Potential [**REDACTED**] *should read and consider carefully all the information set out in this document, and, in particular, should evaluate the following risks and uncertainties before deciding to make any* [**REDACTED**] *in our H Shares. You should pay particular attention to the fact that we conduct our operations in China, the legal and regulatory environment of which in some respects may differ from that of Hong Kong. Any of the risks and uncertainties listed below could have a material adverse effect on our business, results of operations, financial condition or on the* [**REDACTED**] *of our H Shares, and could cause you to lose all or part of your* [**REDACTED**]. *Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business and results of operations.*

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorized into (1) risks relating to our business and industry, (2) risks relating to conducting business in China, and (3) risks relating to the [**REDACTED**].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our limited history in our solution offerings and evolving business portfolio make it difficult to evaluate our prospects and the risks and challenges we face, and our historical growth is not indicative of our future performance.

Since our inception in 2015, we have continued to expand our business and adjust our solution and service offerings. We launched our financial & tax digitalization solutions for enterprise customers across industries in 2015, and have since continually introduced new solution iterations, and expanded our solution offerings and service scope. Leveraging our data insights, we have expanded our business by offering data-driven intelligence solutions since 2018. Our business initiatives, in particular with respect to our data-driven intelligence solutions, may not have been fully proven or accepted by customers.

Our relatively limited operating history and evolving business make it difficult to evaluate our prospects and the risks and challenges we face. These risks and challenges include our ability to:

- attract new customers and retain existing ones;
- effectively leverage cross- or up-selling opportunities;
- comply with existing and new laws and regulations applicable to our business;
- accurately forecast our revenues and expenses;

- successfully develop new platform features, offerings and services to enhance the customer experience;
- optimize our solution offering and mix;
- plan for and manage capital expenditures for our current and future solution and service offerings;
- improve our operational efficiency;
- effectively manage our growth;
- increase our market share in existing industries and expand into new ones;
- hire and retain talented employees;
- ensure compliance in an evolving and complex regulatory environment; and
- anticipate and adapt to evolving market conditions, including technological developments and changes in the competitive landscape.

If we fail to address any or all of these risks and challenges, our business, financial condition and results of operations may be materially and adversely affected.

We experienced significant growth during the Track Record Period. Our revenue was RMB291.1 million, RMB453.8 million and RMB525.8 million in 2020, 2021 and 2022, respectively, and our gross profit was RMB134.3 million, RMB216.2 million and RMB214.3 million in 2020, 2021 and 2022, respectively. However, you should not consider our historical growth as indicative of our future financial performance. As a result of our limited history in our solution offerings and evolving business portfolio, it is difficult to draw a period-over-period comparison on our business, financial condition and results of operations as a whole. Our results of operations are also affected by our solution offering and mix, as the profit margin of certain data-driven intelligence solutions is affected by changes in various market factors, some of which are beyond our control, such as the demands for SMB financing and the risk appetite of financial service providers. Furthermore, as our business continues to develop, we may modify our business model or adjust our business portfolio. We may launch new solutions or discontinue existing ones for commercial, strategic or compliance purposes. Any of such modifications or changes may have a material adverse effect on our business, financial condition and results of operations.

The PRC regulatory framework for data security and personal information protection is rapidly evolving, and we could face challenges in our continued compliance with heightened regulatory scrutiny.

The PRC regulatory framework for data security and personal information protection is rapidly evolving and is likely to remain uncertain for the foreseeable future. We could be adversely affected if legislation or regulations in China require changes in business practices or privacy policies, or if the relevant governmental authorities in China interpret or implement their legislation or regulations in ways that negatively affect our business, financial condition and results of operations. For example, on November 7, 2016, the SCNPC promulgated Cybersecurity Law of the PRC (中華人民共和國網絡安全法), which took effect on June 1, 2017, and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. On June 10, 2021, the SCNPC promulgated Data Security Law of the PRC (中華人民共和國數據安全法), which took effect on September 1, 2021. Data Security Law of the PRC requires, among other things, data collection to be conducted in a legitimate and proper manner and stipulates that, for the purpose of data security, data processing activities must be conducted based on data classification and hierarchical protection system. Furthermore, along with the promulgation of the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (關於依法從嚴打擊證券違法活動的意見) (the "July 6 Opinion"), [**REDACTED**] China-based companies are experiencing a heightened scrutiny over their compliance with laws and regulations regarding data security, cross-border data flow and management of confidential information from PRC regulatory authorities.

On August 20, 2021, the SCNPC passed Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法) (the "PIPL"), which took effect on November 1, 2021. The PIPL accentuates the importance of processors' obligations and responsibilities for personal information protection and sets out the basic rules for processing personal information and the rules for cross-border transfer of personal information. Pursuant to the PIPL, a personal information processor is allowed to process (including to collect, store, use, transmit, provide, disclose and delete) personal information only under certain circumstances, such as processing with consent from such individual, or for the necessity of performance of a contract to which such individual is a contracting party or statutory duties, management of human resource under the labor rules and regulations developed in accordance with the law or a collective contract signed in accordance with the law, protection of public interest, or reasonable usage of legally disclosed information. Processing of sensitive personal information, such as the personal information that is likely to result in damage to personal dignity, personal or property safety once illegally disclosed, as well as the personal information of minors under the age of 14, is subject to higher regulatory requirements including specific purpose, sufficient necessity, duty of explanation to such individuals and consent from a parent or a guardian of such minors. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any penalty, investigation, litigation or dispute related to data security and personal information protection which, individually or in aggregate, have had or are reasonably likely to have a material adverse effect on us, our financial performance and results of operations. As advised by our PRC Legal Advisor, we had complied with the currently effective PRC laws and regulations on data security, personal information protection and cybersecurity in material respects related to our business operations as of the Latest Practicable Date.

