to extend or renew such leases on commercially reasonable terms. For instance, we compete with other businesses for premises at certain locations. Rental payments may significantly increase as a result of the high demand for the leased properties. Moreover, we did not enter into valid written lease agreement or have not obtained the property ownership certificate or the right to lease from the lessor for some of our leased properties, and the actual leasing purpose of some of our leased properties is not completely consistent with the planned purpose. We may not be able to extend or renew such leases upon expiration of the current term due to the aforementioned reasons or other similar circumstances, or may have to move out of our existing leased properties and identify new leased premises, which may result in substantial relocation expenses and affect our business operations. We may not be able to locate desirable alternative sites for our leased properties. For the leased sites registered as the address of our PRC subsidiaries, we may face the risk of being included in the list of enterprises with abnormal business operations if we fail to extend such leases or relocate the registered address and file such leases with the local authorities. The occurrence of such events could materially and adversely affect our business, financial condition, results of operations, and prospects.

The appraised value of our properties may be different from their actual realizable value and are subject to change.

The appraised value of our properties as contained in "Property Valuation" in Appendix III was prepared by our Property Valuer based on multiple assumptions containing elements of subjectivity and uncertainty, including, among other things, that:

- valuation of each of the properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser;

- we have an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid;

- all consents, approvals and licenses from relevant government authorities for the developments have been obtained without onerous conditions or delays;

- we have paid all land premium payments and other costs such as resettlement and ancillary utilities services in full and there is no requirement for payment of any further land premium or other onerous payments to the government;

- no allowances have been made for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale; and

- our properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Even though our Property Valuer adopted valuation methodologies used in valuing similar types of properties when preparing the property valuation report, the assumptions adopted may prove to be incorrect. As a result, the appraised values of our properties may differ materially from the price we could receive in actual sales of the properties in the market and should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the property market, as well as national and local economic conditions, may affect the value of our properties.

Any disruption in Internet access, telecommunications networks or our technology platform may cause slow response times or otherwise impair our users' experience, which may in turn reduce user traffic to our online platform and significantly harm our business, financial condition and operating results.

Our services are highly dependent on the performance and reliability of China's Internet infrastructure, accessibility of bandwidth and servers to our service providers' networks and the continuing performance, reliability and availability of our technology platform. Compared to more developed countries, Internet access in China is subject to greater uncertainties. Telecommunications capacity constraints in China may impede further development of the Internet to the extent that users experience delays, transmission errors and other difficulties.

We rely on major Chinese telecommunication companies and other third-party service providers to provide us with bandwidth and other services. We may not have access to comparable alternative networks or services in the event of disruptions, failures or other problems. Any disruption in Internet access or in the Internet generally could significantly harm our business, financial condition and operating results. Furthermore, we may not be able to timely and effectively scale and adapt our existing technology and network infrastructure to ensure that our online platform is accessible within an acceptable load time, which may have a material and adverse impact on our business prospects and results of operations.

We may experience website disruptions, outages and other online platform performance problems due to a variety of factors, including infrastructure or hardware changes, human or software errors, capacity constraints due to an overwhelming number of users accessing our online platform simultaneously and denial of service or fraud or security attacks. In addition, we may experience slow response times or system failures due to a failure of our information storage, retrieval, processing and management capabilities. Slow response times or system failures may drive our users away, and reduce the attractiveness of our products and services. If we experience technical problems in delivering our services over the Internet either at a national or regional level, we could experience reduced demand for our services, lower revenues and increased costs.

Our operating results are subject to seasonal fluctuations.

We have experienced, and expect to continue to experience, seasonal fluctuations in our revenues and results of operations. We have historically generated lower revenue in our first quarter than in other quarters, mainly due to slower and postponed spending or purchase by our customers as a result of holidays such as Chinese New Year in the first quarter. As a result, our revenues may vary from quarter to quarter, and you may not be able to predict our annual results of operations based on a quarter-to-quarter comparison of our results of operations. As a result of the continued growth of our products and services offerings, we believe that our business may become more seasonal in the future, and that historical patterns in our business may not be a reliable indicator of our future sales activity or performance, and any quarterly fluctuations in our revenues and results of operations could result in volatility and cause the price of our shares to fall. As our revenues grow, these seasonal fluctuations may become more pronounced as a result.

