

RISK FACTORS

Potential investors should consider carefully all the information set out in this document and, in particular, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the “Financial Information” section, before deciding to invest in our Shares. The following is a description of what we consider to be our material risks. If any of these risks materializes, the [REDACTED] of our Shares could decline and you may lose all or part of your investment.

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

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and our industry; (ii) risks relating to our contractual arrangements; (iii) risks relating to doing business in China; and (iv) risks relating to the [REDACTED]. There may be additional risks and uncertainties presently not known to us or not expressed or implied below or those we currently deem immaterial could also harm our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

Due to our limited operating history in new and developing markets, our ability to accurately predict our future operating results and prospects is limited and subject to a number of uncertainties.

As a fast-growing company with a relatively limited operating history that was founded in 2014, we cannot accurately predict our future operating results. We face various challenges and uncertainties with the prospect of our new business strategies in the developing markets, as we operate in emerging and rapidly evolving industries. Our ability to retain and attract business partners, expand our solutions offerings, increase our brand awareness, enhance monetization, improve our operating efficiency, maintain a scalable and secure technology platform and comply with the evolving regulatory environment may be challenged. Our operation results and financial condition may be adversely affected if we fail to address these risks going forward. In 2020, we upgraded Credit Wallet to Yangxiaomie facilitating the sale of goods and continued to build and operate additional apps, starting with Xingfuhui (興福匯) in the second half of 2021 as well as Consumption Guide in the second quarter of 2022. We achieved meaningful business growth from such upgrade and expansion. We cannot guarantee that such growth would continue at the same rate or at all, as our ability to predict our future operating results and prospects is limited.

We had client concentration, with a limited number of enterprise clients accounting for a substantial portion of our total revenue, and revenues from our clients may also fluctuate from time to time.

We derive a substantial portion of our revenues from a few large clients. Our top five clients accounted for 93.5%, 74.0% and 19.2% of our total revenues for the fiscal years ended December 31, 2020, 2021 and 2022, respectively. We have four, four and zero clients that accounted for more than 10% of our total revenues for each of the fiscal years ended December 31, 2020, 2021 and 2022, respectively. Sales to our largest client for the same period amounted to RMB85.4 million, RMB132.6 million and RMB33.4 million, respectively, representing 43.3%, 37.8% and 7.0% of our total revenue for the same period, respectively. See “Business — Top Customers and Suppliers — Top Customers” for more details of our top five customers. If any such clients or any other

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large client reduces their sales, change their contractual arrangement, or terminates its relationship with us, our business, results of operations and financial condition would be harmed. Our largest clients may exploit their comparably superior bargaining position in negotiating the terms of renewals of services agreements or other terms, which could have an adverse effect on our results of operations. During the Track Record Period, a majority of our largest customers were financial institutions. Due to changes in the regulatory environment for the financial industry, we may in the future need to modify our arrangements with these clients, which could adversely affect our business and results of operations. Even though we successfully expanded our customer base to include business partners from other industry verticals, our customers are subject to different pricing terms, hence we cannot guarantee that we can maintain the same percentage level of transaction volume as our service fee, referral success rates, profit margin and profitability. Furthermore, although we began further actualizing our business model and began providing transaction facilitation in 2020 targeting business partners from other industry verticals, there is no assurance that such actions would be successful in reducing our client concentration.

In addition, revenues from the largest clients may fluctuate from time to time due to reasons outside of our control, which could have a detrimental effect on our profits and cash flow from period to period. We cannot guarantee that our major clients will not have a change in business scope or business model, will not cease to operate, will operate in compliance with applicable laws, will be able to maintain their appropriate licenses and approvals for their operations or will not experience operational or financial difficulties. There can be no assurance that we can maintain relationships with our largest clients on commercially desirable terms. For example, in 2020, some of our top customers substantially reduced or discontinued doing business with us mainly because of regulatory changes affecting them. See “Financial Information — Review of Historical Results of Operations — Year Ended December 31, 2020 Compared to Year Ended December 31, 2019” for further details. If any of the foregoing were to occur, we could be pressured to reduce the prices we charge for the goods and services promoted on our apps or risk losing our largest clients, which could have an adverse effect on our revenue and margins, and could negatively affect our financial position 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 business partners’ evolving needs, our business partners may not continue to purchase 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. Our past success in this industry has been based on our ability to identify and anticipate our business partners’ needs and design solutions and services enabling our business partners to develop their businesses. See “Business — Our Business Model and Solutions.” Our prospects and our ability to attract new business partners, retain existing business partners and increase sales of our digitalization solutions will depend largely on our ability to continue improving and enhancing the functionality, performance, reliability, design, security and scalability of the products and services promoted on our apps to suit our business partners’ evolving needs.

We may face difficulties with developments in technology that could delay or prevent the development, introduction or implementation of new solutions or services. In addition, as software development requires significant investment of time and cost, we may not have sufficient resources to do so. Therefore, we may not be able to improve or enhance our functionality, performance, reliability, design, security or scalability of our solutions and services to meet the evolving needs of our business partners, and our existing business partners may not continue to use our solutions and services. If we are not able to improve and enhance the functionality, performance, reliability, design, security, and scalability of our solutions and services in a manner that responds to our business partners’ evolving needs, our existing business partners may not repurchase our solutions and

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services, and our business, financial condition, results of operations, and prospects will be materially and adversely affected.

We collect and store personal information relating to our business partners, their customers and our users in relation to our digitalization solutions on our systems. If our security is compromised, or such information is otherwise accessed without authorization, our reputation may be harmed, and we may be exposed to potential liability and significant loss of business.

We store personal information and other confidential information relating to our business partners, their end customers and our users and are subject to PRC laws and regulations regarding cybersecurity, information security, privacy and data protection. See “Regulatory Overview — II. Regulations Related to Operations.” While we regularly monitor or review content stored on our servers, we do not have entire control over the substance of the content on our servers, which may include personal information. We cannot assure you that third parties will not obtain unauthorized access to any personal information relating to business partners, their customers and our users. Such information may also be otherwise exposed through human error or other malfeasance. Any unauthorized access or compromise of such personal information could have an adverse effect on our business, financial condition and results of operations and our reputation may be harmed.

Our results of operations are subject to the performance of our digitalization solutions.

As we adopt a pay-for-performance pricing model, our operations and financial results are subject to the performance of our digitalization solutions. Our performance will also be affected by the performance of our business partners, such as customer preferences for their goods and services, as we charge a margin on goods or services facilitated through our apps. Social and economic factors affecting the global and PRC macroeconomic environment and other external factors such as the COVID-19 pandemic will also affect the performance of our business partners and thus, affect our operations and financial results. In addition, as the general economic, social and political conditions and performance of our business partners vary, our revenues may vary between different periods, and our results may not be comparable to the corresponding periods of prior years, 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.

Any material change in end customer demand or preferences, or any unexpected situation with a negative impact on market demand may materially and adversely affect our business and results of operations.

We model customer preferences to match end customers with their desired goods and services offered by our business partners. The accuracy and efficiency of our solutions depends on factors such as local consumer preferences and spending patterns, end customer income and demands as well as end customer perceptions of and confidence in our product quality. Changes in any of the above at any time could result in decline in number of transaction we facilitate. Our business growth will be negatively affected if we are unable to (i) accurately model end customer preferences in the lower-tier market to match interested end customers with business partners and/or (ii) bring new business partners in different traditional industries onto our apps to match end customer demand.

If we fail to anticipate or respond to changes in customer choices and preferences to satisfy the evolving demands of end customers in a timely manner, our reputation and profitability could be materially and adversely affected. Given our arrangements with our business partners are predominantly on a pay-for-performance basis, inaccurate transaction facilitation may materially and adversely affect our financial results. In addition, any unexpected situation affecting demand for goods and services offered by our business partners through our apps, such as the COVID-19 pandemic, may also materially and adversely affect our business and results of operations.

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

We operate in a highly competitive market and expect that such competition will continue to grow in the future. Some of our competitors may have longer operating histories, more experience, larger customer bases, greater brand recognition, more extensive commercial relationships within China and greater financial, technical, marketing and other resources than we do. Therefore, these competitors may be able to develop better solutions and respond, more quickly and effectively to new opportunities, technologies, regulations and business partner needs. We may not be able to retain existing business partners or attract new business partners if we cannot constantly update and develop solutions and services that respond to market opportunities.

We may not be able to compete with other market players on the software technology in connection with our solutions and services; other market players may carry out rapid commercialization of their AI algorithms, machine learning, cloud and other similar technologies so that they are able to provide more competitive cloud-based commerce services to business partners in various industries, which may adversely impact our competitive advantages. If we are unable to provide solutions and services to our business partners that are in line with technological trends, we may not be able to retain existing business partners or attract new business partners and our business and results of operations may be materially and adversely affected. In addition, we may encounter unexpected technological difficulties and risks in developing and implementing new technologies. Our new technologies or models may deliver less accurate results or become unstable after implementation. As a result, we may incur substantial costs or service disruptions, which could seriously harm our business and results of operations. Our ability to sustain and grow our business will suffer if we fail to respond to changes in technologies in a timely and cost-effective manner.

Furthermore, 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 target markets or geographies. 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.

As we expand our business partner base and increase the size and capabilities of our organization, we may experience difficulties in managing and sustaining our growth.

In recent years, as we expanded our business, we have continued to expand our digitalization solution offerings and our business partner base and to actualize our business model. As we lack familiarity and relevant customer insight relating to new business partners and new apps, it may be difficult for us to satisfy their needs and preferences, which could make our solutions and apps less attractive to our business partners, result in damages to our reputation and a decline in our market share, and adversely affect our business and results of operations.

We have also been expanding the scale of our business. Our number of business partners increased from 51 in 2020 to 214 in 2021, which further expanded to over 2,457 as of December 31, 2022. We have continued to expand our solution offerings as we address changing needs of our business partners and their end customers. Such expansion in business, while introducing more monetization opportunities, may increase the complexity of our operations and place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, business systems, operation procedures and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or to implement all these business systems, operation procedures and control measures successfully. In addition, we

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may misjudge customer demand, which would adversely affect our solution offerings and business. It may be difficult for us to achieve profitability for solutions provided to new business partners and our profit margin, if any, may be lower than we anticipate. For example, our gross profit margin decreased in 2021 as compared to 2020 primarily due to the Technology Setup and Update, which resulted in a decrease in transaction volume with financial institution clients, for which we generally generate a higher gross profit margin. We cannot assure you that we will be able to recoup our investments in expanding into new industries. As a result, our profit may be lower than we anticipate, and our results of operations and financial conditions may be materially affected.

In addition, there may be a risk that our business partners, particularly the financial institution clients and automobile service providers who are our local merchants on Consumption Guide, could seek to acquire customers directly through their own apps or through other channels. In such circumstances, they transact with potential end customers directly on their own apps or through other channels and if they regard such volume of end customers sufficient for their business, or if they value collaboration with other channels more, or if they can sufficiently sell and market their goods through their own sales channels, they may cease to use our services. In addition, we generally do not enter into long-term or exclusive agreement with our business partners. While our platforms provide business partners with both sales and marketing channels to end customers, some of them may decide not to engage us once their business scale has grown to the extent that they can sufficiently sell and market their goods or services through their own platforms or sale channels. Occurrence of such events may expose us to the risk of disintermediation, and our business, results of operations and financial position would be materially and adversely affected.

Our purchase amounts were concentrated to a limited number of suppliers during the Track Record Period.

During the Track Record Period, our major suppliers from purchase amount perspective were suppliers of Internet advertising and promotion services, business partners providing goods and services and suppliers of marketing services. Charges from our top five suppliers for the years ended December 31, 2020, 2021 and 2022 accounted for 58.9%, 66.1% and 53.6% respectively, of our total purchase amounts. There are inherent risks whenever we rely on a limited number of suppliers. Charges from our largest supplier for the years ended December 31, 2020, 2021 and 2022 accounted for 22.2%, 28.2% and 22.5%, respectively, of our total purchase amounts during those periods. Any significant disruptions in services or increase in cost, the inability of our major suppliers to meet their obligations or the lack of alternative partners could hinder our business operation and prospects, which would affect our financial condition and drive up the operating costs.

Our suppliers may be prohibited from working with us due to changes in the regulatory environment, and we may not be able to find a replacement in a timely manner with reasonable terms or at all. Moreover, our agreements with these suppliers often contain termination clauses which allows suppliers to terminate their agreements with us without penalty if required by regulatory authorities, leaving us with little or no compensation for our potential losses, which may materially and adversely affect our business, financial performance and prospects.

If we fail to maintain our business relationship with these suppliers, or if they cease to cooperate with us, or breach their current agreements with us, we may be unable to source alternative supplies in a timely manner. Any significant disruptions in services, the inability of our major suppliers to meet their obligations or the unavailability of alternative suppliers could hinder our business and marketing plans, which could, in turn, have a material adverse effect on our business, financial condition and results of operations.

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Our arrangements with our business partners are typically not exclusive. Failure to maintain relationships with existing business partners, especially our major business partners, or develop new ones may materially and adversely affect our business and results of operations.

Our relationships with our business partners and our ability to expand our customer base are crucial to our success. We generate a majority of our revenue from solutions and services provided to our business partners during the Track Record Period. We may not be able to sustain our business growth if we fail to maintain and grow our business partner base and expend our solutions and offerings. In addition, our arrangements with our business partners are typically not exclusive, and they may have similar arrangements with our competitors. They may terminate their relationships with us and seek alternative arrangements with our competitors if they are dissatisfied with our services or solutions. Moreover, our business partners may develop their own in-house capabilities and cease to use our services. There can be no assurance that we can maintain relationships with our business partners in the future. In addition, our relationships with business partners, especially our major business partners, may be subject to changes due to various factors such as macroeconomic and industry conditions, regulatory environment and their business performance and strategic adjustments from time to time. As our business model developed, we began to expand our business partners base, and our financial institution clients accounted for less of our total revenue. Our business, results of operations and financial performance will be adversely affected if the revenue from our paying business partners decreases or our relationships with our business partners deteriorate.

We are subject to credit risk.

During the Track Record Period, our trade receivables primarily represent recognized service fee from our provision of our solutions that have not been settled. Our trade receivables turnover days was 160 days, 124 days and 157 days for the year ended December 31, 2020, 2021 and 2022, respectively. Our trade receivables, net increased from RMB87.9 million in 2020 to RMB150.9 million in 2021, which was primarily a result of accumulated unsettled trade receivables from financial institutions that are our business partners whose business and operations had recovered gradually towards second half of 2020 as well as our overall business growth. Our trade receivables further increased to RMB258.2 million as of December 31, 2022, primarily due to the increase in trade receivables due from one of our major customers, as we had increased the service fee and extended repaying arrangements with this customer to not more than six months. If our paying clients delay settlement of trade receivables with us, we may be subject to credit risk, which could in turn adversely affect our results of operations and financial conditions.

In addition, as we are expanding our customer base and experimenting with different fee settlement structures and payment methods with business partners, we may be subject to credit risk which could adversely affect our business, financial condition and results of operations. During the Track Record Period, we entered into a special payment arrangement with one enterprise client, which is a trust company. Consistent with the common practice of this specific trust company, we will collect all service fees accrued during the term of service from the remainder of the funds held by each trust after payments to all beneficiaries are made when the trusts start to dissolve. See “Business — Salient Terms of Our Digitalization Solutions” for further details. Although we have never recognized revenue from the services rendered for this trust company, such payment arrangement is subject to uncertainties. The trust company may not have sufficient funds to pay our service fees accrued during the term of service after payments to all beneficiaries are made and the trust company may postpone the dissolution of the trusts upon approval by more than two-thirds of the beneficiaries present at a beneficiaries’ meeting and relevant government authorities. The dissolution of one trust of this trust company was postponed as the beneficiaries agreed to continue their investment, which resulted in a delay in payment of service fees to us. See “Business — Salient Terms of Our Arrangements for Our Digitalization Solutions.” for more details. If the foregoing occurs in the future, our financial conditions and liquidity may be adversely affected.