On November 14, 2021, the CAC issued the Administrative Regulations of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (the "Draft Cyber Data Security Regulations"), which provides that a data processor contemplating to get [**REDACTED**] in Hong Kong which affects or may affect national security is required to apply for a cybersecurity review pursuant to relevant rules and regulations. There currently have been no clarifications from the authorities as to the standards for determining such activities that "affects or may affect national security" and there is no timetable as to when it will be enacted. As such, substantial uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation, including the standards for determining whether a [**REDACTED**] in Hong Kong "affects or may affect national security." As of the Latest Practicable Date, the Draft Cyber Data Security Regulations were released for public comment only and the final version and effective date may be subject to change and uncertainty.

On December 28, 2021, the CAC and other 12 government authorities jointly issued the Measures for Cybersecurity Review (網絡安全審查辦法) (the "Cybersecurity Review Measures"), which took effect on February 15, 2022. According to the Cybersecurity Review Measures, (1) if a CIIO purchases network products and services or an online platform operator conducts data processing, either of which affects or may affect national security, a cybersecurity review shall be carried out according to the Cybersecurity Review Measures; (2) an issuer who is an internet platform operator holding personal information of more than one million shall file for a cybersecurity review with respect to its proposed foreign [**REDACTED**]; and (3) the relevant PRC governmental authorities may initiate cybersecurity review if such governmental authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security. However, there has been no further explanation or interpretation for "foreign [**REDACTED**]" or "affect or may affect national security" under the Cybersecurity Review Measures.

Based on our PRC Legal Advisor's consultations with China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心) (the "CCRC") on behalf of us on June 10, 2022 and June 16, 2023 (the "Consultations"), (1) a [**REDACTED**] in Hong Kong does not fall within the definition of "foreign [**REDACTED**]," and therefore a company does not need to file a cybersecurity review for its proposed [**REDACTED**] in Hong Kong under Article 7 of the Cybersecurity Review Measures; and (2) the competent government authority will generally contact and inform the company that has been classified as a CIIO, and if a company had not been contacted by the competent authority, the company is not classified as a CIIO, and therefore does not need to file an application for cybersecurity review under Article 5 of the Cybersecurity Review Measures. The CCRC is a competent authority on this consultation, as it is entrusted with acceptance and review of application materials by the Cybersecurity Review Office under the CAC and to set up a hotline for consultation regarding the cybersecurity review, according to the official announcement by the CAC. Based on the Consultations and the facts that (1) we were not recognized as a CIIO by any competent authority; and (2) we were not informed by any governmental authority that we were subject to cybersecurity review, our PRC Legal Advisor is of the view that, pursuant to currently effective laws and regulations, we are not required to file an application for cybersecurity review for the [**REDACTED**] under the Cybersecurity Review Measures as of the Latest Practicable Date.

On July 7, 2022, the CAC promulgated the Security Assessment Measures for Outbound Data Transfer (the "Security Assessment Measures") (數據出境安全評估辦法), effective from September 1, 2022. The Security Assessment Measures require that any data processor which processes or exports personal information exceeding certain volume threshold under such measures shall apply for security assessment by the CAC before transferring any personal information outbound. The security assessment requirement also applies to any transfer of important data outside of China. As of the Latest Practicable Date, we had not been involved in any cross-border data transfer during our daily operations. We do not expect the Security Assessment Measures to have material impact on our daily operations. However, since the Security Assessment Measures is newly promulgated, there are uncertainties as to its interpretation and application. We cannot assure you that relevant regulatory authority will take the same view as ours. In the event if the regulatory authority deems certain of our activities as a cross-border data transfer, we will be subject to the relevant requirements.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data or personal information leakage or loss, infringement of data or personal information, or information security incident, nor had we been subject to or involved in any investigations on cybersecurity, data and personal information protection by relevant competent regulatory authorities, or had received any official inquiry, examination, warning, interview, or similar notice in such respect.

The interpretation and application of these cybersecurity laws, regulations and standards are still uncertain and evolving, especially the Draft Cyber Data Security Regulations. We cannot assure you that relevant governmental authorities will not interpret or implement the laws or regulations in ways that negatively affect us. Regulatory investigations, restrictions, penalties and sanctions, whether targeted at us or not, may negatively affect the industries we operate, existing or potential customers and our solutions and services, which may in turn have a material adverse effect on our business, financial condition and results of operations. It is also possible that we may become subject to additional or new laws and regulations regarding data privacy and protection in connection with the data we have access to and the data-based solutions and services we provide to customers. Complying with additional or new regulatory requirements could cause us to incur substantial costs or require us to change our business operations.

Our business is subject to complex and evolving laws and regulations, many of which are relatively new and could result in changes to our business practices.