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

Our trade secrets, trademarks, copyrights, patents, and other intellectual property rights are critical to our success. We rely on, and expect to continue to rely on, a combination of confidentiality and non-compete, invention assignment and license agreements with our employees, and third parties with whom we have relationships, as well as our trademark, domain name, copyrights, trade secrets, patent rights, and other intellectual property rights to protect our brand. However, events beyond our control may pose a threat to our intellectual property rights, as well as to our products and services. Effective protection of trademarks, copyrights, domain names, patent rights, and other intellectual property rights is expensive and difficult to maintain, both in terms of application and costs, as well as the costs of defending and enforcing those rights. While we have taken measures to protect our intellectual property rights, we cannot assure you that such efforts are either sufficient or effective. As a result, our intellectual property rights may be infringed, misappropriated, or challenged, which could result in their being narrowed in scope or declared invalid or unenforceable.

Similarly, our reliance on unpatented proprietary information and technology, such as trade secrets and confidential information, depends in part on our agreements with employees and third parties which contain restrictions on the use and disclosure of such intellectual property. These agreements may be insufficient or may be breached, either of which could potentially result in the unauthorized use or unauthorized disclosure of our trade secrets and other intellectual property, including to our competitors. As a result, we could lose our crucial competitive advantage derived from such intellectual property. Significant impairments to our intellectual property rights, and limitations on our ability to assert our intellectual property rights against others, may result in a material and adverse effect on our business.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights or other intellectual property rights held by third parties. We have been, and from time to time in the future may be, subject to legal proceedings and claims relating to the intellectual property rights of others, including infringement of copyright, trademarks, technical know-how and transmission right of copyright works online. In addition, there may be other third-party intellectual property that is infringed by services offered by our service providers and our services or other aspects of our business. We cannot assure you that holders of patents purportedly relating to some aspect of our technology infrastructure or business, if any such holders exist, would not seek to enforce such patents against us. Further, the application and interpretation of China's patent laws and the procedures and standards for granting patents in China are still evolving and are uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Such infringement or licensing allegations and claims have been and may be brought by our suppliers. Defending against these claims and proceedings is costly and time consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

In addition, we allow our users to upload content to our mobile apps and websites. However, content posted on our mobile apps and websites may expose us to allegations by third parties of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of third-party rights. Our failure to identify unauthorized content posted on our mobile apps and websites may subject us to claims of infringement of third-party intellectual property rights or other rights, defending of which may impose a significant burden on our management and employees, and there can be no assurance that we will obtain final outcomes that are favorable to us. In addition, we may be subject to administrative actions brought by the National Copyright Administration of China or its local branches for alleged copyright infringement.

We use open source software in connection with our products and services. Companies that incorporate open source software into their products and services have, from time to time, faced claims challenging the ownership of open source software and compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or for noncompliance with open source licensing terms. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and make available any derivative works of the open source code on unfavorable terms or at no cost. Any requirement to disclose our source code or pay damages for breach of contract could be harmful to our business, financial condition and results of operations.

We use software licensed from third parties to provide our products and services. Failure to maintain these licenses or any error in such software could adversely affect our business.

We incorporate certain software licensed from third parties into our products and services to offer attractive user experience and drive customer acceptance of our products and services. For example, we use intelligent software and tools, such as WeCom (企業微信), in our enterprises service platform and smart enterprises services so that we can provide tailored services to our end customers to meet their specific demands. We anticipate that we will continue to rely on such third-party software in the future. Our products and services rely on third-party software to be compatible with our software, therefore any undetected errors or defects in third-party software may damage our products and services. We monitor the performance of our third-party software providers and choose our third-party software providers with the highest degree of compatibility with the needs of our business and our users, and the most stable quality of service. Although we believe that commercially reasonable alternatives to the third-party software we currently use are available, this may not always be the case and it may be difficult or costly to find such alternatives. Integrating new third-party software into our existing software system may consume significant amount of our time and resources. Our products and services depend on successful operation of third-party software in conjunction with our software, so any undetected errors or defects in the third-party software could impair our products and services.

We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. Further, we believe that insurance companies in China do not currently offer as extensive an array of insurance products as insurance companies in other more developed economies. As of the Latest Practicable Date, we had not had any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances impractical for our business and purposes. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations.