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In addition, as of December 31, 2020, 2021 and 2022, 93.9%, 87.3% and 1.4% of the total trade receivables was due from the Group’s five largest customers. Our top customers may experience financial difficulties, which could negatively impact our ability to collect significant amount due to us. Such adverse financial condition may negatively affect the length of time that it will take us to collect the associated trade receivables or impact the likelihood of ultimate collection, which could result in an adverse effect on our business, financial condition and results of operations.

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

We have experienced growth during the Track Record Period. Our number of business partners increased from 51 in 2020 to 214 in 2021, which further expanded to over 2,457 as of December 31, 2022. In addition, during the Track Record Period, we expanded our business from servicing financial institution clients to a wider group of business partners. Although our business has grown in the past, we cannot assure you that we will sustain our historical growth rate for various reasons, including uncertainty of our continuous launch of new solutions and services and intensified competition within the industry for digitalization solutions on proprietary apps or websites of the solution providers themselves or their enterprise clients in China. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance. In addition, we plan to expand and invest in new solutions and services, which may place significant strain on our managerial, operational, financial and human resources. Our current and planned operational infrastructure may not support our future operations. If we are not able to manage our growth or execute our strategies, our business and operation may be adversely affected.

Our business, growth and prospects are significantly affected by the growth in digital channels and usage of digitalization solutions provided on proprietary apps or websites of the solution providers themselves or their enterprise clients in China.

Compared to digitalization solutions provided on proprietary apps or websites of the solution providers themselves or their enterprise clients in the United States and other more developed markets, such digitalization solutions in China remain less mature and less common. Therefore, the transition to such digitalization solutions in China may be slower among business partners in light of heightened data security and other regulatory concerns and demand for highly customized products. Whether our business partners accept such digitalization solutions depends, to a large extent, on their level of awareness of our product offerings and the widespread use of such digitalization solutions. We cannot assure you that the trend of adopting and utilizing such products by our business partners will continue to grow in the future.

In addition, the expansion of the market for digitalization solutions provided on proprietary apps or websites of the solution providers themselves or their enterprise clients in China depends on a number of factors, including the level of acceptance and expansion of emerging digital marketing channels and continued use and growth of existing marketing channels. Even if such digitalization solutions become widely adopted, business partners may not be familiar with, or be willing to make significant investments in, services such as ours which can assist them in managing their precision marketing and operation systems. As a result, we cannot predict with certainty the market demand for our solutions and services or the future growth rate and size of the market for our digitalization solutions.

Expansion of the market for digitalization solutions provided on proprietary apps or websites of the solution providers themselves or their enterprise clients in China also depends on other factors, such as the growth of new digital channels and the cost, performance and perceived value associated with such digitalization solutions. If

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such digitalization solutions fail to achieve widespread acceptance or there is a reduction in demand for our solutions caused by economic and regulatory conditions, our business, growth, prospects and results of operations will be materially and adversely affected.

Systems disruptions, distributed denial of service attacks, or other hacking and phishing attacks on our systems and security breaches may delay or interrupt services to our business partners and their customers, harm our reputation and subject us to significant liability, which in turn may adversely affect our business, results of operations and financial results.

In the past, our infrastructure was subject to a brief system disruption for about nine minutes due to system overload. As the system disruption was quickly resolved, we did not experience any material impact on our operations or any financial loss. We have adopted preventative measures, including adding two high-configuration servers and a Sentinel system for emergency failover. In the future, we may be subject to distributed denial of service (the “DDoS”) attacks, a technique used by hackers to take an Internet service offline by overloading its servers, or other hacking and phishing attacks on our system in the future. We cannot assure you that any applicable recovery system, security protocol, network protection mechanisms or other defense procedures are, or will be, adequate to prevent such network or service interruptions, or system failures. Our infrastructure and systems may also be breached if any vulnerabilities therein are exploited by unauthorized third parties. In addition, despite our established internal control measures, we cannot guarantee that our employees will strictly comply with internal control measures. Employees’ non-compliant operations may lead to data errors and/or data loss, exposing us to significant liabilities and adversely affecting our business and results of operations.

We may not be able to implement sufficient preventative measures or stop the attacks while they are occurring because techniques used to obtain unauthorized access adapt and evolve frequently and the scale and frequency of DDoS attacks, hacking and phishing attacks is increasing. A DDoS attack, other hacking and phishing attacks or security breaches could delay or interrupt our services to our business partners and their end customers. Such attacks may deter consumers from visiting our apps or our business partners’ storefronts, hence affecting their overall customer experience. Any actual or perceived attacks or security breaches may also damage our reputation and brand, especially high-profile breaches, expose us to risks of potential litigation and liabilities, and require us to expend significant capital and other resources to alleviate problems caused by such attacks or security breaches. Our business partners may lose confidence in the security of our solutions and apps as a whole, which would have a material adverse impact on our ability to retain existing business partners and attract new ones.

Misconduct or other improper activities by our employees, business partners, end customers and other third parties could harm our business and reputation.

Our employees, business partners and other third parties may engage in misconduct or other illegal or improper activities, which could subject us to financial losses or regulatory sanctions and seriously harm our brand and reputation. Misconduct of our business partner or third party agencies could include charging abnormally high fee rates on consumer loans, using inappropriate loan collection methods, unauthorized activities resulting in unknown risks or losses, improper use of confidential or privacy information or fraudulent and other illegal or improper activities. The precautions we take to prevent and detect these activities may not be effective, since our internal controls are subject to inherent limitations including human error and could be circumvented or become inadequate because of changed conditions.

During the Track Record Period, Credit Wallet and Yangxiaomie were mentioned on public complaint forums and were accused of, or associated with, inappropriate behaviors, such as inappropriate debt collection,

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refusal to refund a returned product and delivery to the wrong address. Most of the allegations in such public complaints are related to business services received on Yangxiaomie and, as confirmed with our PRC Legal Advisor, do not involve potential violation of regulations or laws in the PRC. We had established internal control measures to handle third party complaints in general (including those through other third party forums) and would strive to resolve such complaints within 48 hours. As we generally handle such complaints in a timely manner, these incidents did not adversely affect our business, financial condition or results of operations. In relation to those other allegations that may involve violation of regulations in the PRC such as inappropriate debt collection, to the best of our knowledge after due and careful enquiries, the allegations in the complaints were inaccurate. As instructed by our financial institution clients, we entrusted third party debt collection agencies to collect outstanding loans for such clients from early 2019 to the end of 2020. According to the Trial Implementation of Provisions on the Supervision of Internet Financial Overdue Debt Collection Self-Discipline Convention (Trial) (《互聯網金融逾期債務催收自律公約(試行)》), promulgated by the National Internet Finance Association of China in March 2018, the debt collection activities should comply with the relevant requirements of laws and regulations, and any inappropriate debt-collection behaviors, such as insult, intimidation, threat and harassments, are strictly prohibited. During the Track Record Period, we have been named in complaints from end customers regarding inappropriate debt-collection behavior, such as sending threatening text messages, disclosure of personal privacy and harassment of borrowers' contacts, regardless of whether we engaged the relevant debt collection entities, as the end customers would direct the complaints to us based on the mere fact that we operate the platform that facilitated the transactions and they were only connected with the financial institutions through our app. Our agreements with financial institutions and debt collection agencies explicitly prohibit inappropriate debt collections. In addition, we have implemented internal control measures on third party debt collection agencies including (1) establishing law-abiding debt collection protocols for third party debt collection agencies to abide by, and (2) investigating the third party debt collection agencies associated with the complaints as to whether any inappropriate actions had taken place. During such process, nothing had come to our attention during the Track Record Period and as of the Latest Practicable Date that allegations involving such third party debt collection agents were true or accurate. As advised by our PRC Legal Advisor, during the Track Record Period, our engagement of third party debt collection agencies complied with relevant laws and regulations and even if such complaints were proved to be true we would not be subject to ultimate responsibility of any legal consequences that may arise according to our agreements with the third party debt collection agencies, given our Directors have confirmed that we did not engage in the illegal activities or instruct third-party agencies to do so. During the Track Record Period and as of the Latest Practicable Date, we have not been subject to any administrative penalties from regulatory authorities due to allegations involving inappropriate debt collections or any other allegations in the public complaints.

We also cannot prevent end customers who purchase goods or services using their credit card from our apps and re-sell such goods or services to other third parties as a means to “cash out”. We play no role in such actions. As advised by our PRC Legal Advisor, as such re-sell activities are not related to the Group's business operations, therefore, the Group would not ultimately be responsible for any legal consequences that may arise in connection with such activities.

Misconduct or other improper activities by our employees, business partners and other third parties could damage our brand and reputation, subject us to claims or potential lawsuits and require us to take additional steps to reduce improper and illegal activities. These steps could significantly increase our costs and reduce our profitability. Any of the foregoing could materially adversely affect our business, financial condition and results of operations.

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Regulatory, legislative or self-regulatory developments for online businesses, including privacy and data protection regimes, are expansive, not clearly defined and rapidly evolving. These laws and regulations could create unexpected costs, subject us to enforcement actions for compliance failures, or restrict portions of our business or cause us to change our technology platform or business model.

We operate in a subset of the digitalization solutions industry which spans data and internet industries which the PRC government extensively regulates. There has been an increase in legislation and regulations related to online marketing, the collection and use of Internet user data and unique device identifiers, such as IP addresses or mobile unique device identifiers, and other data protection and privacy regulation. In addition, foreign ownership of and the licensing and permit requirements pertaining to companies in such industries and access and usage of data are subject to regulatory scrutiny. These laws and regulations in the PRC that affect our industry are relatively new and evolving, and the interpretation and enforcement involve significant uncertainties. In addition, any changes in regulatory environment, whether or not directly targeted at us, may negatively affect the market environment, our business partners and goods and services of business partners, which may in turn have a material adverse effect on our business result of operations and financial conditions. Moreover, different regulatory bodies in China, including among others, the MIIT, the CAC and the MPS have enforced laws and regulations regarding cybersecurity, information security, privacy and data protection with various standards and applications. These and other similar legal and regulatory developments could lead to legal and economic uncertainty, affect how we design, market and sell our solutions and services, how we operate our business, and how we process and use data, which could negatively impact demand for our solutions and services. As a result, in certain circumstances, it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. We cannot assure you, however, that the PRC government will not find such practice noncompliant with PRC laws and regulations or the interpretation thereof, in which case we could be subject to severe penalties or be forced to relinquish our interests in those operations.

As we store personal information and other confidential information relating to our business partners, their customers and our users, we are also subject to PRC laws and regulations regarding cybersecurity, information security, privacy and data protection. According to the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cyber Security Law**”) and relevant regulations, network operators, including us, are obligated to provide assistance and support in accordance with the law for public security and national security authorities to protect national security or assist with criminal investigations. In addition, the Cyber Security Law provides that personal information and important data collected and generated by operators of critical information infrastructure, or CIIOs in the course of their operations in the PRC should be stored in the PRC, and the law imposes heightened regulation and additional security obligations on CIIOs. On July 30, 2021, the State Council promulgated the Provisions on Protection of Critical Information Infrastructure Security (《關鍵信息基礎設施安全保護條例》), which took effect on September 1, 2021 and provides that “critical information infrastructures,” or CII, refers to important network facilities and information systems involved in important industries and fields such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, national defense related science and technology industry, as well as those which may seriously endanger national security, national economy and citizen’s livelihood and public interests if damaged or malfunctioned, or if any leakage of data in relation thereto occurs. Pursuant to these provisions, the relevant government authorities are responsible for formulating rules for the identification of CII and further organizing to identify such the CII in the related industries and fields, taking into account the factors set forth in the provisions. The relevant authorities shall also notify operators who are being identified as CIIOs. If we provide or are deemed to provide such network products and services to CIIOs, or we are deemed to be a CIIO, we would be required to follow cybersecurity review procedures, and could be subject to cybersecurity review by the CAC and other relevant PRC regulatory authorities. Furthermore, if we are identified as a CIIO, additional

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obligations will be imposed on us with respect to the protection of CII, including the obligation to set up a special security administration department and to conduct security background review on persons in charge of such department or holding other key positions in such department.

On December 28, 2021, the CAC and ten other government authorities jointly promulgated the Review Measures, which took effect on February 15, 2022, replacing its previous version that was promulgated on April 13, 2020. The Review Measures provide that CIIOs purchasing network products and services, which affects or may affect national security, shall apply for cybersecurity review with the Cybersecurity Review Office under the CAC. Meanwhile, depending on the circumstances and at their own discretion, the relevant PRC government authorities may initiate a cybersecurity review, if they determine the operator’s data processing activities affect or may affect national security. Factors to be considered when assessing the national security risks of the relevant activities include, among others, the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed or illegally used or exited the country, or the risk of critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled and maliciously used by foreign governments after being listed in foreign countries. It remains unclear if the data we collect would be considered core data or important data. The CAC has sole discretion to determine whether an operator’s data processing activities affect or may affect national security. In addition, a network platform operator or data processor holding personal information of more than one million users and planning to list its securities on a foreign stock exchange shall also apply for such cybersecurity review.

As of the Latest Practicable Date, we had not received any notification from the relevant competent or regulatory authorities that we had been determined to be a critical information infrastructure operator or network platform operators engaging in data processing activities that affect or may affect national security. Meanwhile, the Review Measures impose no requirement on companies seeking to list their shares in a stock exchange in Hong Kong to voluntarily file for a cybersecurity review. According to the Review Measures, we are temporarily not applicable to the circumstances under which a cybersecurity review should be initiated. In May 2022, we consulted a competent authority on a named basis which confirmed that the Review Measures are not applicable to us. However, if the [REDACTED] of our Shares on the Stock Exchange is determined to “have affected or may affect national security”, the Cybersecurity Review Office may initiate a cybersecurity review against us pursuant to Article 16 of the Review Measures. At the same time, the Cybersecurity Review Office may require us to take risk prevention and mitigation measures in accordance with the Review Measures, which may have a material adverse impact on our business, financial condition and operating results.

On December 31, 2021, the CAC, MIIT, the Ministry of Public Security (the “MPS”), the SAMR promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》) (the “Provisions on Algorithm Recommendation”), which took effect on March 1, 2022. Specifically, the Provisions on Algorithm Recommendation require that such service providers shall provide users with options that are not specific to their personal characteristics, or provide users with convenient options to cancel algorithmic recommendation services. In addition, the Provisions on Algorithm Recommendation stipulate that algorithm recommendation service providers shall, among others, conspicuously inform users of their provision of algorithm recommendation, and publicize the basic principles, intended purposes and main operating mechanisms of algorithm recommendation services in an appropriate manner. The Provisions on Algorithm Recommendation further provides that, within 10 working days of the service provision commencement date, algorithm recommendation service providers with public sentiment attributes or social mobilizing capability shall perform filing procedures through the internet information services algorithm filing system. In the opinion of our PRC Legal Advisor, under our current business model, we are unlikely to be deemed as an algorithm recommendation service provider with public sentiment attributes or social mobilizing capability or be required to perform the filing procedures. However, as our operations include utilization of

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recommendation algorithms, we are likely to be subject to the Provisions on Algorithm Recommendation. Any failure of compliance with the Provisions on Algorithm Recommendation may have an adverse effect on our business, operation or financial conditions.

On November 14, 2021, the CAC released the Regulations on the Administration of Cyber Data Security (Draft for Comments) (the “**Draft Data Security Regulations**”) (《網絡數據安全管理條例(徵求意見稿)》) for public comments. According to the Draft Data Security Regulations, data processors shall, in accordance with relevant state provisions, apply for cyber security review when carrying out the following activities: (i) merger, reorganization or separation of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security; (ii) intention to seek a listing abroad of data processors that handle personal information of more than one million people; (iii) intention of data processors to seek a listing in Hong Kong, which affects or may affect national security; (iv) other data processing activities that affect or may affect national security. According to the National Security Law of the PRC, national security refers to a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other vital interests of the state are relatively not in danger and not threatened internally or externally and the ability to maintain a sustained security status. However, in the case of the foregoing sub-paragraph (iii), the Draft Data Security Regulations provide no further explanation or interpretation for “affects or may affect national security.” As advised by our PRC Legal Advisor, the criteria for determining “have or could have influence on national security,” as stipulated in the Draft Data Security Regulations, are still subject to uncertainty and further observation and further elaboration by the CAC. If our business is deemed as “having or could have influence on national security” when the Draft Data Security Regulations become effective and we fail to conduct cybersecurity review according to the relevant laws and regulations and/or take rectification actions as required by the relevant competent government authority, we might be subject to penalties, warnings or revocation of our practicing licenses and permits, which could materially and adversely affect our business, reputation as well as financial performance. As of the date of this document, we have not received any investigation, notice, warning, or sanctions from applicable government authorities in relation to national security or been involved in any investigations on cybersecurity review made by the CAC on the national security basis or any other basis, and have not received any inquiry, notice, warning, or sanctions in such respect. In addition, the operative provisions and anticipated adoption or effective date of such draft regulations may be subject to change with substantial uncertainty. We cannot predict the impact of these draft regulations, if any, at this stage, and we will closely monitor and assess any development in the rule-making process.