We are subject to various laws and regulations that involve matters vital to our business, including among others, invoices, tax, telecommunications, data security and privacy. See "Regulatory Overview" for details. The introduction of new services or other actions that we may take to expand or diversify our businesses may subject us to additional laws, regulations or other government scrutiny. These laws and regulations are constantly evolving and can be subject to significant changes. As a result, the application, interpretation and enforcement of these laws and regulations are often uncertain, particularly in the rapidly evolving industries in which we operate, and may be interpreted and applied inconsistently. These laws and regulations, as well as any associated inquiries or investigations or any other governmental actions, may be costly to comply with and may result in negative publicity, increase our cost of operations, require significant management time and attention, and subject us to liabilities that may harm our business, including fines or demands or orders that we modify or cease existing business practices.

Furthermore, the PRC government has adopted several regulations governing credit reporting businesses. On September 27, 2021, the PBOC issued the Administrative Measures for Credit Reporting Business (徵信業務管理辦法), announced on September 17, 2021 and effective on January 1, 2022 (the "2021 Administrative Measures"). See "Regulatory Overview—Regulations on Credit Reporting Business" for details. Institutions that have not completed record-filing of enterprise credit reporting agencies but have engaged in credit reporting business before the promulgation of the 2021 Administrative Measures shall rectify within 18 months from the effective date of the 2021 Administrative Measures (the "Compliance Period"). Moreover, financial service providers shall not enter into commercial cooperation with entities which have not completed record-filing for enterprise credit reporting business to access credit reporting services.

During the Track Record Period, our enterprise operation reporting services were delivered primarily to financial service providers, including, among others, commercial banks, fintech companies and licensed credit reporting agencies. In response to the promulgation of the 2021 Administrative Measures, we have adjusted the service delivery model for the provision of our enterprise operation reports services to financial service providers. See "Business—Cloud Solutions—Data-driven Intelligence Solutions—Risk Intelligence Services—Enterprise Operation Reporting Services" for details. Our PRC Legal Advisor is of the opinion that (1) the adjusted service delivery model of our enterprise operation reporting services complies with the currently effective laws and regulations regarding credit reporting business; (2) our performance of our service contracts entered prior to the effectiveness of the 2021 Administrative Measures ("the Legacy Contracts") under the pre-adjustment service delivery model within the Compliance Period does not violate the 2021 Administrative Measures or other related laws and regulations, and such Legacy Contracts are legal and valid; and (3) even if our provision of enterprise operation reporting services during the Track Record Period pursuant to the pre-adjustment service delivery model may be deemed to constitute operation of enterprise credit reporting business as a result of the effectiveness of the 2021 Administrative Measures, the possibility that any administrative penalties may be imposed on us for our past provision of enterprise operation reporting services without completing the record-filing procedure is remote.

We had net loss, net current liabilities and net cash used in operating activities during the Track Record Period, and may continue to incur net loss, net current liabilities and net cash used in operating activities in the foreseeable future, which can expose us to liquidity risks.

In 2020, 2021 and 2022, we incurred net loss of RMB388.8 million, RMB448.4 million and RMB156.2 million, respectively, primarily due to significant referral fees paid to marketing agents in connection with our digital precision marketing services and staff costs to support our expanding operations. We recorded net current liabilities of RMB1,545.4 million as of December 31, 2022, primarily because we recorded financial liabilities at FVTPL of RMB2,151.9 million as of the same date in connection with the fair value changes relating to shares with preferential rights issued in our equity financings. Our net cash used in operating activities was RMB80.1 million, RMB14.0 million and RMB64.3 million in 2020, 2021 and 2022, respectively, primarily due to our net loss positions during the same periods. See "Financial Information—Consolidated Statements of Profit or Loss and Other Comprehensive Income" and "—Liquidity and Capital Resources—Cash Flows."

We may continue to record net loss and net cash used in operating activities as we expand, and we cannot assure you that we will not incur net current liabilities in the future. If we record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. A net current liabilities position can expose us to the risk of shortfalls in liquidity, in which case our ability to raise funds, obtain bank loans and declare and pay dividends will be materially and adversely affected. Our profitability and liquidity position are dependent on, among other factors, our ability to grow our customer base, expand and diversify our solution and service offerings, in particular with respect to our data-driven intelligence solutions, implement effective pricing strategies, and increase operational efficiency. If we are unable to generate adequate revenue to offset the associated cost and expenses or effectively manage our cost and expenses structure, we may continue to incur significant loss and may not be able to achieve or subsequently maintain profitability and improve liquidity position.

We may not be able to maintain or renew all the permits, licenses, certificates and other regulatory filings required for our business.

We are subject to extensive government regulations for all material respects of our operations in China. As advised by our PRC Legal Advisor, we had obtained all licenses and permits and made all necessary filings that are essential to the operation of our business in all material respects as of the Latest Practicable Date, many of which were generally subject to regular government review or renewal. Any failure by us to obtain the necessary permits, licenses and certificates, or to renew or otherwise maintain all the licenses, permits and certificates required for our business at any time could disrupt our business operations and have a material adverse effect on our business, financial condition and results of operations. Moreover, the interpretation or implementation of existing laws and regulations applicable to our business are subject to changes from time to time, and the implementation of new laws and regulations is subject to uncertainties. We may be required to obtain additional or different licenses, permits or certificates for our business operations. We cannot assure you that we will be successful in obtaining such licenses, permits or certificates in a timely manner or at all, and we may be subject to various administrative penalties, including the imposition of fines and the suspension of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

If we fail to improve and customize our solutions and services to suit our customers' evolving needs and adapt to changes in relevant tax and invoice laws, we may lose our customers, which, in turn, will have a material adverse effect on our business, financial condition and results of operations.