Under relevant PRC laws and regulations, our PRC subsidiaries are required to open social insurance and housing provident fund accounts, and we are required to make social insurance fund and housing provident fund contributions for our employees. During the Track Record Period, we did not make the social insurance fund and housing provident fund contributions in full for some of our employees of our PRC subsidiaries, and some of our PRC subsidiaries did not open social insurance or housing provident fund accounts and made social insurance or housing provident fund contributions for employees through third-party human resources agencies. As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, if we fail to make social insurance contributions in full and on time, the relevant administrative authorities may demand us to pay a late payment fee that equals to 0.05% of the outstanding amount for each day of delay. If we fail to make such payment within the deadline, the relevant administrative authorities may impose a fine that equals to one to three times of the outstanding amount. Pursuant to relevant PRC laws and regulations, if we fail to make housing provident fund contributions in full, the housing provident fund management center may demand us to pay and deposit the relevant amount within a stipulated deadline. If we fail to pay and deposit the relevant amount within the deadline, it may apply to a PRC court for compulsory enforcement. If we are ordered to make such payment by competent government authorities, we will do so within the prescribed time period. In respect of the outstanding housing provident fund contributions, we may be demanded by the relevant PRC authorities to pay the unpaid amount to the housing provident fund within a prescribed time limit, failing which we may be subject to the compulsory enforcement by the People's Court. If we were ordered to make such payment, we will do so within the prescribed time period, and we do not expect to incur late payment fees or fines for any outstanding amounts of contributions. Since August 31, 2022, we have made full social insurance and housing provident fund contributions to the government authorities for employees in most of our subsidiaries in accordance with relevant PRC laws and regulations and we will continue to communicate with local government authorities to make full contributions for employees in the remaining subsidiaries as early as possible and in any case no later than by the end of August 2023. As of the Latest Practicable Date, we have not received any notice from the competent authorities demanding us to rectify any non-compliance issue. Nevertheless, if the relevant competent authorities demand us to make up the payment in the future, we will comply with the relevant requirements and make up the payment in time. As advised by our PRC Legal Advisor, considering the above facts, relevant regulatory policies, certificates and telephone inquiries to relevant authorities, and as no employee has lodged any complaint against the Company, the risk of us being demanded to uniformly make up the outstanding arrears and subject to the aforementioned material penalties due to our failure to pay social insurance and housing provident fund contributions in full for some employees during the Track Record Period is remote. See the section headed "Business — Legal Proceedings and Compliance" in this document for details. However, we cannot assure you that we will not be subject to any order to rectify the non-compliance in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the outstanding amount of the social insurance and housing provident fund contributions against us, or that we will not receive any claims in respect of the outstanding amount of the social insurance and housing provident fund contributions under national laws and regulations. In addition, we may incur additional expenses to comply with such laws and regulations promulgated by the PRC Government or relevant local authorities. Failure to fully comply with relevant regulations, which results in our being ordered to make rectifications or imposed fines and late payment fees or other regulatory measures taken by the competent authorities, may cause serious damage to our business, financial condition and results of operations.

The deterioration of the relationships between the U.S. and China and international sanctions and export controls may have an adverse effect on our business and operations.

The U.S. government has recently taken various steps towards imposing restrictions on business dealings and trade with China, including but not limited to transfer of data and protection of intellectual property. Our business and prospect may be negatively affected by changes in governmental policies including sanctions and export controls administered by U.S. government authorities, including those imposed as a result of a material deterioration of the political or economic relations between China and the United States and other geopolitical challenges. There is no assurance that the governmental authorities in the United States will not take any such actions to restrict any general U.S. based software providers from dealing with Chinese companies like us, which could result in an adverse impact on our business and prospect if we were not able to find substitute services with the same quality and prices in China or from other countries. In addition, China may further retaliate, in response to new trade policies implemented by the U.S. government. Such retaliation measures may involve restrictions, sanctions and export controls which may further affect our business dealings and prospects. As a result, our business, financial condition and results of operations could be adversely affected.

RISKS RELATING TO DOING BUSINESS IN CHINA

Changes in China's economic, political and social conditions, as well as regulatory policies, could have a material and adverse effect on our business and operations.

Almost all of our businesses, assets, operations and revenues are located in or derived from our operations in China and, as a result, our business, financial condition and results of operations are affected to a large extent by economic, political and legal developments in China.

The PRC economy differs from the economies of developed countries in many respects, including the extent of government involvement, investment control, level of economic development, growth rate, control of foreign exchange and allocation of resources. It is still an on-going process for China to transit into a market oriented economy by implementing several economic and social reform measure since the 1970s. Although the PRC government has also implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China, however, is still owned by the PRC government. Some of these measures benefit the overall PRC economy, but may materially and adversely affect us.