On July 7, 2022, the CAC published the Security Assessment Measures for Outbound Data Transfers (《數據出境安全評估辦法》) (the “**Security Assessment Measures for Outbound Data Transfers**”, which became effective on September 1, 2022. The Security Assessment Measures for Outbound Data Transfers specify the circumstances in which data processors providing data outbound shall apply for outbound data transfer security assessment with the Cyberspace Administration, including (i) where a data processor provides critical data abroad; (ii) where a key information infrastructure operator or a data processor processing the personal information of more than one million individuals provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers is required. We operate business within the mainland of PRC and all the data and personal information collected and generated during our operation is stored within PRC. Furthermore, our business operation involves no cross-border transfer of data. Based on the foregoing, our PRC Legal Advisor is of the view that the likelihood that such Measures for Outbound Data Transfers applies to our business operation is remote and may have no adverse impact on our business operation.

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Our PRC Legal Advisor has conducted consultation via the hotline published by the CAC on a named basis on behalf of us on May 27, 2022 with the China Cybersecurity Review Technology and Certification Center (the “CCRC”). Based on such consultation, we are informed that Hong Kong is a part of the People’s Republic of China and therefore does not belong to “foreign country” under the Security Assessment Measures for Outbound Data Transfers, it is not necessary for us to voluntarily apply for cybersecurity review according to Article 7 of the Security Assessment Measures for Outbound Data Transfers. As announced by the CAC, the CCRC is entrusted by the Cybersecurity Review Office and under its guidance, to undertake specific work of the cybersecurity review such as receipt of materials and formal review of such materials and set up a hotline for the consultation regarding cybersecurity review. We had not been notified by any regulatory authority or subject to any investigation on any data processing activity that affects or may affect national security. We have disclosed our [REDACTED] plan in Hong Kong to CCRC in such consultation and as of the Latest Practicable Date, we have not received any objection for our [REDACTED] plan in Hong Kong or any notification for cybersecurity by any relevant authority.

We have obtained ISO 27001 Information Security Management System Certification, and conducted the evaluation of classified protection of cybersecurity on our information systems. Furthermore, we have established comprehensive policies for the collection, processing, sharing, disclosure authorization and other aspects of data use and privacy and taken necessary measures to comply with all applicable laws and regulations regarding cybersecurity, data security and personal information protection. However, we cannot guarantee the effectiveness of these policies and measures undertaken by us, our employees, or other business partners. If we are unable to effectively manage these risks, we could become subject to penalties, fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected. We cannot assure you we would always be in full compliance with applicable laws and regulations or that subsequent laws and regulations or interpretation of existing ones would not render our operations non-compliant. In each case, our business, financial condition and results of operations may be materially and adversely affected.

If our machine learning and analytics algorithms for assessing and differentiating customers are or become flawed or ineffective, or if our digitalization solutions fail to improve the marketing results for our business partners, our business, reputation and market share may be materially and adversely affected.

We utilize our proprietary algorithms to track, process and analyze customer information and forecast the probability and the nature of end customers’ potential interests in our business partners’ goods and services. Our ability to attract new end customers depends on accurate identification and differentiation of relevant end customers. In addition, we do not generally verify the information we gather, which may be inaccurate, outdated, irrelevant or subject to fraud and therefore, does not reflect a user’s credit profile or genuine interest in a given good or service. Furthermore, we expect growth in the amount of information we process as we continue to expand our business and develop new solutions, features, and services to meet our business partners’ evolving needs and demands. If our proprietary algorithms fail to accurately assess or model a user’s profile or interest in a given good or service, or experience significant errors or defects, our business partners may not achieve their marketing goals in a cost-effective manner or at all, which could make our solutions less attractive to them, result in damage to our reputation and a decline in our market share, and adversely affect our business and results of operations. In addition, given our arrangements with our business partners are predominantly on a pay-for-performance basis, if our digitalization solutions fail to attract and refer sufficient end customers or transaction volume, our business and results of operations may be adversely affected.

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

Our solutions may contain flaws, defects, errors, security vulnerabilities or software issues that are difficult to detect and correct despite internal quality control and testing, particularly when the solutions are first introduced or when new versions or enhancements are released. If we are unable to successfully correct the errors or defects in a timely manner, we may be responsible for refunding or replacing the defective solutions or services. As a result, we may incur revenue loss, significant expenditures of capital, a 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. In addition, we have limited control over the goods and services provided by our business partners on our apps, which may contain errors or defects. As goods made available on Yangxiaomie are displayed without reference to the relevant business partner providing such goods, end customers may look to us to correct any errors or defects relating to such goods in a timely manner and for us to refund or replace any defective goods. In addition, we may be subject to claims under consumer protection laws, including loan claims and claims associated with our business partners, health and safety claims and product liability claims from our end customers, if property or people are harmed by the goods and services sold by our business partners through our apps or when our business partners knowingly or intentionally provide defected goods or services to end customers.

As many of our business partners use our solutions in certain areas of their businesses, any error, defect, bug or vulnerability discovered in our solutions and services could result in damage to our reputation, loss of business partners, loss of revenues or liability for damages. In addition, we cannot assure you that the provisions limiting our exposure to claims, which are typically included in our contracts with our business partners, would be enforceable or adequate to protect us from liabilities or damages. Furthermore, claims initiated against us would likely be time-consuming, costly to defend and may have a material adverse impact on our reputation and brand, regardless of the results, which could have an adverse effect on our business, reputation, financial condition and results of operations.

We may be unable to achieve or maintain adequate data transmission capacity as required by our business partners.

We usually draw significant user traffic to our apps, especially during new product releases, holiday shopping seasons and flash sales, which significantly increases the demand for our solutions and the traffic on our servers. We cannot assure you that we are able to continue achieving or maintaining adequate processing capacity in the future, particularly when we encounter an unexpectedly significant increase in traffic. In addition, our ability to provide adequate data transmission capacity also depends on third-party Internet infrastructure to continue to maintain reliable networks with the necessary speed, data capacity and bandwidth. If one of these third parties suffers from capacity constraints, our business may be adversely affected.

If we are unable to attract and retain end customers on our apps, or if user engagement and/or user spending decline, our business and results of operations may be materially and adversely affected.

We have experienced significant user growth on our apps over the past two years. The average MAU on Yangxiaomie grew from 256.5 thousand in 2020 to 675.0 thousand in 2022. If user engagement and/or user spending on Yangxiaomie and our other apps decline, our business, results of operations and growth potential and prospects may be materially and adversely affected. Our ability to provide precision marketing and facilitate goods and services transactions for our business partners depends on our capability to continuously attract and

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retain end customers, and we cannot be sure that we will be successful in these efforts, or that user retention levels will not materially decline. In addition, as Consumption Guide focuses on stimulating local consumption in various industry verticals and attracts local end customers, any reduction, elimination or unavailability of government subsidies and economic incentives caused by policy changes could adversely affect our online traffic flow and the development of Consumption Guide and hence affect our business, financial condition and results of operations.

We analyze user information generated on our apps with our AI technologies to understand user profile and preferences in order to recommend goods and services catering to their interests and needs. Therefore, the effectiveness of our solutions and monetization strategies is dependent on our ability to obtain and process information and to refine the algorithms used in processing such information. If we fail to maintain and expand the user base of our apps to continually generate large amounts of user information, or if we fail to keep up with the rapid development and upgrade of AI technologies on a timely and cost-effective basis, we may not be able to effectively grow and monetize our solutions, and our business and results of operations may be materially and adversely affected.

Our business could be materially and adversely harmed by the tightening of laws, regulations or standards in the financial industry that affect financial institutions.

During the Track Record Period, all of our top five clients were financial institutions and we expect to continue to serve financial institutions as our business partners on our apps going forward after we complete the technology setup with our financial institution clients. See “Summary — Recent Development — Technology Setup and Update” and “Business — Quant-enabled Scenarios and Commercial Scenarios — Quant-enabled Scenarios — Yangxiaomie.” Therefore, any regulatory change in financial industry affecting financial institution clients may adversely affect our results of operations. The financial industry in China is highly regulated, and financial institutions in China are subject to a myriad of regulations, many of which are rapidly evolving. In particular, recently, PRC regulatory authorities have tightened regulations with respect to conducting online financing business. For example, the CBIRC published the Interim Measures for the Administration of Internet Loans of Commercial Banks (商業銀行互聯網貸款管理暫行辦法) in July 2020, which was further amended in June 2021, (the “**New Online Lending Rules**”), stressing the importance of risk data and risk model management and require commercial banks to build a comprehensive risk management system for online lending business. The New Online Lending Rules also place a strict ban on commercial banks working with third party organizations that have a record of gathering or using personal information in breach of regulations. Third party organizations who fail to pass the annual assessments of commercial banks will also be prohibited from providing services to commercial banks.

In addition, in August 2020, the Supreme People’s Court issued the Decision on Amending the Provisions of the Supreme People’s Court on Several Issues Concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定), which amended the upper limit of private lending interest rates under judicial protection (the “**Judicial Interpretation Amendment**”). According to the Judicial Interpretation Amendment, total annual percentage rates (inclusive of any default rate, penalty and any other fee) at the formation of contracts exceeding four times that of China’s benchmark one-year loan prime rate (the “**LPR**”) as published on the 20th of each month will not be legally protected. Non-financial institutions are subject to the Judicial Interpretation Amendment. Consequently, their businesses may be impacted as they are required to adopt changes to their product offerings to comply with such new rules, which in turn will adversely impact their demand of our services. Further, there is uncertainty as to the interpretation and implementation of the Judicial Interpretation Amendment. If our business partners which are licensed financial institutions were deemed to be subject to this Judicial Interpretation Amendment and

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were required to adopt changes to their product offerings, it will likely adversely affect the business of such business partners, which, in turn, could have a negative impact on our business and results of operations.

On November 2, 2020, the People’s Bank of China (the “PBOC”) and the CBIRC issued the draft Interim Measures for the Administration of Online Micro-lending (網絡小額貸款業務管理暫行辦法 (徵求意見稿)) (the “Draft Online Micro-lending Measures”). Aiming to enhance the regulation of online micro-lending, the Draft Online Micro-lending Measures, which were open for public feedback until December 2, 2020, proposed, *among other things*, a RMB5 billion registered capital threshold for online micro-lenders that operate across different provincial regions, and a RMB1 billion registered capital threshold for online micro-lenders that only operate within the province in which they are established. In addition, the Draft Online Micro-lending Measures also introduced a set of new requirements for the shareholders of online micro-lenders, such as the controlling shareholder of online micro-lenders shall have been profitable for the last two consecutive years and have paid in aggregate no less than RMB12 million in tax. The Draft Online Micro-lending Measures also cap the balance of an online micro-lender through issuance of bonds and asset-backed securities at four times of its net assets and at one time of its net assets if borrowed from its shareholders or banks. The size of loans shall not exceed RMB300,000 for each individual or one-third of the borrower’s average annual income for the last three years (whichever is lower), or RMB1 million for each business entity. As of the Latest Practicable Date, this draft has not been effected as law. As advised by our PRC Legal Advisor, the period of soliciting for public comments for the Draft Online Micro-lending Measures had ended on December 2, 2020, and the Draft Online Micro-lending Measures have not been officially promulgated or implemented as of the Latest Practicable Date. Despite the long-passed period for public comments soliciting, it is unsure whether and when the Draft Online Micro-lending Measures would be promulgated and take effect.

According to the Draft Online Micro-lending Measures, online micro-lending companies that conduct business across more than one region are supervised directly by CBIRC, rather than local authorities and are required to share its borrowers’ credit information with credit agencies approved by the PBOC or other credit rating system such as the Financial Credit Information Data Centre. Existing online micro-lending companies will have a certain transition period (three years for online micro-lenders operates across the provincial regions and one year for other online micro-lenders) to fully comply with the Draft Online Micro-lending Measures or their online micro-lending license may be revoked. If the Draft Online Micro-lending Measures become effective in their current form, the financial condition of our customers that are micro-lending companies may be adversely affected. In particular, three of our customers, namely (i) Yingtian Guangda and (ii) two financial institution client we engaged in the second quarter of 2021 and the second quarter of 2022 (“Company W” and “Company X”), are online micro-lending companies. As advised by the PRC Legal Advisor, the Draft Online Micro-lending Measures, if they become effective, would apply to Yingtian Guangda, Company W and Company X, but not to our other financial clients that are not micro-lending companies. If the Draft Online Micro-lending Measures become effective, we will follow up with these three micro-lending companies on their compliance with the Draft Online Micro-lending Measures as soon as possible within the relevant transition period as advised by our PRC Legal Advisor, failing which we would terminate our business relationship with them. The revenue generated from Yingtian Guangda and Company W only accounted for approximately 2.4% and nil, respectively, of our revenue for 2021, and approximately 2.0% and 1.3%, respectively, of our revenue for 2022. We did not recognize any revenue from Company X during the Track Record Period. Considering that (i) such micro lending companies had limited contribution to our revenue, (ii) the Draft Online Micro-lending Measures have not been effective and earliest termination date of the business collaboration with the micro-lending companies will be in one year after the effective date, and (iii) we engaged four financial institution clients that are not micro-lending companies in 2022 and our ability to provide digitalized marketing to financial institutions that we wish to collaborate with is expected to normalize prior to such termination, if any, we do not believe terminating business collaboration with them

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will have a material adverse impact on us. We cannot assure you whether any tightening of laws, regulations or standards in the financial industry will affect financial institutions and may in turn affect our business, results of operations and financial condition.

Our services involve transmission and processing of certain information belonging to our users and the end customers of our business partners and may be subject to complex and evolving laws and regulations regarding privacy and data protection. If we fail to comply with privacy and data protection laws and regulations, our business, results of operations and financial condition may be adversely affected.

In recent years, the PRC government has enacted a series of laws and regulations on the protection of personal information, including the PRC Data Security Law (《中華人民共和國數據安全法》), which took effect on September 1, 2021, the Personal Information Protection Law (《中華人民共和國個人信息保護法》), which took effect on November 1, 2021, and the Cybersecurity Review Measures (《網絡安全審查辦法》), or the Review Measures, which took effect on February 15, 2022. See “ — Regulatory, legislative or self-regulatory developments for online businesses, including privacy and data protection regimes, are expansive, not clearly defined and rapidly evolving. These laws and regulations could create unexpected costs, subject us to enforcement actions for compliance failures, or restrict portions of our business or cause us to change our technology platform or business model.” As we transmit and process certain information belonging to the end customers of our business partners and our users, we are subject to the complex and evolving laws and regulations regarding privacy and data protection. There is no guarantee that our privacy and data protection measures will be considered sufficient under applicable laws and regulations. In addition, the effectiveness of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations, or to address any privacy and data protection concerns, such actual or alleged failure could damage our reputation, deter current and potential business partners from using our services, which will adversely affect our business, results of operations and financial condition.

If we are unable to maintain a consistently high level of customer service, our brand, business and financial results may suffer.

As customer service and support for both our end customers on Yangxiaomie and other apps is critical to onboarding new business partners, retaining existing business partners and maintaining our reputation, we have invested heavily in the quality and training of our support team. We also employ third-party customer service agencies to assist our customer service team. We have implemented internal procedures and policies to monitor their services. However, we cannot assure you that our oversight of the third-party agencies is adequate to maintain a consistently high level of customer service. Any failure to maintain a consistently high level of customer service, any market perception that we do not do so or failure of our third-party customer service agencies to perform their duties could adversely affect our reputation and the number of positive referrals that we receive.