The industries in which we operate and compete are characterized by constant changes and innovation, and we expect the market to continue evolving rapidly. To date, our success has been based on our ability to identify and anticipate the needs of our customers and design solutions and services that provide our customers with the tools they require to develop their businesses and comply with applicable tax and invoice laws and regulations. To achieve the sustainable growth of our business, we must continually dedicate our efforts to attracting new customers, retaining existing customers, and increasing their incremental spending on our solutions and services. In order to retain customers, we are required to thoroughly understand their evolving needs, launch new solutions and services, and improve existing ones in a timely manner. We also need to adapt to changes in relevant tax and invoice laws and regulations to ensure effective compliance management functions.

We cannot assure you that our existing and future solutions or services will sustain the current level of popularity. For example, our financial & tax digitalization solutions feature compliance functions, and if our solutions did not properly address the non-compliance issues in our customers' e-invoice, financial and taxation matters, our customers may experience business interruptions and, as a result, may lose confidence in our service offerings. For our digital precision marketing services, if we are unable to respond to changes in preferences of financial service providers and provide solutions that addresss their risk management requirements, they may switch to competing solution providers, and the demands for our data-driven intelligence solutions may decline. Moreover, we may not be able to effectively market potential financial product users with suitable financial products due to various reasons. If potential financial product users are recommended with financial products but cannot ultimately obtain approval for the products they desire, they may choose alternative options and the demands for our solutions may decline as a result. Both the financial product users and financial service providers may associate their dissatisfaction with our platform, where the transaction was initiated. Potential financial product users may consequently be reluctant to continue to use our platform and financial service providers may be unwilling to continue to transact with us. Any of the aforementioned events may materially and adversely affect our business, financial condition and results of operations.

In addition, our customers may also demand features and capabilities that our current solutions and services do not have, or that our current platform cannot support, and we may need to invest significant resources in R&D to build these features and capabilities. Developing new technologies and solutions may be costly and time-consuming, which in turn could delay or prevent the development, introduction or implementation of new solutions and services. In addition, when we expand into new industry verticals, our existing solutions and services may not effectively address the business demand of customers operating in such new verticals. If we fail to correctly identify our customers' demands or continuously provide them with solutions and services that add value to their businesses, our customers may be reluctant to increase their spending on our platform, or may cease to use our solutions and services and turn to our competitors.

On the other hand, our efforts to improve and expand our solutions and services may not succeed, and may reduce our revenue growth rate. For example, the introduction of significant technology changes and introduction of new solutions and services may not be successful, and early-stage interest in and adoption of such new solutions and services may not result in long-term success or significant revenue for us.

In addition, because our solutions and services are designed to utilize various network technologies and operate across a variety of mobile devices, operating systems, and computer hardware and software platforms, we will need to continuously modify and enhance our services to keep pace with changes in internet-related hardware, software, communication, application software development platform and database technologies. We may not be successful in such efforts or in bringing them to market in a timely manner. Furthermore, uncertainties regarding the timing and nature of new network platforms or technologies, or modifications to existing ones, could increase our research and development or other operational expenses. Any failure of our solutions and services to operate effectively with future network platforms and technologies could reduce the demand for our solutions and services, result in customer dissatisfaction, and adversely affect our business, financial condition and results of operations.

Our success depends on the growth in market acceptance for our various solutions and services. If the industries in which we operate develop more slowly than we expect, or even stagnates or shrinks, it could have a material adverse effect on our business, financial condition and results of operations.

We believe that the markets for financial and tax-related transaction digitalization and transaction-based big data analytics for SMB financing are still in a relatively early stage of development in China. There is considerable uncertainty over the size and rate at which such industries will grow, as well as whether our solutions and services will be widely accepted. Some target customers may be reluctant or unwilling to use our solutions and services for a number of reasons, including concerns about costs, uncertainty regarding the efficacy, reliability and security of our offerings, or lack of awareness of the benefits of our solutions and services. Our ability to expand sales depends on several factors, including market awareness and acceptance, competition, technological challenges and developments, and other market factors, many of which are beyond our control. We cannot assure you that the trend of adopting and utilizing our solutions and services will continue to grow in the future.

Market expansion for financial and tax-related transaction digitalization and transaction-based big data analytics for SMB financing in China depends on a number of factors, including government policies and the performance and perceived value associated with our various solutions and services. Specifically, if the relevant government authorities curtail favorable government policies for enterprise digitalization solution providers, the industry in which we operate and our business may be materially and adversely affected. If the industries in which we operate, or demand for our solutions and services do not grow or decrease due to, among others, deteriorating economic conditions, decreases in corporate spending, technical challenges, data security or privacy concerns, government regulations, competing technologies and solutions or services, our business, financial condition and results of operations would be materially and adversely affected.