We may not be subject to tax concessions under the Enterprise Income Tax Law which could result in material and unfavorable tax consequences to us.

For the period from January 1, 2011 to December 31, 2030, we and certain of our PRC subsidiaries are entitled to preferential income tax rate of 15%. For the period from January 1, 2019 to December 31, 2024, certain of our other subsidiaries are entitled to preferential income tax bearing rate of 2.5%, 5% or 10% for part of their taxable income (the specific entitlement shall be subject to the validity of latest policies). Despite that we and such subsidiaries are eligible for the preferential enterprise income tax rate, we cannot guarantee that the preferential tax policies will not change, or that any current or future preferential tax treatment will not terminate. If our preferential tax treatment changes or terminates, we will, like all other PRC enterprises, be subject to the normal enterprise income tax rate. The effective tax rate may materially and adversely affect our profitability, which may have a material and adverse effect on our business, financial condition and results of operation. Also, we cannot guarantee that application or the interpretation of the PRC Enterprise Income Tax Law will not continue to change, in which case the effective income tax rate for us may increase significantly, which will materially and adversely affect our profitability and financial condition.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions.

Our accounts were denominated in Renminbi, which is currently not a fully freely convertible currency. From time to time, we may need other currencies to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Under China's existing laws and regulations on foreign exchange, following the completion of the **[REDACTED]**, we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. As a result, we may not be able to pay dividends in foreign currencies to holders of our H Shares.

Fluctuation in the value of the Renminbi may result in foreign currency exchange losses.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates from time to time and is affected by a number of factors, such as changes in China's and international political and economic conditions and the fiscal and foreign exchange policies prescribed by the PRC government. From 1994 until July 2005, the conversion of the Renminbi into foreign currencies in the PRC, including the Hong Kong dollar and U.S. dollar, had been based on fixed rates set by the People's Bank of China (the "**PBOC**"). On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar where the Renminbi is permitted to fluctuate in a regulated band that is based on reference to a basket of currencies determined by the PBOC. On June 19, 2010, the PBOC announced that it intends to further reform the Renminbi exchange rate regime by enhancing the flexibility of the Renminbi exchange rate. Following this announcement, the Renminbi had appreciated to approximately RMB6.12 per U.S. dollar as of June 15, 2015. On August 11, 2015, PBOC further enlarged the floating band for trading prices in the interbank spot exchange market of Renminbi against the U.S. dollar to 2.0% based on the closing price in the previous trading session, and the Renminbi depreciated against the U.S. dollar by approximately 1.9% as compared to August 10, 2015, and further depreciated nearly 1.6% on the next day. On November 30, 2015, the Executive Board of the International Monetary Fund completed the regular five-year review of the basket of currencies that make up the special drawing rights and decided that with effect from October 1, 2016, the Renminbi is determined to be a freely useable currency and will be included in the special drawing rights basket as a fifth currency. With the development of foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further reforms to the exchange rate system, and the Renminbi could appreciate or depreciate significantly in value against the Hong Kong dollar or the U.S. dollar in the future.

The **[REDACTED]** from the **[REDACTED]** will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our **[REDACTED]** from the **[REDACTED]**. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

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

We are incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be adduced for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with such economic matters as the issuance and trading of securities, shareholders' rights, foreign investment, corporate organization and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as these laws and regulations are relatively new, the effect of these laws and regulations on the rights and obligations of the parties involved may involve uncertainty. As a result, the legal protections available to you under the PRC legal system may have uncertainties.

Our operations in the PRC are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. The PRC Company Law and regulations, in general, and the provisions for the protection of Shareholders' rights and access to information, in particular, may be considered less developed than those applicable to companies incorporated in Hong Kong, Europe, the United States and other developed countries or regions. In addition, PRC laws, rules and regulations applicable to companies listed overseas do not distinguish between minority and controlling shareholders in terms of their rights and protections. As such, our minority shareholders may not have the same protections afforded to them by companies incorporated under the laws of the United States and certain other jurisdictions.

Our Articles of Association provide that disputes between holders of H Shares and our Company, our directors, supervisors or senior officers or holders of Domestic Shares arising out of any rights or obligations concerning our affairs conferred or imposed thereupon by our Articles of Association or the PRC Company Law and related rules and regulations are to be resolved through arbitration. Our Articles of Association further provide that any arbitral award will be final, conclusive and binding on all parties. A claimant may elect to submit a dispute to an arbitration organization in Hong Kong or the PRC. Awards that are made by PRC arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong. Hong Kong arbitration awards may be recognized and enforced by PRC courts, subject to the satisfaction of certain PRC legal requirements.