Any interruptions or delays in services due to third-parties, including cloud computing server providers and other hardware and software vendors, or as a result of our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business and results of operations.

We rely on cloud computing platform providers located in China to host our servers. We also rely on computer hardware purchased from, software licensed from, and cloud computing platforms provided by, third parties in order to offer our services. Any damage to or a failure of our systems generally, including systems or services of our third-party platform providers, could result in interruptions in our services, which would create a

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material and adverse effect on our retention rates and our ability to attract new business partners, all of which would reduce our revenue. Our business and reputation may also be harmed if our business partners or potential business partners believe that our digitalization solutions or apps are unreliable.

We do not control the operation of the facilities provided by third-party providers, which may be vulnerable to natural disasters, such as earthquakes, floods, fires, power loss and telecommunications failures, as well as security concerns, including break-ins, sabotage, intentional acts of vandalism and similar misconducts. These providers may also be subject to local administrative actions, changes to legal or regulatory requirements and litigious proceedings to stop, limit or delay operations. Any unanticipated problems with our third-party providers could result in lengthy interruptions in our services.

In addition, these hardware, software and cloud computing platforms and logistics services may not be available at reasonable prices, on commercially reasonable terms, or at all. Losing the right to use any of these hardware, software or cloud computing platforms or logistics services will significantly increase costs, or delay provision of services until equivalent technology is developed, or if available. We will need to replace such third parties, at a cost, if the performance of such third parties proves unsatisfactory, or if any of them violates its contractual obligations owed to us. Further, the financial condition of our third-party providers may deteriorate over the course of our contract terms with them, which may also impact the ability of such third parties to provide the agreed services and will have a material adverse effect on the solutions we provide our business partners and our business as a result.

Our use of open-source technology could impose limitations on our business operations.

We use open-source software and expect to continue to use open-source software in the future. Although we monitor our use of open-source software to avoid our software being subject to conditions we do not intend, we may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open-source license, including by demanding release of the open-source software, derivative works, or our proprietary source code that was developed using such software. These allegations could also result in litigation. The terms of many open-source licenses have not been interpreted by courts. There is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our software. In such an event, we may be required to seek licenses from third parties to continue to commercially offer our software, to make our proprietary code generally available in source code form, to re-engineer our software or to discontinue the sale of our software if re-engineering could not be accomplished on a timely basis, any of which could adversely affect our business and revenue.

As open-source software is subject to further development and modification by anyone, the use of open-source software may subject us to risks of reducing demand for our digitalization solutions from customers and increased competition from competitors who also use open-source software to develop digitalization solutions.

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

We are required to obtain and maintain applicable licenses, permits and approvals from different regulatory authorities in order to conduct our existing or future business in connection with our provision of digitalization solutions on our apps and the apps of our enterprise clients.

In furtherance of our one-stop business model, we have been innovating our services to provide different scenarios for our digitalization solutions. For example, during the Track Record Period, we were temporarily

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involved in collection and provision of certain personal information of users of Credit Wallet and Yangxiaomie to financial institutions during the Track Record Period (the “**Historical Credit Information Related Activities**”).

The PBOC issued the Measures for the Administration of the Credit Reporting Business (《徵信業務管理辦法》) (the “**Credit Reporting Measures**”) on September 27, 2021, which became effective on January 1, 2022 (the “**Effective Date**”) and provide for a transitional arrangement whereby enterprises and agencies that have not obtained personal credit reporting business operating license or filed with an enterprise credit reporting agency, but are actually engaged in credit reporting business, shall complete business modifications to comply with the Credit Reporting Measures within 18 months from the Effective Date. Prior to the promulgation of the Credit Reporting Measures that became effective on January 1, 2022, as no effective laws or competent authority had clearly provided for the meaning of “credit reporting business” and “personal information” or defined such terms based on relevant parameters, the Regulation on the Administration of Credit Reporting Industry (《徵信業管理條例》) that became effective on March 15, 2013 did not explicitly impugn the compliance status of the business then engaged by Credit Wallet. After the Credit Reporting Measures were issued, we prudently approached our financial institution clients to proactively update the technology setup under our digitalization solutions to streamline the scope of our cooperation and to amend the relevant agreements, so that our financial institution clients would be responsible for collecting any personal information of the end customers for credit assessment and no such personal information would flow through us. Starting in January 2022, we do not collect and transmit such personal information of the end customers to the financial institutions. See “Business — Quant-enabled Scenarios and Commercial Scenarios — Quant-enabled Scenarios — Yangxiaomie (羊小咩)” for further details. Based on the foregoing, our PRC Legal Advisor is of the opinion that, the likelihood that we will be subject to administrative penalty from the PBOC due to the Historical Credit Information Related Activities is remote. However, as the Credit Reporting Measures were only promulgated recently, there is no assurance that the competent authorities would not interpret the Credit Reporting Measures differently and/or take a different position on our compliance with the Credit Reporting Measures. See “Regulatory Overview — Regulations on Credit Reporting Business” and “Business — Licenses and Permits.”

In addition, the government authorities may continue to pass new rules regulating different aspects of businesses that we may be engaged in from time to time. They may require us to obtain additional licenses, permits or approvals so that we can continue to operate businesses that we have already commenced or otherwise prohibit our operation of the types of businesses to which the new requirements apply. In addition, new regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering services and expose us to potential penalties and fines. If we fail to obtain or maintain the requisite licenses, permits and approvals applicable to our business, or fail to obtain additional licenses that become necessary as a result of enactment or promulgation of new laws and regulations or the expansion of our business, our business, financial condition and results of operations may be materially and adversely affected.

Occurrence of widespread health epidemic or other outbreaks, including the current COVID-19 pandemic, could have a material adverse effect on our business, financial condition and results of operations.

Our business could be materially and adversely affected by the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome (SARS) or COVID-19. The occurrence of a prolonged outbreak of epidemic illness or other adverse public health developments in the PRC could materially disrupt our business and operations.

The COVID-19 pandemic has had a severe and negative impact on the Chinese and the global economy in the first quarter of 2020. Since the beginning of 2020, outbreaks of COVID-19 have led to quarantines policies,

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travel restrictions and the temporary closure of stores and facilities. The population in most of the major cities in China was, and still is from time to time, subject to lockdown, travel restrictions or other forms of quarantine of various degrees. In addition, there remains substantial uncertainties about the dynamics of the COVID-19 pandemic, which may have potential continuing impact on subsequent periods if the pandemic and the resulting disruption and restrictions were to extend over a prolonged period, which would adversely affect our and our business partners’ business. See “Financial Information — Recent Development — Impact of COVID-19.”

Our failure to make sufficient contribution to social insurance fund and housing provident fund for our employees may have an adverse impact on us.

We are obliged to contribute to social insurance and housing provident funds for our employees in accordance with applicable PRC laws and regulations. Entities failing to make such contributions may be ordered to settle the outstanding contributions within a prescribed time limit and/or subject to penalties. During the Track Record Period, our certain subsidiaries in the PRC did not make sufficient contribution to social insurance fund and/or housing provident funds for some employees as required under PRC laws and regulations. As of the Latest Practicable Date, we had not received any notification from relevant government authorities requiring us to complete housing provident fund registration or to pay shortfalls or the penalties with respect to housing provident funds. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties, material litigations and legal proceedings, nor were we aware of any material employee complaints nor involved in any material labor disputes with our employees with respect to social insurance fund or housing provident funds.

However, we cannot assure you that the relevant PRC authorities would not notify and require us in the future to pay the outstanding contributions by a stipulated deadline, or any of our employees would not make complaints or demand for payment for any outstanding contribution. In the case we do not pay the outstanding contributions in accordance with PRC laws and regulations and as required by the relevant PRC authorities, we may be subject to a penalty fine and/or an order from the competent authorities to enforce such payment.

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.

We rely on a combination of copyright, trademark, patent and other intellectual property laws, trade secret protection and confidentiality and invention assignment agreements with our employees and third parties and other measures to protect our intellectual property rights. There can be no assurance that any of our pending patents, trademarks, software copyrights or other intellectual property applications will be issued or registered. In addition, any intellectual property rights we have obtained or may obtain in the future may not be sufficient to provide us with a competitive advantage, and could be challenged, invalidated, circumvented, infringed or misappropriated.

Unauthorized parties may attempt to copy or otherwise obtain and use our copyrighted content and other intellectual property, despite our efforts to protect our intellectual property rights. We may have to resort to courts or administrative proceedings to enforce our intellectual property rights from time to time. However, the PRC has historically afforded less protection to a company’s intellectual property than other developed regions such as the United States and intellectual property claims may result in substantial cost and diversion of resources. 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.

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

We depend, to a large extent, on our ability to effectively develop and maintain intellectual property rights relating to our business. We cannot guarantee that third parties will not put forward claims that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights which they hold, whether such claims are valid or otherwise. We may face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practice. Our products and solutions may be subject to litigious proceedings relating to allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and violations of rights of third parties. As we face increasing competition, and as litigation becomes a more commonly pursued method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

To protect our intellectual properties, we have filed trademark applications in the PRC in which our Directors believe to be our principal or targeted markets and some of our trademark applications are being processed by the relevant government authorities. As we expand our business, we have been identifying and registering different trademarks. We may be susceptible to claims from third parties asserting infringement and other related claims as our trademarks may bear similar character(s), pronunciation, meaning, graphic composition or other characteristics that are likely to cause confusion among the public as to the source of the goods or services with those owned by other companies. Defending against intellectual property claims is costly and there is no guarantee that we can obtain favorable final outcomes. Such intellectual property claims or even allegations of infringements may harm our brand and reputation. Any resulting liability or expenses, or changes required to our digitalization solutions or apps to reduce the risk of future liability, may have a material adverse effect on our business, results of operations, and prospects.

We have incurred net losses, net current liabilities and net liabilities in the past, which we may continue to experience in the future.

We incurred net losses of RMB0.3 million for the year ended December 31, 2022, primarily due to the recognition of financial instruments with preferred rights. Our financial instruments with preferred rights will be reclassified from current liabilities to other reserve with no further gain or loss when the preferential rights are automatically terminated upon the [REDACTED]. Afterwards, we do not expect to recognize any further loss or gain from changes in carrying amount of financial instruments with preferred rights and may revert back to net gain from net loss. However, there can be no assurance that we would be profitable. If we fail to become profitable, our business, results of operations and financial condition may be adversely affected. Our ability to achieve profitability largely depends on our ability to further expand and refine our business model, but we cannot assure you that we will continue to maintain a sound growth momentum. We may continue to experience net loss in the future.

We had net current liabilities and net liabilities of RMB1,132.8 million and RMB1,089.4 million as of December 31, 2022, respectively, primarily due to recognition of financial instruments with preferred rights. Our financial instruments with preferred rights will be reclassified from current liabilities to other reserve with no further gain or loss when the preferential rights are automatically terminated upon the [REDACTED]. Afterwards, we do not expect to recognize any further loss or gain from changes in carrying amount of financial instruments with preferred rights and may revert back to a net assets position from a net liabilities position. However, there can be no assurance that we will not experience liquidity problems in the future. If we fail to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

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Defects in documentation related to certain of our leased properties may adversely affect our business.

As of December 31, 2022, we leased six properties in the PRC with an aggregate gross floor area of approximately 2,510.1 square meters, among which we had not registered the lease agreements for two of our aforementioned leased properties with the local housing administration authorities as required under PRC laws. Our PRC Legal Advisor has advised us that although the non-registration of such lease agreements would not affect the validity of such agreements under PRC laws and regulations, we may be ordered to rectify such non-registration by competent authorities and if we fail to rectify within a prescribed period, an administrative penalty of RMB1,000 to RMB10,000 for each non-registered case may be imposed on us as a result of such non-registration. There is no assurance that we will not be subject to any future administrative penalties for such non-registration in respect of leases for which we did not file registration, and if we are penalized, our business, results of operations and financial condition may be adversely affected.

In addition, lessors of these two leased properties had not provided us with valid title certificates or relevant authorization documents evidencing its rights to lease the properties to us. There is a risk that such lessors may not have the valid property ownership certificate or the right to lease or sublease such property to us, in which case the relevant lease agreements may be deemed invalid and we may be forced to vacate the property, which could interrupt our business operations and cause us to incur relocation costs. Moreover, if third parties challenge such lease agreements, it could result in a diversion of management attention and cause us to incur costs associated with defending such actions, even if such challenges are ultimately determined in our favor.

We may be subject to legal, regulatory and/or administrative proceedings.

We may be subject to litigation and proceedings relating to intellectual property infringement claims, contract disputes involving business partners and end consumers relating to our apps, consumer protection claims, claims relating to data and privacy protection, employment-related cases, payment and settlement disputes and other matters in the ordinary course of our business. We may be involved in legal proceedings arising from contract disputes, including being named as a co-defendant in lawsuits filed against our business partners. In July 2022, we initiated a lawsuit against a customer to recover unpaid service fees in 2021 and 2022, which represented 2.8% and 0.2% of our revenue in the respective years, for services rendered in our usual and ordinary course of business. We anticipate that we will continue to be involved in legal, regulatory and/or administrative proceedings in the future incidental to our ordinary course of business. We cannot assure you that we will be able to prevail in the proceedings against us and defending against lawsuits is costly and time consuming, which may adversely affect our reputation, operating results and financial conditions.

Our business and prospects depend on our ability to build our brand and reputation, which may not be effective, and our brand and reputation could be harmed by negative publicity with respect to us, our services and operations, our management or our business partners.

As well-established brands can attract new business partners, maintaining and enhancing our brand is critical to our success. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. The successful promotion of our brand will depend on the effectiveness of our marketing efforts and word-of-mouth referrals we receive from satisfied business partners. We may incur extra expenses in promoting our brand, and yet, we cannot assure you that we can achieve the brand promotion effect we expect through promotional activities. In addition, negative publicity about us, our services and operations, our management or our business partners may adversely affect our brand, reputation and business. Certain of such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control.

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

Our success depends on the continued and collaborative efforts of our senior management and key employees. If, however, one or more of our executives or other key personnel are unable or unwilling to continue to provide services to us, we may not be able to find suitable replacements easily or at all. Competition for management and key personnel is intense and the pool of qualified candidates is limited. We may not be able to retain the services of our executives or key personnel or attract and retain experienced executives or key personnel in the future. If any of our executive officers or key employees joins a competitor or forms a competing business, we may lose crucial business secrets, know-hows, business partners and other valuable resources. Our future success will also depend on our ability to attract and retain highly skilled AI and analytics experts, quality professionals with technical education background or experience, and skilled employees in the areas of technology, managerial, editorial, finance, marketing, sales and customer service. Qualified individuals are in high demand, and we may not be able to successfully attract, assimilate or retain the personnel we need to succeed.

The success of our Company also depends on our ability to continue to attract and retain highly skilled personnel specializing in areas such as AI, machine learning and marketing. We may not be able to locate suitable or qualified replacements, if we lose the services of any member of skilled employees. We may also incur additional expenses to recruit and train new employees. In addition, competition for skilled personnel in our industry is intense, and the availability of suitable and qualified candidates in the PRC is limited. We may need to offer higher compensation along with other benefits to attract qualified personnel. If we fail to attract and retain qualified personnel, our financial position and results of operations could be materially and adversely affected.

Activities of our business partners could damage our brand, subject us to liability and harm our business and financial results.