Our business depends, in part, on our ability to attract new customers and retain existing customers. A decline in our customer retention and spending could materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, we generated revenue primarily from our financial & tax digitalization solutions and our data-driven intelligence solutions. Customer retention upon the expiry of subscription terms and our ability to attract new customers are vital for us to improve our results of operations. Our customers are not obligated to renew their subscriptions upon expiration, and we cannot assure you that customers will renew subscriptions, or purchase new solutions or services. The loss of business from customers, in particular KA customers, could harm our business, financial condition and results of operations. In addition, our business growth depends on our ability to expand our relationships with our existing customers by providing additional solutions and services to serve their evolving needs. This may require more sophisticated and costly sales efforts.

Historical data with respect to rates of customer retention may not accurately predict their future trends, and may fluctuate or decline because of several factors, including customers' satisfaction with our solutions and services, the prices of our solutions and services, the quality and prices of similar solutions and services offered by our competitors, or reductions in customer spending due to the macroeconomic environment or other factors beyond our control. If a large number of our customers do not renew their subscriptions for our solutions and services, or renew them on less favorable terms, or otherwise do not increase their spending on our solutions and services, our revenue may decline or grow more slowly than expected, and our ability to achieve and maintain profitability will be harmed.

Moreover, we must expand our customer base to increase our revenue. See "Business—Growth Strategies—Expand customer base in more industry verticals and improve monetization opportunities." If our growth strategy turns out to be less effective than as expected in the future, we may not be able to achieve profitability. As our industry matures, or as competitors introduce lower-cost and/or differentiated products or services, our ability to attract new customers and retain existing ones could be impaired, and as a result, our business, financial condition and results of operations may be materially and adversely affected.

If we are not able to continue to broaden data access in the future, or if our data are out of date, inaccurate or become unreliable, and our solutions may become less effective.

The provision of our data-driven intelligence solutions requires access to massive data, and we previously obtained e-invoice and transaction data of enterprises primarily from the provision of our financial & tax digitalization solutions. However, we may not be able to maintain and continually expand our data access for our development of data-driven intelligence solutions and services. In addition, interruptions, failures or defects in our data access and processing systems, as well as privacy concerns could also limit our ability to analyze data. Furthermore, our accessibility to data may be restricted by new laws and regulations. Because we derived a substantial portion of our revenue from data-driven intelligence solutions during the Track Record Period, if any of the above events occurs, the growth of our business, financial condition and results of operations may be materially and adversely affected.

Moreover, if the data we utilized for our data-driven intelligence solutions were inaccurate, incomplete or otherwise misleading as to the actual financial condition of enterprises, such low quality and inaccurate data could materially affect the accuracy and validity of our data solutions, which could adversely affect our reputation, business operations and financial performance.

We face competition from existing or new market players in the industries in which we operate, and we may not compete effectively.

The markets of financial and tax-related transaction digitalization and transaction-based big data analytics for SMB financing in China are competitive and characterized by rapid changes in technology, shifting customer preferences, and frequent introductions of new solutions and services. As such, we face competition in various aspects of our business, and we expect such competition to continue growing in the future, both from current competitors and new market entrants that may be more well-established and enjoy greater resources or other strategic advantages. If we are unable to anticipate or react to these competitive challenges, our competitive position could weaken, or fail to improve, and we could experience growth stagnation or even a decline in revenue, which could materially and adversely affect our business, financial condition and results of operations.

Our competitors may have larger customer bases, stronger brand recognition, more extensive commercial relationships in China, and greater financial, technical, marketing, R&D, and other resources than we do. As a result, such competitors may be able to develop solutions and services better received by customers, or may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulations or market demands. In addition, some of our competitors may be able to leverage a larger existing customer base and sales network to adopt more aggressive pricing policies and offer more attractive sales terms. Any of the aforementioned events could cause us to lose potential sales or compel us to sell our solutions and services at lower prices to remain competitive, which may have a material adverse effect on our financial condition and results of operations. Furthermore, our current and potential competitors may enter into business partnerships or alliances among themselves or with third parties that may further enhance their resources and offerings. Established companies from other market segments may also expand into our market segment. See "Business—Competition" for factors that affect our ability to compete effectively. If we are unable to compete successfully against our current or potential competitors, our business, financial condition and results of operations could be materially and negatively affected.

We rely on certain suppliers for our solution offerings, and if we are unable to maintain business relationship with them, our business, financial condition and results of operations may be materially and adversely affected.

Our suppliers primarily include, marketing agents, hardware and software providers, outsourcing service providers, business collaborators and data providers. Purchase from our top five suppliers accounted for 38.7%, 27.5% and 41.4% of our total purchases in 2020, 2021 and 2022, respectively, and purchase from our largest supplier accounted for 13.3%, 8.5% and 21.9% of our total purchases in the same periods, respectively. In particular, for our digital precision marketing services, we engage marketing agents to identify potential financial product users and to promote financial products launched by financial service providers, and we rely on certain major marketing agents for their referrals. Any interruptions or changes in our cooperation with major suppliers, or our inability to obtain alternative suppliers meeting our quality standards at acceptable prices in a timely manner, may impair our ability to meet the demands of our customers.