It may be difficult to effect service of legal process or enforce foreign judgments against us, the Directors, Supervisors and senior management.

We are a joint stock company incorporated under the laws of the PRC with limited liability, and almost all of our assets are located in the PRC. In addition, a majority of our Directors and Supervisors and all of our senior management personnel reside within the PRC, and substantially all their assets are located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon us or most of our Directors, Supervisors and senior management personnel. Furthermore, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be difficult or impossible.

On July 14, 2006, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Mainland and the Hong Kong Special Administration Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》)(the "**2006 Arrangement**"), which came into effect on August 1, 2008. Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. It is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. In addition, the 2006 Arrangement has expressly provided for "enforceable final judgment," "specific legal relationship" and "written form." A final judgment that does not comply with the 2006 Arrangement may not be recognized and enforced in a PRC court.

On January 18, 2019, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"). Under the 2019 Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. Although the 2019 Arrangement has been signed, it remains unclear when it will come into effect and the outcome and effectiveness of any action brought under the 2019 Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the 2019 Arrangement can be recognized and enforced in a PRC court.

Furthermore, China has not entered into treaties or arrangements providing for the reciprocal recognition and enforcement of judgments awarded by U.S. courts, the United Kingdom or most other western countries, and Hong Kong has no arrangement for the reciprocal enforcement of judgments with the U.S. As a result, recognition and enforcement in the PRC or Hong Kong of judgment of a court in the U.S. or any other jurisdictions mentioned above in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

Although we will be subject to the Listing Rules and the Takeovers Code upon the **[REDACTED]** of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Takeovers Code do not have the force of law in Hong Kong.

Awards made by the PRC arbitral authorities (including CIETAC) recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong subject to provisions of the Arbitration Ordinance of Hong Kong. Hong Kong arbitration awards are also enforceable in China, subject to the satisfaction of PRC legal requirements. We cannot assure you that any action brought in China by holders of H Shares to enforce a Hong Kong arbitration award made in favor of holders of H Shares would succeed.

Payment of dividends is subject to restrictions under PRC law and there is no assurance as to whether and when we will pay dividends.

No dividend has been paid or declared by the Company during the Track Record Period. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. As a result, we may not be able to pay dividend in a given year even if we were profitable as determined under IFRS. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and require approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

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

Under the applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of H shares ("**non-resident individual holders**"), and gains realized through the sale or transfer by other means of H shares by such shareholders, are subject to PRC individual income tax at a rate of 20%, unless reduced by the applicable tax treaties or arrangements. Under applicable PRC tax laws, the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares ("**non-resident enterprise holders**") are both subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides. Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including **[REDACTED]**). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty may apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H shares through the sale or transfer by other means of H shares.

Pursuant to the Circular on Questions Concerning Tax on the Profits Earned by Foreign Invested Enterprises, Foreign Enterprises and Individual Foreigners from the Transfer of Shares (Equity Interests) and on Dividend Income (《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》) issued by the State Administration of Taxation, non-resident individual holders were temporarily exempted from PRC individual income tax for the dividends or bonuses paid by issuers of H shares. However, such circular was repealed by the Announcement on the List of Fully or Partially Invalid and Repealed Tax Regulatory Documents (《關於公佈全文失效廢止、部分條款失效廢止的稅收規範性文件目錄的公告》) dated January 4, 2011.

For non-resident individual holders, gains realized through transfers are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the MOF and the SAT on Issues Concerning Individual Income Tax Policies (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the SAT (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the Ministry of Finance and the State Administration of Taxation should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the Ministry of Finance and the State Administration of Taxation.

RISKS RELATING TO THE [REDACTED]

There has been no prior public trading market for our H Shares, an active trading market for our H Shares may not develop, and their trading price may fluctuate significantly.

No public market currently exists for our H Shares. The initial **[REDACTED]** for our H Shares to the public will be the result of negotiations between our Company and the [**[REDACTED]** and the **[REDACTED]**] (for themselves and on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the market price of the H Shares following the **[REDACTED]**. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to deal in, the H Shares. A **[REDACTED]** on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]**, or that the market price of the H Shares will rise following the **[REDACTED]**.