Our contract clauses prohibit our business partners from using our solutions or services to engage in illegal activities and permit us to curb these business partners by reporting such illegal use to relevant authorities and terminate the business partners’ accounts if we become aware of such illegal use. Nevertheless, business partners who provide goods and services through our apps may engage in prohibited or illegal activities that could subject us to liability, such as marketing counterfeit or inferior products, conducting fraudulent activities, or uploading content in violation of applicable laws. As advised by our PRC Legal Advisor, if we have known or should have been aware of such misconduct of our business partners and yet have not taken necessary measures including but not limited to deleting relevant information, blocking or disconnecting relevant link, we may bear joint and several liability with such business partners. Furthermore, we may be jointly and severally liable with such business partners for the losses suffered by their customers, if we fail to take necessary measures after knowing or receiving notices of such misconduct. In addition, we may also face administrative inquiries, inspections, investigations and proceedings by relevant regulatory agencies for misconduct or actions of our business partners that are deemed to be hostile, offensive, inappropriate or illegal. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any misconduct by business partners and have not incurred any loss due to misconduct of our business partners. We cannot assure you that the safeguards we have in place are sufficient for us to avoid liability or avoid harm to our brand, which could adversely affect our business and financial results. In addition, as most of our business partners are financial institutions during the Track Record Period, they are subject to strict regulatory controls. New laws and regulations applicable to our business partners’ industries may be published by regulators from time to time, and there is uncertainty as to the content

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and stringency of such regulations, and our business partners may voluntarily make adjustments to their business or have their business restricted as a result of such regulations, which could adversely affect our business and financial results.

In addition, we have limited control over the quality, storage and delivery of goods and services sold on our apps. Our business partners use their own facilities to store their merchandise, and use their own or third-party delivery systems to deliver their merchandise to end customers, which makes it difficult for us to ensure that all merchandise and services sold on our apps to end customers are of the same high quality. Any delays in delivery by our business partners may adversely affect our reputation. A public perception that non-authentic, counterfeit or defective merchandise is sold on our apps or that we or our business partners do not provide satisfactory customer service and receive customer complaints, even if such perception is factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new or retain our business partners and end customers, which could adversely affect our business and financial results.

Our results of operations, financial conditions and prospects may be adversely affected by the recoverability of our prepayments.

Our prepayments mainly represent prepayments to merchandise suppliers for goods facilitated through our apps during our initial cooperation with merchandise suppliers. During the Track Record Period, the prepayment amounts we paid to business partners were nil, RMB212.1 million and RMB148.3 million, respectively, for the year ended December 31, 2020, 2021 and 2022. See “Business — Our Business Model and Solutions — Goods Transaction Facilitation — Transaction Process in Facilitating Goods Transactions.”

We make prepayments to reduce cash flow pressure for our merchandise suppliers in order to bring them quickly on board. The prepayments will be deducted against the price of goods transacted through our apps. The amount of prepayments we need to pay to the suppliers partially depends on our relationship with suppliers and our bargaining power. We cannot assure you that we can maintain such relationship and bargaining power in the changing market environment. If our relationship with the suppliers deteriorates or bargaining power reduces, our business, financial condition and results of operations may be materially and adversely affected.

Our results of operations may be subject to seasonal fluctuations.

We may experience seasonality with respect to our digitalized marketing in the future due to seasonal fluctuations inherent in our business partners’ businesses. We typically generate higher revenue during holiday and flash sale seasons, such as Double 11 (Singles’ Day in China). As a result, our revenues may vary over quarters, and our quarterly results may not be comparable to the corresponding periods of prior years, 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 we acquire more business partners in the online retail industry, 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 future 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.

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

We were a private company with limited personnel and resources addressing accounting and internal control concerns. As we continue to expand, we seek to establish risk management and internal control systems

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consisting of an organizational framework, policies, procedures and risk management methods that are appropriate for our business operations. See “Business — Internal Control and Risk Management.” Nevertheless, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks due to the inherent limitations in the design and implementation of risk management and internal.

In addition, our risk management and internal controls are subject to human errors and mistakes when being implemented by our employees. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements, which would likely cause investors to lose confidence in our reported financial information. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets, regulatory investigations and civil or criminal sanctions.

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 invest in or acquire assets, technologies and businesses that are complementary to our existing business and our investments or acquisitions may not yield the results we expect. Our investments and acquisitions may subject us to various risks, including high acquisition and financing costs, potential ongoing financial obligations and unforeseen or hidden liabilities, loss of benefits from alternative revenue-enhancing opportunities, uncertainty of entering into markets in which we have limited or no experience, costs associated with, and difficulties in, integrating acquired businesses into ours and diversion of our resources and management attention. Our failure to address these concerns will adversely affect our business operation and financial results.

In addition, our strategic investments and acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, significant amortization expenses related to goodwill or intangible assets and exposure to potential unknown liabilities of the acquired business, which could in turn adversely affect our results of operations. Furthermore, we may also need approvals from the relevant PRC governmental authorities for the investments and acquisitions and comply with any applicable PRC rules and regulations, which could generate additional compliance costs. Moreover, the cost of identifying and consummating investments and acquisitions, and integrating the acquired businesses into ours, may be significant, and the integration of acquired businesses may be disruptive to our existing business operations and we may not be successful in developing the synergies that we expect from any such acquisitions. Acquisitions and the integration of new assets and businesses into our own require significant attention from management. Acquisitions could divert resources from our existing business, which could adversely affect our operations. On top of all the aforementioned risks and concerns, our investments and acquisitions may not be successful, which will adversely affect our results of operations and financial condition.

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.

Insurance companies, particularly in China and other emerging markets, currently do not offer as extensive an array of insurance products as insurance companies in more developed economies. We do not have any business liability or disruption insurance to cover our operations. In particular, we currently do not maintain product liability insurances or key-man insurances. We do not have any business liability or disruption insurance to cover our operations. We have determined that it is difficult to insure against these risks on commercially

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reasonable terms. Nevertheless, any uninsured occurrence may disrupt our business operations, expose us to liabilities, require us to incur substantial costs and divert our resources, which could have an adverse effect on our results of operations and financial condition.

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

During the Track Record Period, we enjoyed preferential tax treatment under relevant preferential tax policies. See “Financial Information — Key Components of Our Consolidated Statements of Profit or Loss — Our Company — Income Tax Expenses/Credit.” We cannot assure you that we will continue to enjoy the preferential tax treatments as government agencies may decide to reduce, eliminate or cancel our tax preferences at any time. Any discontinuation, reduction or delay in tax treatment could adversely affect our financial condition. As government grants are typically provided on a one-off basis, we cannot assure you that we will continue to receive the grants in the future.

We have granted, and may continue to grant, share incentives, which may result in increased share-based compensation expenses that would potentially dilute shareholding and negatively impact our results of operations.

We have adopted the RSU Schemes on April 26, 2022, to incentivize certain eligible persons under the share incentive plans (including existing and incoming directors, senior management and employees). In 2020, 2021 and 2022, we incurred equity-settled share-based payments from ultimate holding company of RMB2.0 million, RMB6.8 million and RMB15.8 million, respectively. See “History, Reorganization and Corporate Structure — Compliance with PRC Laws and Regulations” and “Appendix IV — Statutory and General Information — D. RSU Schemes” for details. As we believe share-based compensation will help us attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company, we will continue to implement the share incentive plans adopted and grant share-based compensation to such eligible persons. Any newly granted RSUs under the RSU Schemes, options, or any other share-based compensations that we may grant from time to time may result in an increase in our issued share capital, which in turn may result in a dilution of our shareholders’ shareholding interest in our Company and a reduction in earnings per Share. As a result of the RSU Schemes, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Fluctuation of our financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income has affected our results of operations during the Track Record Period and may continue to affect our results of operations in the future. There may be uncertainty in valuation of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss due to the use of unobservable inputs.

During the Track Record Period, we owned shares in private companies incorporated in the PRC, which were recorded as (i) financial assets at fair value through other comprehensive income and (ii) financial assets at fair value through profit or loss, and have experienced fluctuation in their value. Our financial assets at fair value through other comprehensive income include our investment in a commercial bank, Tancheng Bank. The fair value of the investment in Tancheng Bank was RMB43.8 million and RMB40.8 million as of December 31, 2020 and 2021, respectively. We recorded a decrease in fair value reserve of the financial assets at fair value through other comprehensive income of RMB2.7 million and RMB3.0 million for the years ended December 31, 2020 and 2021, respectively and an increase of RMB10.2 million for the year ended December 31, 2022. As we had

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disposed of our equity interest in Tancheng Bank in April 2022, we did not record any financial assets at fair value through other comprehensive income as of December 31, 2022.

Our financial assets at fair value through profit or loss included equity investments in financial technology companies. The fair value of the equity investment was RMB417 thousand, RMB136 thousand and RMB13 thousand as of December 31, 2020, 2021 and 2022, respectively. We recorded a decrease in fair value of financial assets measured at fair value through profit or loss of RMB231 thousand, RMB281 thousand and RMB123 thousand for the years ended December 31, 2020 and 2021 and 2022, respectively.

Fluctuations in our financial assets at fair value through other comprehensive income and our financial assets at fair value through profit or loss may continue to affect our results of operations and result in fluctuation of net income/(loss) and other comprehensive income in the future. The assessment of fair value of unlisted equity securities requires the use of unobservable inputs including discount of lack of marketability. Changes in these unobservable inputs materially affect the fair value of financial assets measured at fair value through profit or loss, which in turn may adversely affect our results of operations. We cannot assure you that market conditions and regulatory environment will create fair value gains and we will not incur any losses from fair value changes on our financial assets at fair value through other comprehensive income or our financial assets at fair value through profit or loss in the future. If we incur such losses from fair value changes, our results of operations, financial condition and prospects may be adversely affected.

Our results of operations, financial conditions and prospects may be adversely affected by the recoverability of our prepaid expenses and other receivables.

During the Track Record Period, our prepaid expenses and other receivables consist primarily of (i) advance to third party suppliers that are our business partners under our goods transaction facilitation pricing model, (ii) deposits in relation to security deposit for our business and operations and security deposits we made to third parties for leasing office facilities, and payments made on behalf of others in relation to employee provident fund deduction, (iii) amounts due from third parties in relation to receivables due from third parties arising from settlement of creditor’ rights, (iv) prepayments for costs incurred in connection with the [REDACTED] including fees for legal, accounting and other professional services and (v) prepaid expenses in relation to administrative and facilities expenses. Our prepaid expenses and other receivables were RMB16.0 million, RMB27.9 million and RMB20.1 million as of December 31, 2020, 2021 and 2022, respectively. For the years ended December 31, 2020, 2021 and 2022, we had net impairment losses on financial assets of RMB2.8 million, RMB1.0 million and RMB9.4 million, respectively. The net impairment losses on financial assets during the Track Record Period was primarily attributable to the impairment losses we recorded for our trade receivables and other receivables. We cannot assure you that all of our suppliers or lessors will not default on their obligations to us in the future or all of our prepaid expenses and other receivables will be recovered as expected in the future. We will need to impair any prepaid expenses and other receivables that we do not expect to recover in the future, which would adversely affect our results of operations and financial conditions.

If we are unable to fulfill our performance obligations in respect of contract liabilities, our results of operations and financial condition may be adversely affected.

As of December 31, 2020, 2021 and 2022, respectively, we recorded contract liabilities (current portion) of RMB2.9 million, RMB12.3 million and RMB18.9 million, respectively. Our contract liabilities mainly arise from receipts in advance of non-refundable payments made by clients in relation of our goods transaction facilitation. See “Financial Information — Certain Components of Our Consolidated Statements of Financial Position — Contract liabilities.” If we fail to fulfill our performance obligations under our contracts with customers, we may

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not be able to convert such contract liabilities into revenue, which may adversely affect our results of operations and financial conditions, including our cash flow and liquidity condition and our ability to meet our working capital requirements. In addition, if we fail to fulfill our performance obligations under our contracts with customers, it may also adversely affect our relationship with such customers, which may in turn affect our reputation and results of operations in the future.

Our results of operations, financial conditions and prospects may be adversely affected by changes in the carrying amount of financial instruments with preferred rights.

During the Track Record Period, we had financial instruments with preferred rights, which gave rise to financial liabilities. The financial liabilities are measured at the present value of the redemption amount. During the Track Record Period, the carrying amount of financial instruments with preferred rights are nil, nil and RMB1.4 billion as of December 31, 2020, 2021 and 2022, respectively. In the year ended December 31, 2022, we recorded changes in the carrying amount of financial instruments with preferred rights of RMB84.1 million. We expect continued fluctuation of the financial instruments with preferred rights after December 31, 2022 till the [REDACTED], upon which all financial instruments with preferred rights will be reclassified from current liabilities to other reserve. After the automatic conversion of the financial instruments with preferred rights into other reserve upon the [REDACTED], which we expect to result in a net asset position, we do not expect to recognize any further loss or gain on changes in carrying amount of financial instruments with preferred rights in the future.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases may materially and adversely affect our business, financial condition and results of operations.

Our business, financial condition and results of operations may be affected by force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including the COVID-19 pandemic, avian influenza, severe acute respiratory syndrome, H1N1 influenza or Ebola virus. For instance, an outbreak of an epidemic or contagious disease could result in a widespread health crisis and restriction of business activities in affected areas. Any future occurrence of severe natural disasters, such as earthquakes, floods and droughts, 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 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 business partners, which may materially and adversely affect our business, financial condition and results of operations.

We may be held liable for information or content displayed on, retrieved from or linked to our platform, which may materially and adversely affect our business and results of operations.

In PRC, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws or regulations, impairs the national dignity of China, contains terrorism, extremism, content of force or brutality, or is reactionary, obscene, superstitious, fraudulent or defamatory. Internet content providers are required to monitor content and take prompt actions against incorrect or defamatory content. If we fail to implement or enforce the relevant safeguards against security breaches, our websites may be shut down and our business and our internet content provider licenses, or ICP licenses, may be revoked.

According to the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) which was promulgated by the CAC and became effective in August 2016,

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providers of apps may not create, copy, publish or distribute information and content that is prohibited by laws and regulations. According to the amended Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) which was promulgated by the CAC in June 2022 and will be effective in August 2022, application providers shall not use applications to carry out activities which jeopardize national security, disturb the social order, or infringe legal rights of others. We are required to adopt and implement management systems of information security and establish and improve procedures on content examination and administration. We must adopt such measures as warnings, restricted releases, suspension of updates and closing of accounts, keeping relevant records, and reporting unlawful content to competent government authorities. We have implemented internal control procedures screening the information and content on our apps to ensure their compliance with these provisions. However, there can be no assurance that all the information or content displayed on, retrieved from or linked to our apps complies with the requirements of the provisions at all times. If our apps were found to violate the provisions, we may be subject to administrative penalties, including warning, service suspension or removal of our apps from the relevant app store, which may materially and adversely affect our business and operating results.

Social and economic factors affecting global macroeconomic environment, including the current tensions in international trade and rising geopolitical tensions involving China, may adversely impact our business, financial condition, and results of operations.

The global macroeconomic environment was facing challenges. The growth rate of the Chinese economy has gradually slowed down in recent years and the trend may continue. Various social and economic factors may cause considerable uncertainty over the Chinese and global economy, such as the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies, unrest, terrorist threats and potential and ongoing wars, which may increase market volatility across the globe. In particular, our business could be materially and adversely affected by the tensions in international trade such as the one between the United States and China in recent years. Changes to international trade policies could adversely affect the global economic conditions. In addition, geopolitical tensions between the United States and China have escalated due to, among other things, trade disputes, sanctions imposed by the U.S. Department of Treasury, and the executive orders issued by the U.S. government that may prohibit transactions with certain selected Chinese companies as well as their products and services. Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities between the two major economies. Such tensions involving China, and any escalation thereof, may negatively affect trading and business environments, which may, in turn, adversely impacting our business, financial condition, and results of operations. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or PRC economy may materially and adversely affect our business, financial condition, and results of 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.

We may require additional capital from time to time to grow our business and remain competitive. Our ability to obtain additional capital is subject to a variety of risks, 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;

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- general market conditions for capital-raising activities by our competitors or other digitalization solutions providers 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, we may be required to sell additional equity or debt securities, or to obtain a credit facility to fund our future capital or other business needs, which may, in turn 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.

User growth and activity on our app depend upon effective use of mobile operating systems, networks and standards that we do not control.

Our future growth and our results of operations could suffer if we encounter technical problems in operating and maintaining such apps in the future, or if we are treated unfavorably in related apps due to competition, it would thereby increase the cost of using such apps for our customers. Also, we may encounter unpredictable and uncontrollable factors in different mobile device operating systems (such as iOS and Android) due to the updates of these operating system, some of which may change or reduce the functionality of our apps, which may adversely affect the proper operation of these apps and our business. In the event that it is more difficult or impossible for our customers to access and use our apps on their mobile devices, our customer growth may be harmed and our business financial condition and results of operation may be adversely affected.