We cannot assure you that our suppliers will continue their business relationship with us on commercially reasonable terms or at all. Nor can we assure you that we will be able to secure a stable supply of products and services required to conduct our business at all times going forward. In the event that our major suppliers terminate their business relationships with us, or fail to provide us with adequate supply to meet our needs, we may not be able to find suitable alternative suppliers within a short period of time. Therefore, if we cannot retain business relationships with our existing suppliers, or if these suppliers increase prices, delay in delivery, provide unqualified products or services, or encounter financial, operating or other difficulties, our business, financial condition and results of operations could be materially and adversely affected.

If we fail to derive the desired benefits from our R&D efforts in an efficient and timely manner, we may not be able to effectively compete with our competitors.

Strong product development capability is the cornerstone of our competitiveness and long-term growth. However, rapid changes and intense competition in our industry require us to invest significant resources in the technology and product development, and there can be no assurance that we will continue to be successful in responding to these technological changes. New products or technologies may render our existing products or technologies less competitive. Furthermore, we formulate our R&D plan based on our prediction on technological development, production and market trends. We cannot assure you that we are able to accurately predict and assess actual changes and trends in the markets of financial and tax-related transaction digitalization and transaction-based big data analytics for SMB financing in China. Our R&D efforts may not lead to results and desired benefits as expected by us.

If we fail to derive the desired benefits from our R&D efforts, or respond to technological changes and evolving industry standards in an efficient and timely manner, we may not be able to continue to effectively serve our customers' demands, and our business, financial condition and results of operations may be materially and adversely affected.

If we fail to effectively maintain, promote and enhance our brand, or if we incur negative publicity, our business and competitive advantage may be harmed.

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing customers and users and to our ability to attract new customers. As our growth depends, in part, on positive recommendations and referrals from our current and past customers, our failure to maintain and provide high-quality solutions and services, or a market perception or negative publicity that we do not maintain or provide high-quality solutions and services, may harm our reputation and impair our ability to secure new customers. Any decisions we make regarding regulatory compliance, user privacy and other issues, and any media, legislative or regulatory scrutiny of our business, or our current or former directors, employees, contractors or vendors, could negatively affect our brand image. Any factor that diminishes our reputation or that of our management, including failing to meet the expectations of our customers, or any non-compliance of our customers with respect to their e-invoice, financial and tax matters, could make it substantially more difficult for us to attract new customers. In addition, unaffiliated businesses operating in our industries may have trademark and trade names similar to ours. Some of our business collaborators operate under a trade name similar to ours. Any negative publicity regarding such businesses may be unfairly attributed to us, which may negatively affect the perception of us by our customers and the public, and adversely affect our business, financial condition and results of operations. If we do not successfully maintain and enhance our reputation and brand recognition among our customers, our business may not grow and we could lose existing customers, which would harm our business, financial condition and results of operations.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful solutions and services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We intend to increase our efforts and investment in sales and marketing and brand promotion activities. We cannot assure you, however, that such spending will lead to increased customers or increased revenue, and even if so, such increases in revenue will be sufficient to offset expenses we incur in building and maintaining our reputation and brand recognition.

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

Nowadays, cyberattacks, distributed denial of service attacks, hacking and phishing attacks, security breaches, computer malware, and other malicious internet-based activity continue to increase, and cloud solution providers have been and are expected to be targeted. Our business is at risk of similar attacks and breaches. While we have adopted and implemented security protocol, network protection mechanisms, applicable recovery system or other defense procedures, we cannot assure you that these measures are, or will be, adequate to prevent any of such attacks or breaches and protect us from any network or service interruptions, system failures or data losses. We may not be able to anticipate or prevent all techniques that could be used to obtain unauthorized access or to compromise our systems because such techniques change frequently and are generally not detected until after an incident has occurred. Additionally, we cannot be certain that we will be able to address any vulnerabilities in our software that we may become aware of in the future. Attacks or security breaches could delay or interrupt our services to our customers, damage our reputation and brand, expose us to risks of potential litigation and liabilities, and require us to expend significant capital and other resources to alleviate problems caused by such attacks or security breaches. During the Track Record Period and up to the Latest Practicable Date, we had not experienced hacker attacks, technical errors, and breaches that resulted in service interruptions, system failures or data losses.

In addition, our customers store and transmit substantial amounts of data and information, including confidential information relating to themselves and relevant stakeholders, on cloud computing platforms when using our solutions. We cannot assure you that third parties will not succeed in their attempts to obtain unauthorized access to any confidential information relating to our customers. If any security incident, human error or other malfeasance occurs in the future causing unauthorized access to our system, loss of, or unauthorized disclosure of such information, we may be subject to regulatory enforcement actions, litigation, indemnification obligations, and other potential liabilities, as well as negative publicity, which could materially and adversely affect our reputation, business, financial condition and results of operations.

Furthermore, security incidents experienced by us, or by others, such as our competitors or customers, may lead to public disclosures and widespread negative publicity for us, our customers, or the transaction digitalization market generally and customers may lose confidence in the security of our cloud solutions as a whole. Although we have instituted technical security measures and implemented relevant internal control procedures, to the extent we do not effectively address these risks, our business, financial condition and results of operations could be materially and adversely affected.

We may not implement our growth strategies or manage our growth effectively.