The trading volume and market price of our H Shares may be volatile, which could result in substantial losses for [REDACTED] who purchase our H Shares in the [REDACTED].

Trading volume and market price of our H Shares may be highly volatile. Several factors, including the general conditions of securities markets in Hong Kong, the PRC, the United States and other regions around the world, some of which are beyond our control, such as variations in our revenue, earnings and cash flow, the addition or departure of key personnel, litigation, or volatility in market prices and changes in the demand for our products and services, could cause large and sudden changes to the market price and trading volume at which our H Shares will trade. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. This volatility may also materially and adversely affect the market price of our H Shares.

Purchasers of our H Shares will experience immediate dilution, and future sales or perceived sales of substantial amount of our Shares in the public market could materially and adversely affect the prevailing market price of our H Shares and our ability to raise capital in the future.

Based on the **[REDACTED]**, the **[REDACTED]** is expected to be higher than the net tangible book value per Share prior to the **[REDACTED]**. Therefore, you will experience an immediate dilution in **[REDACTED]** net tangible book value per Share.

In addition, the market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us.

Since there will be a time gap of several days between the [REDACTED] and the commencement of [REDACTED] of our H Shares, holders of our H Shares are subject to the risk that the price of our H Shares could fall during the period before the [REDACTED] of our H Shares commences.

The initial price to the public of our H Shares **[REDACTED]** in the **[REDACTED]** is expected to be determined on the **[REDACTED]**. However, the H Shares will not commence **[REDACTED]** on the Stock Exchange until they are delivered, which is expected to be several business days after the **[REDACTED]**. As a result, investors may not be able to sell or otherwise **[REDACTED]** in the H Shares during that period. Accordingly, Shareholders are subject to the risk that the price of the H Shares when trading begins could be lower than the **[REDACTED]** in the event of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

Our Single Largest Group of Shareholders may exert substantial influence over us and may have conflict of interests with our independent Shareholders.

Immediately upon completion of the **[REDACTED]** (regardless of whether the **[REDACTED]** is exercised, our Single Largest Group of Shareholders will control approximately **[REDACTED]**% of the voting rights of our issued share capital. Our Single Largest Group of Shareholders will be in a position to exert significant influence over the affairs of our Company, including mergers and acquisitions or other business combinations, acquisitions or disposal of assets, issuance of additional shares or other equity securities, timing and amount of dividends paid, and decisions of our management. The interests of our Single Largest Group of Shareholders may not necessarily be aligned with the interests of our public Shareholders or our Shareholders as a whole, and this concentration of ownership may also have the effect of delaying, deferring or preventing a change in control of our Company.

Sale, or perceived sale, of a substantial number of the H Shares by our Single Largest Group of Shareholders or substantial Shareholders in the public market could adversely affect the prevailing market price of the H Shares.

Future sales of a substantial number of the H Shares by our Single Largest Group of Shareholders or substantial Shareholders could negatively impact the market price of the H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. The H Shares held by our Single Largest Group of Shareholders are subject to certain restrictions regarding their disposal for a period of six months from the **[REDACTED]**. See "**[REDACTED]**". There is no assurance that our Single Largest Group of Shareholders will not dispose of any Shares that they own now or may own in the future.

In addition, our third largest shareholder, Bo En, which holds approximately 15.51% of shares in our Company as of the Latest Practicable Date, has been involved in a number of disputes and legal proceedings concerning its shareholding in our Company, which is currently subject to several freezing orders issued by the PRC courts. For details, please refer to the section headed "History, Development and Corporate Structure — Pre-**[REDACTED]** Investments — Information of the Pre-**[REDACTED]** Investors" in this document. As of the Latest Practicable Date, such disputes and proceedings are still on-going. In the event that Bo En is ordered by the PRC courts to dispose of its shares in the Company, the market price of the H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate may be negatively impacted.

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

We may seek additional funding through a combination of, among others, equity offerings and debt financings. Our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Moreover, the incurrence of additional indebtedness or the issuance of certain equity securities could result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, and other operating restrictions which may:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flows from operations to settle our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital requirements and other general corporate needs; and/or
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

[REDACTED] should read the entire document carefully. We strongly caution you not to place reliance on any information contained in press articles or reports or other media regarding us and the [REDACTED].

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

We cannot guarantee the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert report, contained in this document.

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

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate", "believe", "could", "going forward", "intend", "plan", "project", "seek", "expect", "may", "ought to", "should", "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this document to the public, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.