We are subject to risks relating to third-party online payment platforms.

Currently, our end customers transact on our apps through third-party online payment systems. In all these online payment transactions, secured transmission of confidential information such as paying users’ credit card numbers and personal information over public networks is essential to maintaining users’ trust and confidence on our apps.

We do not have control over the security measures of the third-party online payment vendors. Any security breaches of the online payment systems that our apps use could expose us to litigation and possible liability for failing to secure confidential user information and could, among other things, damage our reputation and the perceived security of all of the online payment systems that our apps use. If a well-publicized internet or mobile network security breach were to occur, users may become reluctant to purchase goods and services even if the publicized breach did not involve payment systems or methods used by our apps. There may also be billing software errors that would damage user confidence in these online payment systems. If their end customers become reluctant to purchase products on our apps, our results of operations may be adversely affected.

If any of the above were to occur and damage our reputation or the perceived security of the online payment systems our apps use, we may lose paying end customers and business partners may be discouraged from collaborating with us on our apps, which may have a material adverse effect on our business. In addition, there are currently only a limited number of reputable third-party online payment systems in China. If any of these major payment systems decides to cease to provide services to our apps, or significantly increase the percentage charged for using their payment systems, our results of operations may be materially and adversely affected.

We face ethical and reputational risks associated with the use of our AI technology and AI-powered algorithms.

As with many developing technologies, AI presents risks and challenges that could affect its further development, adoption and use, and therefore our business. Our application of AI technology and AI-powered

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algorithms may produce biased analysis and result in discrimination against inquiry subjects cast in certain stereotypes, such as product recommendations based on regional, gender, education or cultural background. Inappropriate or controversial practices by engineers and end-users of our systems could impair the acceptance of AI solutions. If the recommendations and analysis that AI applications assist in producing are deficient or inaccurate, we could be subjected to reputational harm and potential legal liability. AI application of certain of our business, such as recommendation technologies seeking to understand end customers’ short, medium and long-term interest, may present ethical issues. If the AI solutions we offer are controversial because of their purported or real impact on privacy, employment or other social issues, we may experience ethical or reputational harm and negative corporate social responsibility record and regulatory compliance issues.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

If the PRC government deems that our Contractual Arrangements do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership in entities that provide value-added telecommunications services, is subject to restrictions under PRC laws and regulations, unless certain exceptions are available. As we are a company incorporated in the Cayman Islands and our PRC subsidiaries are considered foreign-invested enterprises, we must conduct operations in China through our Consolidated Affiliated Entities to comply with PRC laws and regulations. Accordingly, we have entered into a series of Contractual Arrangements with Liangzi Data, Beijing Xitui and the Beijing Xitui Shareholders, through which we obtain effective control over the Consolidated Affiliated Entities, receive substantially all of the economic benefits arising from the Consolidated Affiliated Entities and are able to consolidate the financial results of the Consolidated Affiliated Entities in our results of operations. See “Contractual Arrangements” for further details.

In the opinion of our PRC Legal Advisor, (i) ownership structures of our WFOE and our Consolidated Affiliated Entities in China, both currently and immediately after giving effect to the [REDACTED], do not and will not violate any applicable PRC laws and regulations currently in effect; and (ii) the Contractual Arrangements entered into with Liangzi Data, Beijing Xitui and the Beijing Xitui Shareholders, governed by PRC laws, currently and immediately after giving effect to this offering, are valid, binding in accordance with applicable PRC laws and regulations currently in effect, and do not result in any violation of PRC laws or regulations currently in effect. However, our PRC Legal Advisor also advised that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations and the relevant regulatory authorities have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. Therefore, there can be no assurance that the PRC government will not take a view contrary to the opinion of our PRC Legal Advisor. If we are found in violation of any PRC laws or regulations or if the Contractual Arrangements are determined as illegal or invalid by any PRC court, arbitral tribunal or regulatory authorities, the relevant governmental authorities would have a broad discretion in dealing with such violation, including but not limited to:

- revoking the business licenses and/or operating licenses of such entities;
- shutting down our servers or blocking our website, or discontinuing or placing restrictions or onerous conditions on our operations through any transactions between the WFOE and our Consolidated Affiliated Entities;
- imposing fines, confiscating the income from the WFOE or our Consolidated Affiliated Entities, or imposing other requirements with which we or our Consolidated Affiliated Entities may not be able to comply;

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- requiring us to restructure our ownership structure or operations, including terminating the Contractual Arrangements and deregistering the equity pledge of our Consolidated Affiliated Entities, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our Consolidated Affiliated Entities;
- restricting or prohibiting our use of the [REDACTED] of this [REDACTED] to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business;
- confiscating any of our income that they deem to be obtained through illegal operations;
- discontinuing or placing restrictions or onerous conditions on our operations;
- imposing additional conditions or requirements with which we may not be able to comply; or
- taking other regulatory or enforcement actions against us that could be harmful to our business.

Any of these above-mentioned actions could cause significant distribution to our business operations and negatively affect our business, financial condition and results of operations. These occurrences could result in our inability to direct the activities of our Consolidated Affiliated Entities and further impact our ability to receive the economic benefits from our Consolidated Affiliated Entities.

We rely on our Contractual Arrangements to exercise control over our business, which may not be as effective as direct ownership in providing operational control.

We have relied and will continue to rely on our Contractual Arrangements entered into with Liangzi Data, Beijing Xitui and the Beijing Xitui Shareholders, including the Exclusive Business Cooperation Agreement, to conduct our business in China. See “History, Reorganization, and Corporate structure” and “Contractual Arrangements” for further description of the structure of our Contractual Arrangements. In particular, our ability to control our Consolidated Affiliated Entities depends on the power of attorney under which the shareholder of Liangzi Data, Beijing Xitui, irrevocably appoints the WFOE or its designees as its proxies attorney-in-fact to exercise such shareholders’ rights in Liangzi Data, including, but not limited to, the power to vote on its behalf on all matters of Liangzi Data that require shareholder approval. We believe that the rights granted under the power of attorney may not be as effective as direct equity ownership, and Beijing Xitui may not act in the best interests of our Company or perform their obligations under the Contractual Arrangements when exercising its rights in our Consolidated Affiliated Entities. If the Company owns our Consolidated Affiliated Entities directly, the Company may exercise its rights to effect changes in the board of directors of our Consolidated Affiliated Entities and implement changes at the management and operational level. However, under the Contractual Arrangements, we would rely on the legal remedies under Chinese contract law if Liangzi Data, Beijing Xitui or the Beijing Xitui Shareholders, fail to perform under the Contractual Arrangements. These legal remedies may not be as effective as direct ownership.

We may also incur substantial costs and expend additional resources to enforce the arrangements if Liangzi Data, Beijing Xitui or the Beijing Xitui Shareholders, fail to perform their obligations under the Contractual Arrangements. All disputes arising from the agreements under our Contractual Arrangements will be resolved through arbitration in China and be interpreted and resolved in accordance with PRC laws and legal procedures. As the legal system in the PRC is not as developed in some other jurisdictions, uncertainties could limit our ability to enforce our Contractual Arrangements. In addition, there are very few precedents and very little formal guidance for the enforcement and interpretation of contractual arrangements under a VIE structure. Therefore, significant uncertainties exist regarding the ultimate outcome of such arbitrations. Furthermore, rulings by arbitrators are final under PRC laws. The parties may not appeal the arbitration results in courts and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only

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enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these Contractual Arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business may be negatively affected. See “ — Risks Relating to Doing Business in China — The legal system of the PRC is not fully developed, and inherent uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to our business and our Shareholders” for details.

Our ability to enforce the equity pledge agreement between us and Beijing Xitui, the direct shareholder of Liangzi Data, Consolidated Affiliated Entity, may be subject to limitations based on PRC laws and regulations.

Pursuant to the Equity Pledge Agreement among the WFOE, Beijing Xitui, the Beijing Xitui Shareholders and Liangzi Data, Beijing Xitui, as the direct shareholder of Liangzi Data, agreed to pledge all its respective equity interests in Liangzi Data that it owns including any interest or dividend paid for the shares, to the WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts under the Contractual Arrangements. The equity interest pledge of Beijing Xitui has been registered with the local branch of the SAMR. The Equity Pledge Agreement provides that the pledged equity interest shall constitute continuing security for any and all of the indebtedness, obligations and liabilities under the relevant agreements. However, a PRC court may take the position that the amount listed on the equity pledge registration forms represents the full amount of the collateral that has been registered and perfected. If this is the case, the obligations that are supposed to be secured in the Equity Pledge Agreement in excess of the amount listed on the equity pledge registration forms could be determined by the PRC court as unsecured debt, which typically takes last priority among creditors.

If we exercise the option to acquire equity ownership and assets of Consolidated Affiliated Entities, the ownership transfer may subject us to certain limitations and substantial costs.

As part of the Contractual Arrangements, the WFOE has the exclusive and irrevocable right to require Beijing Xitui, the shareholder of Liangzi Data, our Consolidated Affiliated Entity, to transfer its equity interests held in Liangzi Data at the lowest price permitted by applicable laws, if there is no specific provision in the PRC laws regarding the purchase price, allowed by the relevant PRC laws.

The transfer may be subject to approvals from the fillings with the MOFCOM or its local counterparts. In addition, relevant tax authority may review and/or adjust the transfer price with reference to the market value of our Consolidated Affiliated Entities. Where the PRC laws stipulate the lowest price above the nominal price, or the relevant tax authority refers to market value for the tax ability of Beijing Xitui, Beijing Xitui will pay the remaining amount to the WFOE under the Contractual Arrangements. The amount to be received by the WFOE may also be subject to a significant amount of enterprise income tax, which may have an adverse effect on our financial conditions.

The ultimate shareholders of our Consolidated Affiliated Entities may have actual or potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

The interests of the Beijing Xitui Shareholders, who are the ultimate shareholders of our Consolidated Affiliated Entities, may differ from the interests of our Company. When conflicts of interest arise, the Beijing Xitui Shareholders may not act in the best interests of our Company and may breach or refuse to renew the Contractual Arrangements with us.

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We rely on Beijing Xitui and the Beijing Xitui Shareholders to abide by the Cayman Islands and PRC laws. Although these laws stipulate director fiduciary duties and conflicts of interest clauses, they do not provide guidance on resolving the conflicts in the event of a conflict with another corporate governance regime. If we cannot resolve any conflict of interest or dispute between us and Beijing Xitui and/or the Beijing Xitui Shareholders, we will likely rely on legal proceedings, which could disrupt our business and subject us to substantial uncertainty as to the outcome of such proceedings.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and they may determine that we or our Consolidated Affiliated Entities owe additional taxes, which could negatively affect our financial condition and the value of your investment.

Arrangements and transactions among related parties may be subject to audit and challenge by the PRC tax authorities up to ten years after the taxable year when the transactions are conducted. Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) amended and effective on December 29, 2018 (the “Enterprise Income Tax Law”), every enterprise in China must submit its annual enterprise income tax return together with a report on transactions with its related parties to the relevant tax authorities. The PRC tax authorities may impose reasonable adjustments on transactions between related parties inconsistent with arm’s length principles. We may face adverse tax consequences if the PRC authorities determine that the Contractual Arrangements among the WFOE, our Consolidated Affiliated Entities and Beijing Xitui were not based on arm’s length negotiations. Such determination may result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust our Consolidated Affiliated Entities’s taxable income in the form of a transfer pricing adjustment, which could result in a reduction of expense deductions recorded by our Consolidated Affiliated Entities for PRC tax purposes. In addition, PRC tax authorities may form a view that our Consolidated Affiliated Entities have improperly minimized their tax obligations and may not be able to rectify such incident within the timeframe required by PRC tax authorities. Furthermore, if the PRC tax authorities deem the transfer of equity interest between Beijing Xitui and the WFOE at nominal or no value as a gift, the WFOE may be subject to PRC income tax. Finally, the PRC tax authorities may impose late payment fees and other penalties on our Consolidated Affiliated Entities for the adjusted but unpaid taxes according to the applicable regulations. If our Consolidated Affiliated Entities’ tax liabilities increase or if it is required to pay late payment fees and other penalties, our financial position could be materially and adversely affected.

We may lose the ability to use and benefit from assets held by our Consolidated Affiliated Entities that are material to the operation of our business if the entities go bankrupt or become subject to a dissolution or liquidation proceeding.

As our Consolidated Affiliated Entities hold certain assets that are material to our business, if our Consolidated Affiliated Entities go bankrupt and all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the Contractual Arrangements, our Consolidated Affiliated Entities may not sell, transfer, mortgage or otherwise dispose of their assets or legal or beneficial interests without prior consent from us. If our Consolidated Affiliated Entities undergo a voluntary or involuntary liquidation proceeding, unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

We do not have any insurance which covers the risks relating to the Contractual Arrangements and the transactions contemplated thereunder.

Our insurance does not cover the risks relating to the Contractual Arrangements and the transactions contemplated thereunder and our Company has no intention to purchase any insurance in this regard. If any risk

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arises from the Contractual Arrangements in the future, such as those affecting the enforceability of the Contractual Arrangements and the operation of Beijing Xitui, the financial results and financial position of our Group may be adversely affected.

There may be a potential impact to our Company if our Contractual Arrangements are not treated as domestic investment.

If the operation of our businesses conducted through our Consolidated Affiliated Entities is subject to any restrictions pursuant to the Negative List, or any successor regulations, and the Contractual Arrangements are not treated as domestic investment, the Contractual Arrangements may be regarded as invalid and illegal. If this were to occur, we would not be able to operate the relevant businesses through the Contractual Arrangements and would lose our rights to receive the economic benefits of our Consolidated Affiliated Entities. As a result, we would no longer be able to consolidate the financial results of the Consolidated Affiliated Entities into our financial results and we would have to derecognize their assets and liabilities according to the relevant accounting standards. If we do not receive any compensation, we would recognize an investment loss as a result of such de-recognition.

RISKS RELATING TO DOING BUSINESS IN CHINA

Adverse changes in the economic, political and social conditions, as well as policies of the PRC government, could have a material adverse effect on our business and prospects.

As all of our revenue is derived from our businesses in the PRC, our financial condition, results of operations and prospects are, to a material extent, subject to economic, political, and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, including, among other things, the degree of governmental involvement, control of investment, level of economic development, growth rate, foreign exchange controls, and resource allocation.

Although the PRC economy has been transitioning from a planned economy to a more market-oriented economy for the past four decades, a substantial portion of productive assets in the PRC is still owned by the PRC government. The PRC government also exercises significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In addition, in recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance practices in business enterprises. Some of these measures benefit the overall PRC economy, but may adversely affect us.

For instance, new regulations on data privacy or changes in tax regulations applicable to us may adversely affect our financial condition and results of operation. Furthermore, if the business environment in the PRC deteriorates, our business may also be materially and adversely affected.

The legal system of the PRC is not fully developed, and inherent uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to our business and our Shareholders.

The PRC legal system is based on written statutes and the legal cases in China have limited value as precedents. Our PRC subsidiaries are subject to various PRC laws and regulations generally applicable to companies in China. However, since the legal system is evolving rapidly, the interpretation and enforcement of many laws, regulations and rules may contain inconsistencies and uncertainties.

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We may have to resort to administrative and judicial proceedings to enforce our legal rights. However, since PRC judicial and administrative authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to predict outcome of administrative and court proceedings than in more developed legal systems.

Furthermore, some government policies and internal rules in PRC are not published in a timely manner, but may have a retroactive effect. As a result, we may not always be aware of any potential violation of these policies and rules. These uncertainties may impede our contractual, property and procedural rights, which could adversely affect our business, results of operations and financial condition.

We face uncertainties with respect to the interpretation and implementation of relevant anti-monopoly laws and regulations.