Our future success depends, to a large extent, on our ability to implement our future plans. We intend to, among other things, enrich our solution functions and portfolio, expand customer base, enhance technological capabilities, and build our business ecosystem. See "Business—Growth Strategies" and "Future Plans and [**REDACTED**]" for details.

However, our ability to grow and implement our future plans will be subject to a wide range of operational and financial requirements, including, among others, appropriate allocation of capital investments in implementing various plans and adequate human resources. Continuous expansion may increase the complexity of our business, and we may encounter various difficulties. We may fail to develop and improve our operational, financial and management controls, enhance our financial reporting systems and procedures, recruit, train and retain highly skilled personnel, retain business relationships with major customers and suppliers, or maintain customer satisfaction. We may also fail to realize our future plans in accordance with the expected timetable, or at all, due to other risks and uncertainties beyond our control, such as intensifying competition, the general market conditions, and the domestic and international economic and political environment. Our failure to implement our growth strategies or manage our growth effectively may hinder our ability to capture new business opportunities and maintain our competitive edge, and therefore, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to effectively develop and expand our sales and marketing capabilities, we may not increase our customer and user base and achieve broader market acceptance and utilization of our solutions and services.

Our ability to increase our customer and user base and achieve broader market acceptance of our solutions and services will depend to a significant extent on our ability to enhance our sales and marketing capabilities and to deploy our sales and marketing resources efficiently. An important component of our growth strategy is to increase the cross- and up-selling of our solutions and services to current and future customers. However, if our sales force is not successful in effecting such strategy, or our existing and potential customers and users find our additional solutions and services to be unnecessary or unattractive, we may not be able to expand our customer base. We have invested, and plan to continue to invest, significant resources in expanding our direct sales force and business collaborator network. However, we may not achieve anticipated revenue growth from expanding our sales and marketing force if we are unable to hire, develop, integrate, and retain talented and effective sales personnel, if our new and existing sales personnel are unable to achieve desired productivity levels in a reasonable period of time, or if we cannot cost-effectively expand our business collaborator network that helps us extend our customer outreach.

We may not be able to continue to successfully expand our solution and service offerings. Failure to launch commercially viable solutions or services, to keep pace with technological developments or to do so in a timely manner may have a material adverse effect on our business, financial condition and results of operations.

We plan to continue to expand and diversify our solution and service offerings to sustain our growth and meet customer demands. Expanding into new product categories requires substantial capital investment for R&D resources in new technologies, product designs and compliance features. In particular, developing new and technologically advanced products is a time-consuming and expensive process, which requires innovation, skilled R&D personnel as well as accurate estimation of technological and market trends and, for our compliance solutions, accurate interpretation and application of relevant laws, regulations and rules. We may not be able to develop the core technologies necessary to develop new solutions or services, license these technologies from third parties, or remain competitive in our R&D capabilities. Therefore, we cannot assure you that we will be able to successfully develop new solutions or services with desired functionality and technological advances, if at all, or on a timely basis. Even if we are able to develop and introduce new solutions or services to the market, they may fail to meet customer demands and gain market acceptance. Hence, if we fail to successfully develop or market our new solutions or services, our business, financial condition and results of operations may be materially and adversely affected.

Our ability to provide high-quality customer services will affect our brand, business, financial condition and results of operations.

We believe our focus on customer success and support is critical to attracting new customers, retaining existing customers, driving their spending on our solutions, and growing our business. While we have designed our solutions and services to be easy-to-use, our customers depend on our customer service teams to provide customer care and support services. If we do not provide effective ongoing support, our ability to sell additional solutions and services to existing customers could be adversely affected, and our reputation with prospective customers or the industry could be damaged. If we experience increased customer demand for support, we may face increased costs that may harm our results of operations. The increasing number of our customers has placed, and may continue to place, additional pressure on our customer service team. We cannot assure you that we will be able to maintain and improve customer satisfaction over time. If we are unable to provide efficient support services or if we need to hire additional support resources, potentially through third parties, our business, financial condition and results of operations could be adversely affected. Additionally, our ability to acquire new customers and users is highly dependent on our business reputation and on positive recommendations from existing customers. Any failure to maintain high-quality support, or a market perception that we do not maintain high-quality support, for our customers could materially and adversely affect our business, financial condition and results of operations.

Unsatisfactory performance of or defects in our solutions may harm our reputation, subject us to significant product liability litigations and have a material adverse effect on our business, financial condition and results of operations.

Our users and customers expect a consistent level of quality in the provision of our solutions. However, complex technological solutions such as ours often contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our platform may contain serious errors or defects, security vulnerabilities or software issues which we are unable to successfully correct in a timely manner or at all, which could result in revenue loss, significant expenditures of capital, a delay or loss in market acceptance and damage to our reputation and brand, any of which could materially and adversely affect our reputation, business, financial condition and results of operations.

Additionally, our cloud financial & tax digitalization solutions are delivered on cloud applications which allow us to deploy new versions and enhancements to all of our customers simultaneously. To the extent that we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software issues concurrently to all of our customers, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of customers.