In February 2021, the Anti-Monopoly Commission of the State Council published the Anti-Monopoly Guidelines on the Platform Economy Sector (《關於平台經濟領域的反壟斷指南》) (the “**Anti-Monopoly Guidelines**”) that aims at specifying some of the circumstances under which an activity of internet platforms may be identified as monopolistic act as well as setting out merger controlling filing procedures involving variable interest entities. In addition, in June 2022, the Standing Committee promulgated the Standing Committee on Amending the Anti-Monopoly Law of the People’s Republic of China (《全國人民代表大會常務委員會關於修改〈中華人民共和國反壟斷法〉的決定》), which will take effect on August 1, 2022, clearly prohibiting exporting any data or algorithms technology or platform rules or otherwise to exclude or restrict competition. Given the promulgation of the Anti-Monopoly Guidelines and relevant anti-monopoly laws and regulations, the PRC authorities may strengthen their supervision over the competition compliance issues, and we may receive greater scrutiny and attention from regulators and more frequent and rigid investigations or reviews by regulators, which will increase our compliance costs and subject us to heightened risks and challenges. We may have to spend much more personnel cost and time evaluating and managing these risks and challenges in connection with the provision of goods and services as well as our investments in our ordinary course of business to avoid any failure to comply with these regulations. Any failure or perceived failure by us to comply with the anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, litigations or claims against us and could have an adverse effect on our business, financial condition and results of operations.

Substantial uncertainties exist with respect to the interpretation and implementation of newly enacted Foreign Investment Law and its implementation rules and how they may impact the viability of our current corporate structure, corporate governance, and operations.

On March 15, 2019, the National People’s Congress promulgated the Foreign Investment Law (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which took effect on January 1, 2020. This law replaced the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law, and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. Along with the Foreign Investment Law, the Implementing Regulation of Foreign Investment Law (《中華人民共和國外商投資法實施條例》) promulgated by the State Council and the Interpretation of the Supreme People’s Court on Several Issues Concerning the Application of the Foreign Investment Law (最高人民法院關於適用《中華人民共和國外商投資法》若干問題的解釋) (the “**FIL Interpretation**”) promulgated by the Supreme People’s Court became effective on January 1, 2020. The Foreign Investment Law and its implementation rules embody an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since the Foreign Investment Law is relatively new, substantial uncertainties exist with respect to its interpretation and implementation.

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The VIE structure has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See “— Risks Relating to Our Contractual Arrangements.” Under the Foreign Investment Law, “foreign investment” refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. The Foreign Investment Law does not explicitly classify contractual arrangements as a form of foreign investment, we cannot assure you that foreign investment via contractual arrangements would not be interpreted as a type of indirect foreign investment activities in the future. In addition, the Foreign Investment Law’s definition of “foreign investment” contains a catch-all provision providing that investments made by foreign investors through other methods specified in laws or administrative regulations or other methods prescribed by the State Council, which leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a method of foreign investment. Therefore, it is uncertain whether our Contractual Arrangements will be deemed to be in violation of the market entry clearance requirements for foreign investment under the PRC laws and regulations.

The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either “restricted” or “prohibited” from foreign investment in the Negative List. The Foreign Investment Law provides that foreign-invested entities are not allowed to operate in “prohibited” industries and their operating in “restricted” industries shall satisfy certain conditions and will require market entry clearance and other approvals from relevant PRC government authorities. In accordance with the FIL Interpretation, any claim to invalidate an investment agreement will be supported by courts if such agreement is found to be entered into for purposes of making investments in the “prohibited industries” under the Negative List or for purposes of investing in “restricted industries” while failing to satisfy the conditions set out in the Negative List. If our control over our Consolidated Affiliated Entities through Contractual Arrangements are deemed as foreign investment in the future, and any business of our Consolidated Affiliated Entities is “restricted” or “prohibited” from foreign investment under the “negative list” effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the Contractual Arrangements that allow us to have control over our Consolidated Affiliated Entities may be deemed as invalid and illegal, and we may be required to unwind such Contractual Arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operations.

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

If we fail to comply with applicable anti-corruption and anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations.

We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business and business collaborations with government agencies and state-owned affiliated entities. We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions in which we conduct activities. Our Company, our officers, Directors, employees, and business partners acting on our behalf, including agents, are prohibited from corruptly offering, promising, authorizing, or providing anything of value to a “foreign official” for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. We are also required to make and keep books, records, and accounts

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that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations would adversely affect our business, reputation, financial condition, and results of operations.

We cannot assure that each of our employees is able to strictly follow our guidance on compliance with anti-corruption and anti-bribery laws and regulations or, in situations not covered by the guidance. Non-compliance with anti-corruption, anti-bribery by our employees, or even allegations of non-compliance, could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures, and legal expenses, all of which could materially and adversely affect our business, reputation, financial condition, and results of operations.

We are subject to consumer protection laws and regulations that could require us to modify our current business practices and incur increased costs.

Our business is subject to numerous PRC laws and regulations that regulate retailers generally or govern online retailers specifically, such as the Law on Protection of Consumers’ Rights and Interests of the PRC (《中華人民共和國消費者權益保護法》) (the “**PRC Consumer Protection Law**”). If these regulations were to change or if we or our business partners were to violate them, the costs of certain goods or services could increase, or we could be subject to fines or penalties or suffer reputational harm, which could reduce demand for the goods or services promoted on our apps and hurt our business and results of operations. For example, the amended PRC Consumer Protection Law, which became effective in March 2014, strengthens the protection of consumers and imposes more stringent requirements and obligations on business operators, with a particular focus on businesses that operate via the internet. Pursuant to the PRC Consumer Protection Law, except for the categories of goods specified in the PRC Consumer Protection Law or goods that are not suitable for return according to their nature and confirmed by the consumer at the time of purchase, consumers are entitled to return goods purchased within seven days upon receipt without giving any reasons if the purchases are made through the internet. Consumers whose interests have been harmed due to their purchase of goods or acceptance of services on platforms may claim damages from sellers or service providers. Laws and regulations regarding consumer protection, particularly those involving transactions conducted over the internet, frequently change and are subject to interpretation. We are therefore unable to predict the ultimate cost of compliance with the relevant laws or regulations or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

The successful operations of our business and our growth depend upon the Internet infrastructure and telecommunication network in the PRC.

Our business operation depends on the performance and reliability of the Internet infrastructure in the PRC. In China, almost all access to the internet is maintained through state-owned telecommunication network operators under the administrative control and regulatory supervision of the MIIT. The national networks in the PRC are connected to the internet through state-owned international gateways, which are the only channels through which a domestic user can connect to the internet outside of the PRC. Therefore, in the event of disruption, failures or other problems with the internet infrastructure, we may not have access to alternative networks. Failure or disruption in network would interfere with the speed and availability of our communication-based solutions. In addition, we have no control over the costs of the services provided by the national telecommunications operators. If the prices that we pay for telecommunications and internet services rise significantly, our business, financial condition and results of operations could be adversely affected.

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

As a holding company, we principally rely on dividends and other distributions on equity paid by and remittances from our Consolidated Affiliated Entities, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our Shareholders and service any debt we may incur. If our Consolidated Affiliated Entities incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

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

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

A number of PRC laws and regulations have established procedures and requirements that could make merger and acquisition activities in China by foreign investors more time consuming and complex. In addition to the PRC Anti-monopoly Law itself, these include the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於國外投資者併購境內企業的規定》), or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the Security Review Rules (《商務部實施外國投資者併購境內企業安全審查制度的規定》), promulgated in 2011. These laws and regulations impose requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the PRC Anti-Monopoly Law requires that the anti-monopoly enforcement agency be notified in advance of any concentration of undertaking if certain thresholds are triggered. On February 7, 2021, the Anti-Monopoly Committee of the State Council published the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《國務院反壟斷委員會關於平台經濟領域的反壟斷指南》) (the “**Anti-Monopoly Guidelines**”), which stipulates that any concentration of undertakings involving variable interest entities is subject to anti-monopoly review. The Anti-Monopoly Guidelines provide more stringent rules for Internet platform operators, including regulations on the use of data and algorithms, technology and platform to commit abusive acts. Moreover, the Security Review Rules specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and prohibit any attempt to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In addition, on October 23, 2021, the Standing Committee published the draft amendment to the PRC Anti-Monopoly Law (《中華人民共和國反壟斷法(修正草案)》), proposing increased penalties and pushing for more control over the digital sector. The

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amendment clearly prohibited undertakings that exclude or restrict competition by abusing the advantages in data and algorithms, technology and capital and platform rules. In addition, on June 24, 2022, the Standing Committee promulgated the Standing Committee on Amending the Anti-Monopoly Law of the People’s Republic of China (《全國人民代表大會常務委員會關於修改〈中華人民共和國反壟斷法〉的決定》), which will take effect on August 1, 2022.

On December 19, 2020, the NDRC and the MOFCOM jointly issued the Measures for the Security Review for Foreign Investment (《外商投資安全審查辦法》), which took effect on January 18, 2021. These measures set forth the provisions concerning the security review mechanism on foreign investment, including, among others, the types of investments subject to review, and the review scopes and procedures. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the relevant regulations to complete such transactions could be time consuming, and any required approval processes, including approval from the MOFCOM and other PRC government authorities, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

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

Under the Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a “resident enterprise” and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall and substantial management of the business, productions, personnel, accounts and properties of an enterprise. In 2009, the SAT issued Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (the “SAT Circular 82”), which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location where senior management personnel and departments that are responsible for the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and Shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

In addition, we and/or our offshore subsidiaries will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our Shares may be subject to PRC tax, and dividends we pay may be subject to PRC withholding tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty). It is unclear whether non-PRC Shareholders of our Company would be able to claim the benefits of

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any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

If the custodians or authorized users of controlling non-tangible assets of our Company, including our corporate chops and seals, fail to fulfill their responsibilities, or misappropriate or misuse these assets, our business and operations could be materially and adversely affected.

Under PRC laws, legal documents for corporate transactions are executed using the chops or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant branch of the SAMR. However, the designated legal representatives of each of our subsidiaries and our Consolidated Affiliated Entities have the apparent authority to enter into contracts on behalf of such entities without chops and bind such entities.

In order to maintain the physical security of our chops and chops of our PRC entities, we generally store these items in secured locations accessible only by the authorized personnel in the legal or finance department of each of our subsidiaries and our Consolidated Affiliated Entities. However, there is no assurance such procedures will prevent all instances of abuse or negligence. If any of our authorized personnel misuse or misappropriate our corporate chops or seals, we could encounter difficulties in maintaining control over the relevant entities and experience significant disruption to our operations.

Fluctuations in exchange rates could result in foreign currency exchange losses.

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

Any significant appreciation or depreciation of the RMB may adversely affect our revenues, earnings and financial positions, and the value of, and any dividends payable on, our Shares in a foreign currency. There are limited instruments available for us to hedge our foreign currency risk. Further, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. All of these factors could materially and adversely affect our business, financial condition, and results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

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

The PRC government imposes controls over the convertibility of the RMB into foreign currencies and, sometimes, the remittance of currency out of China. As we receive substantially all of our revenue in RMB and under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries, we may convert a portion of our revenue into currencies to meet our foreign currency obligations, such as payments of dividends declared in respect of our Shares, if any. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations.

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Pursuant to existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration or filings with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Pursuant to the Circular of the SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise promulgated by SAFE (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**Circular 19**”) on March 30, 2015, a foreign-invested enterprise may convert up to 100% of the foreign currency in its capital account into RMB on a discretionary basis according to the actual needs. The Notice of the SAFE on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, promulgated by SAFE (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the “**Circular 16**”) on June 9, 2016 provides for an integrated standard for conversion of foreign exchange under capital account items on a discretionary basis, which applies to all enterprises registered in China. In addition, the SAFE Circular 16 has narrowed the scope of purposes for which an enterprise must not use the RMB funds so converted, which include, among others, (i) payment for expenditure beyond its business scope or otherwise as prohibited by the applicable laws and regulations, (ii) investment in securities or other financial products other than banks’ principal-secured products, (iii) provision of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope of the enterprise, and (iv) construction or purchase of non-self-used real properties, except for real estate developers. The PRC government may at its discretion further restrict access to foreign currencies for current account transactions or capital account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency needs, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of RMB into or out of China.

Inflation in the PRC could negatively affect our profitability and growth.

The economy of the PRC has been experiencing significant growth, leading to inflation and increased labor costs. According to the National Bureau of Statistics of China, the consumer price index of 2022 in the PRC increased by 2.0% from the previous year. The overall economy of the PRC and the average wage in the PRC are expected to continue to grow. Future increases in the PRC’s inflation and material increases in the cost of labor may materially and adversely affect our profitability and results of operations unless we are able to pass on these costs.

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

We may transfer funds to our PRC subsidiaries or finance our PRC subsidiaries by means of shareholders’ loans or capital contributions, or to our Consolidated Affiliated Entities by means of loans, after completion of the [REDACTED]. Any funds we transfer to our PRC subsidiaries, either as a Shareholder loan, or as an increase in registered capital, are subject to approval by, filing with, or registration with, relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the approval of, or filing with, the SAMR or its local branches, the information reporting in the online enterprise registration system, and foreign exchange registration with qualified bank. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be filed with

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the SAFE, or its local branches, through the online filing system of the SAFE, and (ii) each of our PRC subsidiaries may not procure loans which exceed a statutory upper limit. Any loan to be provided by us to our PRC subsidiaries with a term of more than one year must be recorded and registered by NDRC or its local branches. We may not be able to complete such approval, recording, filing or registration on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such approval, recording, filing or registration, our ability to use the [REDACTED] of our [REDACTED], and to capitalize our PRC operations, may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

Circular 19 and Circular 16 removed certain restrictions previously provided under the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested-Enterprises 《國家外匯管理局關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》 (the “SAFE Circular 142”) on the conversion by a foreign-invested enterprise of its capital denominated in foreign currency into RMB and the use of such RMB and allowed foreign invested enterprises to settle their foreign currency-denominated capital at their discretion based on actual needs of their business operations. However, Circular 19 and Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capitals for expenditure beyond their business scope, securities investment or other financial investment except for guaranteed financial products issued by banks, providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use, except for real estate enterprises. On October 23, 2019, the SAFE issued the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or SAFE Circular 28, which expressly allows foreign-invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as the investments are real and in compliance with the foreign investment-related laws and regulations. The applicable foreign exchange circulars and rules may significantly limit our ability to transfer to, and use in, China the net [REDACTED] from our [REDACTED], which may adversely affect our business, financial condition and results of operations.

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

On February 3, 2015, the SAT promulgated the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the “Circular 7”), which provides comprehensive guidelines relating to, and has also heightened the Chinese tax authorities’ scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a Chinese resident enterprise (the “Chinese Taxable Assets”). For example, Circular 7 states that where a non-resident enterprise transfers Chinese Taxable Assets indirectly, by disposing of equity interests in an overseas holding company directly or indirectly holding such Chinese Taxable Assets, and such transfer is deemed to be, for the purpose of avoiding EIT payment obligations, and without any other bona fide commercial purpose, the transfer may be reclassified by the Chinese tax authorities as a direct transfer of Chinese Taxable Assets. Circular 7 also introduced safe harbors for internal group restructurings and the purchase and sale of equity interests through a public securities market. On October 17, 2017, the SAT promulgated the Announcement on Matters Concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source (《關於非居民企業所得稅源泉繳扣有關問題的公告》) (the “SAT Circular 37”), which came into force on December 1, 2017. SAT Circular 37, among other things, simplifies the procedures of withholding and payment of income tax levied on non-resident enterprises.

It is unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares, such as purchasing our Shares in the open market, and selling them in a private transaction, or vice versa, or to any

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future acquisition by us outside of the PRC involving Chinese Taxable Assets, or whether the Chinese tax authorities classify such transactions by applying Circular 7. Thus, the Chinese tax authorities may deem any transfer of Shares by our non-resident enterprise Shareholders, or any future acquisitions by us outside of the PRC involving Chinese Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional Chinese tax reporting obligations or tax liabilities. In addition, any failure to comply with Circular 7 and SAT Circular 37 would result in regulatory actions, including requesting us to provide assistance in their investigation or imposing a penalties on us. Such actions could have a negative impact on our business, results of operations and financial condition.

The approval, filing or other requirements of the CSRC or other PRC government authorities may be required under PRC laws.

The recently issued Opinions on Strictly Cracking Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), which were available to the public on July 6, 2021 and emphasized information securities, such as to strengthen the cross-board regulatory collaboration, to improve relevant laws and regulations on data security, cross-border data transmission, and confidential information management, and provided that efforts will be made to revise the regulations on strengthening the confidentiality and file management relating to the offering and listing of securities abroad, to implement the responsibility on information security of companies listed in foreign countries, to strengthen the standardized management of cross-border information provision mechanisms and procedures and to establish a sound system for the extraterritorial application of capital market law. In addition, the opinions also emphasized the need to strengthen the administration over illegal securities activities and the supervision on listings by China-based companies in foreign countries, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based companies listed in foreign countries, and provided that the special provisions of the State Council on offering and listing by those companies in foreign countries limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory agencies will be clarified. As these opinions were newly issued and there are no further explanations or detailed rules and regulations with respect to such opinions, there are still uncertainties regarding the interpretation and implementation of such opinions. Under the possible trend of tightened state supervision of Chinese companies listed overseas represented by these opinions, we cannot assure you that we would not be subject to a closer review by relevant authorities and that we would be able to comply with relevant laws, regulations and regulatory requirements in all respects, which may have a material adverse effect on our business, operations and financial condition.

Furthermore, The CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and five relevant guidelines on February 17, 2023, which will become effective on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to complete the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provide that if the issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as an indirect overseas offering subject to the filing procedure set forth under the Overseas Listing Trial Measures: (i) 50% or more of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the issuer’s business activities are substantially conducted in mainland China, or its principal place(s) of business are located in mainland China, or the senior managers in charge of its business operations and management are mostly Chinese citizens or domiciled in Mainland China. Where an issuer submits an

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application for an initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted.

Officials from the CSRC clarified at a press conference held for these new regulations that the domestic companies that have already been listed overseas on or before the effective date of the Overseas Listing Trial Measures (i.e. March 31, 2023) shall be deemed as existing issuers (the “**Existing Issuers**”). Existing Issuers are required to file with the CSRC only when subsequent corporate actions are involved. Domestic companies that have obtained approval from overseas regulatory authorities or securities exchanges (for example, a contemplated offering and/or listing in Hong Kong has passed the hearing for the listing application of its shares on the Stock Exchange) for their indirect overseas offering and listing prior to the effective date of the Overseas Listing Trial Measures (i.e. March 31, 2023) but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from March 31, 2023. Those who complete their overseas offering and listing within such six-month period are deemed as Existing Issuers and are not required to file with the CSRC for their overseas offering and listing. Within such six-month transition period, however, if such domestic companies need to reapply for offering and listing procedures to the overseas regulatory authority or securities exchanges (such as requiring a new hearing for the listing application of its shares on the Stock Exchange), or if they fail to complete their indirect overseas issuance and listing, such domestic companies shall complete the filing procedures with the CSRC.

Based on the foregoing, if we can not pass the hearing for the [REDACTED] application on or before March 31, 2023, or if we pass the hearing for the [REDACTED] application on or before March 31, 2023 but fail to complete this [REDACTED] and [REDACTED] on or before September 30, 2023, our PRC Legal Advisor is of the view that we will be required to complete the filing procedures with the CSRC in connection with the [REDACTED]. In addition, we cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirement on us or otherwise tightening the regulations on companies with contractual arrangements. If it is determined that we are subject to any CSRC approval, filing, other governmental authorization or requirements for the [REDACTED], we cannot assure you that we could obtain such approval or meet such requirements in a timely manner or at all. Such failure may subject us to fines, penalties or other sanctions which may have a material adverse effect on our business and financial conditions as well as our ability to complete the [REDACTED].

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

Under the regulations promulgated by the SAFE, PRC residents and PRC corporate entities to register with, and obtain approval from, local branches of the SAFE in connection with their direct or indirect offshore investment activities. For instance, the Circular on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular 37, was promulgated by the SAFE in July 2014, requiring PRC residents or entities to register with the SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our Shareholders who are PRC residents, and may apply to any offshore acquisitions that we make in the future.

PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies, are required to register those investments under these foreign exchange regulations. Any PRC resident who is a direct or indirect Shareholder of an offshore

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company is required to update the previously filed registration with the local branch of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as a change of PRC Shareholders, the name of a company, terms of operation, an increase or decrease in capital, transfer or swap of Shares, merger or division. On February 28, 2015, the SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, which became effective on June 1, 2015. In accordance with SAFE Notice 13, PRC residents are required to apply for foreign exchange registration of foreign direct investment and outbound direct investment, including such registrations required under SAFE Circular 37, with qualified banks, instead of the SAFE. The qualified banks, under the supervision of SAFE, directly examine the applications and conduct the registration.

In addition, under SAFE Circular 37, a PRC entity has to undergo the foreign exchange registration and updating procedure in accordance with the Provisions on Foreign Exchange Administration of the Outbound Direct Investment of Domestic Institutions, issued by the SAFE in July 2009, and other relevant regulations. In addition, pursuant to the Measures for the Administration of Outbound Investment promulgated by the MOFCOM in August 2014, and the Administrative Measures of Outbound Investment of Enterprises promulgated by NDRC in December 2017, both of which replaced previous rules regarding outbound direct investment by PRC entities, any outbound investment of PRC enterprises is required to be approved by or filed with the MOFCOM, NDRC or their local branches.

If any PRC Shareholder fails to make the required registration or to update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing its profits, and the proceeds from any reduction in capital, share transfer or liquidation to its offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

We are committed to complying with, and to ensuring that our Shareholders who hold Shares in our Cayman Islands holding company and who are known to us as being PRC residents will comply with, applicable PRC regulations, including the requirements of NDRC and MOFCOM and their filing obligation under SAFE Circular 37 and other implementation rules. However, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registration might not always be practically available in all circumstances as prescribed in those regulations. In addition, we may not be fully informed of the identities of all our Shareholders or beneficial owners who are PRC residents, and we cannot assure you that all of our Shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update, any applicable registrations, or comply with other requirements under SAFE Circular 37 or other related rules, in a timely manner. Failure of our beneficial owners who are PRC residents to register or amend certificates, filings or registrations in a timely manner pursuant to applicable PRC regulations, or the failure of future beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in applicable PRC laws and regulations, could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas, restrict our cross-border investment activities, limit our subsidiaries' ability to make distributions, pay dividends or make other payments to us, or affect our ownership structure, which could adversely affect our business and prospects. As of the Latest Practicable Date, the ultimate beneficial owners of our Shareholders, who are known to us as PRC citizens, have completed their initial registration under SAFE Circular 37.

As there is uncertainty concerning the reconciliation of these foreign exchange regulations with other approval requirements, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant governmental

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authorities. We cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we, or the owners of such company, as the case may be, will be able to obtain the necessary approvals, or complete the necessary filings and registrations, required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy, and could adversely affect our business and prospects.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) in February 2012, replacing earlier rules promulgated in 2007. In particular, PRC citizens and non-PRC citizens who reside in China for a continuous period of no less than one year who participate in any share incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, the company must retain an overseas-entrusted institution to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

In addition, SAFE Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly-listed special purpose company may register with SAFE or its local branches before they obtain the incentive shares or exercise the share options. We and our PRC employees who have been granted restricted Shares or options are subject to SAFE Circular 37. Our PRC restricted Shareholders who fail to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions. Failure to comply with SAFE Circular 37 may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary's ability to distribute dividends to us, or otherwise materially adversely affect our business.

Under other rules and regulations issued by the SAT concerning employee share incentives, our employees working in the PRC will be subject to PRC individual income tax upon exercise of the share options or grant of the restricted Shares. Upon exercise of the share options or grant of the restricted Shares, our PRC subsidiaries have to file documents with respect to the granted share options or restricted Shares with relevant tax authorities and to withhold individual income taxes for their employees upon exercise of the share options or grant of the restricted Shares. If our employees fail to pay, or we fail to withhold, their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent governmental authorities.

It may be difficult for our Shareholders to enforce certain judgments obtained against us and our Directors, supervisors and management.

We are an exempted company with limited liability incorporated in the Cayman Islands, and substantially all of our current operations are conducted in China. In addition, all of our current Directors and senior management are nationals and residents of China. Therefore, it may be difficult or impossible for you to effectuate service of process within Hong Kong against us or our Directors or senior management, or being an action in Hong Kong against us or these persons under the applicable securities laws or otherwise. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the

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United States, the United Kingdom, Japan or most other countries and Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, in the PRC or Hong Kong, recognition and enforcement of court judgments from the jurisdictions mentioned above may be difficult or impossible.

According to the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between 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 “2006 Arrangement”) signed on July 14, 2006, final judgments for civil and commercial cases and arbitral awards obtained in a recognized Hong Kong court or Hong Kong arbitral tribunal may be enforced in the PRC unless the disputing parties have made written agreement choosing specific courts. On January 18, 2019, the Supreme People’s Court and the Department of Justice of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between 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”). The Arrangement provides for the scope and mechanism regarding the reciprocal recognition and enforcement of judgments in civil and commercial matters between the PRC and Hong Kong. It covers both monetary and non-monetary relief, as well as rulings rendered for some intellectual property lawsuits. However, for judgment that provides for punitive or exemplary damages, the punitive or exemplary part of the damages would not be recognized and enforced, except where the judgment is rendered in respect of the claims specified in the Arrangement. Although the 2019 Arrangement has been signed, it remains unclear when it will come into effect. When the 2019 Arrangement becomes effective, it will supersede the 2006 Arrangement and any party concerned may apply to the relevant PRC court or Hong Kong High Court for recognition and enforcement of the effective judgment in civil and commercial cases under the 2019 Arrangement. Therefore, the outcome and effectiveness of any action brought under the 2019 Arrangement is still 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, it may be difficult for you to bring an original action against us or our PRC resident officers and Directors in a PRC court based on the liability provisions of non-PRC securities laws, as there are no clear statutory and judicial interpretations or guidance on a PRC court’s jurisdiction over cases brought under foreign securities laws. Even if you can successfully bring an action of this kind, you may not be able to enforce a judgment against our assets or assets of our Directors and officers base on applicable laws of the Cayman Islands and of China.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of Internet-related businesses and companies, and any lack of requisite approvals, licenses, permits or filings applicable to our business may have a material adverse effect on our business and results of operations.

In China, the Internet industry and the licensing and permit requirements pertaining to companies in the Internet industry are extensively regulated. As these Internet-related laws and regulations are relatively new and evolving, their interpretation and enforcement involve significant uncertainties and it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. We cannot guarantee that we will be able to obtain all requisite approvals, licensees, permits and certifications in connection with our business operation and conduct our business within the business scope as described in the approvals, licensees, permits and certifications held by us because the regulatory authorities who have extensive authority to supervise and regulate the industry we operate in may not interpret relevant laws and regulations the way we do.

In addition, new laws, regulations and regulatory requirements for Internet-related industry in China are promulgated and implemented from time to time, we may be required to obtain approvals, licenses, permits and

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certifications that we do not currently have for our existing business or new scope of business that we may expand into in the future. We could be found in non-compliance with regulations and may have to incur significant expenses and divert substantial management time to rectify the incidents. In the future, if we fail to obtain all the necessary approvals, licensees, permits and certifications required by relevant laws and regulations or if we are deemed to have conducted business operations requesting certain approvals, licensees, permits and certifications without having one, we may be subject to administrative penalties or the suspension of operations of the relevant business that do not have all the requisite approvals, licensees, permits and certifications, which could materially and adversely affect our business and results of operations. We may also experience adverse publicity arising from non-compliance with government regulations, which would negatively impact our reputation.

Furthermore, we cannot assure you that we will be able to meet the requisite conditions and requirements to renew our existing licenses or permits. There may also be delays on the part of government authorities in reviewing our applications and granting approvals due to reasons, including the lack of human resources or the imposition of new rules, regulations, government policies or their implementation, interpretation and enforcement. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for the Shares and the liquidity and [REDACTED] of our Shares may be volatile.

Prior to the completion of the [REDACTED], there has been no [REDACTED] for our Shares. There can be no assurance that an active trading market for our Shares will develop or be sustained after the completion of the [REDACTED]. The [REDACTED], a result of the negotiation among the Company and the [REDACTED] (for themselves and on behalf of the [REDACTED]), may not be indicative of the price for our Shares after the completion of the [REDACTED]. The [REDACTED] may fluctuate at any time after the completion.

In addition, our Controlling Shareholders [and the [REDACTED] Investors] are subject to six-month lock-up agreements and will be restricted from selling their Shares during the lock-up period, which further limit the liquidity in the market for our Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares. See “History, Reorganization and Corporate Structure — Public Float” for further details.

The liquidity, [REDACTED] and [REDACTED] of the Shares may be volatile, which could result in substantial losses to you.

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the volatility of the price of, and [REDACTED] for, our Shares may be affected by the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong. Some PRC-based companies listed in Hong Kong have experienced significant volatility, including significant price declines after their offerings. As the trading performances of the securities of these companies at the time of, or after, their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong, our [REDACTED] and performance may be impacted, regardless of our actual operating performance.

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

Purchasers of our Shares in the [REDACTED] will experience an immediate dilution as the [REDACTED] of Shares is higher than the net tangible book value per share of our Shares immediately prior to the [REDACTED]. In addition, if we issue additional Shares in the future, purchasers of our Shares in the [REDACTED] may experience further dilution in their shareholding percentage.

We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our Shares for return on your investment.

As we intended to retain most, if not all, of our funds and future earnings to fund the growth of our business, we have not adopted a dividend policy with respect to our future dividend. Therefore, you should not rely on the investment in our Shares as the source of your future dividend income.

Subject to certain restrictions under the Cayman Islands law, our Board has the discretion to determine whether to distribute dividend. Namely, our Company may only pay dividends either out of profits or share premium account and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at their fall due in the ordinary course of business. In addition, although our Shareholders may declare a dividend by ordinary resolution, the dividend amount may not exceed the amount recommended by our Board. Furthermore, the timing, amount and form of future dividends are subject to the limitation of our future financial results. Accordingly, your investment in our Shares will depend entirely upon any future price appreciation and there is no assurance as to the return of your investments.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, senior management or our Controlling Shareholders, could adversely affect the [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, senior management or our Controlling Shareholders or the perception or anticipation of such sales, could negatively impact the [REDACTED] of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. While we are currently not aware of any intention of such persons to dispose of significant amounts of their Shares, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

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

This document, particularly the sections headed “Business” and “Industry Overview,” contains information and statistics relating to digitalization solutions on proprietary apps or websites of the solution providers themselves or their enterprise clients, or scenario-based digitalization solutions, and the scenario-based digitalization solutions market. Such information and statistics have been derived from a third-party report commissioned by us and publicly available sources. Although we believe that the sources of the information are appropriate and we have taken reasonable care in extracting and reproducing such report, we cannot guarantee the quality and reliability of such materials. The information has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any other party involved in the [REDACTED], and no representation is given as to its accuracy. As collection methods of such information may be flawed or there may be discrepancies between published information and market practice, the statistics in this document may be inaccurate. Furthermore, we cannot assure you that such information is stated or compiled on the same basis or

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with the same degree of accuracy as similar statistics presented elsewhere. Therefore, you should not place undue reliance on such information.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [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. The coverage may include 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. In addition, we make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. We disclaim responsibility for any such information to the extent that it is inconsistent or conflicts with the information contained in this document and you should not rely on such information.

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the net [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return to our Shareholders and our management have discretion as to the actual application of our net [REDACTED]. We plan to use the net [REDACTED] from the [REDACTED] to enhance our search and development capabilities, build and expand our local consumption scenarios, make investment and acquisition and sustain our general business activities. See “Future Plans and Use of [REDACTED]” for further details. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net [REDACTED] from this [REDACTED].

We are a Cayman Islands company and you may face difficulties in protecting your interests under the laws of the Cayman Islands.

Our operation and corporate affairs are governed by our Memorandum and Articles and the Companies Act and common law of the Cayman Islands. The Shareholders’ right to take action against our Directors are governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders differ in some respects from those in other jurisdictions.