Given that many of our customers and users use our solutions in processes that are critical to their businesses, any error, defect, security vulnerability, service interruption or software issue on our platform could result in losses to them, which may subject us to claims for damages. Our customers and users may seek significant compensation from us for any losses they suffer or cease doing business with us. Furthermore, our customers and users may share information about their negative experiences on social media, which could damage our reputation and negatively impact our ability to attract potential customers. We cannot assure you that provisions limiting our exposure to claims, which we typically include in agreements with our customers, would be enforceable, adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if unsuccessful, a claim brought against us by any of our customers would likely be time-consuming, costly to defend and may have a material adverse effect on our reputation and brand, making it more difficult for us to increase our sales and grow our business.

If we are unable to develop and maintain relationships with our business collaborators and marketing agents, our business, financial condition and results of operations could be materially and adversely affected.

During the Track Record Period, we worked with our business collaborators to market our cloud financial & tax digitalization solutions to enterprise customers that our direct sales force does not cover, and we engaged marketing agents to identify potential users for the financial products sold by financial service providers as a part of our digital precision marketing services. See "Business—Sales and Marketing—Sales Model."

We believe it is important to identify, develop and maintain stable relationships with our business collaborators and marketing agents to drive our revenue growth. However, we cannot assure you that our existing or prospective business collaborators and marketing agents will strictly comply with the terms of our agreements with them. They may terminate our business cooperation with limited or no notice. If we fail to identify additional business collaborators and marketing agents in line with our business growth in a timely and cost-effective manner, or at all, or are unable to provide meaningful assistance for our current and future business collaborators and marketing agents, our business, financial condition and results of operations may be materially and adversely affected. Moreover, if our business collaborators and marketing agents do not effectively market, price and sell our products, or fail to meet the needs of our customers, our reputation among prospective and existing customers and ability to grow our business may also be adversely affected. Moreover, if we are unable to promptly collect customer or user feedback from business collaborators and marketing agents, we may fail to obtain insights into our business performance to make informed business decisions.

While we have comprehensive measures in place to ensure that our business collaborators and marketing agents market, sell and implement our solutions and services in a consistent manner as our direct sales force does, there can be no assurance such measures will always be effective or be complied with. If our business collaborators and marketing agents do not effectively market and sell our solutions and services, or fail to meet the needs of customers, we may lose existing and prospective customers of new solutions and services. Additionally, any fraud or other misconduct by our business collaborators and marketing agents or any material disputes between them and our customers or the potential financial product users may damage our reputation and adversely affect our business.

Unsatisfactory performance by or unavailability of outsourced service providers may adversely affect our profitability, financial performance and reputation.

During the Track Record Period, we outsourced a portion of our operations and technology projects to third-party service providers. Outsourcing exposes us to certain risks such as delayed and substandard performance by outsourced service providers, and potential shortage of qualified and experienced outsourced service providers. There is no assurance that we are able to supervise the performance of our outsourced service providers as effectively and efficiently as with our own employees. Furthermore, we may be unable to hire suitable outsourced service providers that fully satisfy our business needs. If the work of our outsourced service providers is delayed or substandard, we may incur additional costs and time to supervise their work, and we may be liable for their misconduct and subject to claims by our customers. Accordingly, our profitability, financial performance and reputation will be materially and adversely affected.

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.

The PRC government has adopted regulations governing internet access and distribution of information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China, contains terrorism, extremism, content of force or brutality, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements may result in the revocation of licenses to provide internet content and other licenses, the closure of the concerned websites and criminal liabilities. In particular, the MIIT has published regulations that subject website operators to potential liability for content displayed on their websites and the actions of users and others using their systems. 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 on August 1, 2016 and amended on June 14, 2022, providers of mobile apps shall ensure information content compliance and network security.

During the Track Record Period, we provided advertisement publishing services, and advertising agencies could place advertisements on our websites and WeChat official account. We are required to adopt and implement management systems of information security and establish and improve procedures on content examination and administration. We have implemented internal control procedures screening the information and content on our websites and WeChat official account 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 websites and WeChat official account complies with the requirements of the provisions at all times. If content displayed on our websites and WeChat official account were found to violate the provisions, we may be subject to administrative penalties, including warning, service suspension or removal of our websites and WeChat official account, which may materially and adversely affect our business and results of operations. We may also become involved in legal disputes with third parties that disagree with the content on our platform, which could result in substantial costs and a diversion of our managerial and financial resources.

Changes in laws and regulations relating to the internet or changes in the internet infrastructure itself may diminish the demand for our services and have a negative impact on our business.

The future success of our business depends upon the continued use of the internet as a primary medium for commerce, communication and business solutions. The PRC government has in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our products and solutions in order to comply with these changes. In addition, government agencies may begin to impose taxes, fees or other charges for accessing the internet. These laws and changes could limit the growth of internet-related commerce or communications generally and reduce the demand for internet-based services such as ours.

In addition, use of the internet as a business tool could be adversely affected. The performance of the internet and its acceptance as a business tool has been adversely affected by "viruses," "worms" and similar malicious programs and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our services could suffer.

Our employees, service providers, or any other third parties involved in our business operations may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk that our employees, service providers, or any other third parties involved in our business operations may engage in fraudulent or other illegal activities which could include intentional, reckless and/or negligent conducts or unauthorized activities that violate laws, regulations, industry rule, or our internal policies. In particular, in connection with our business nature, misconduct by these parties could involve individually identifiable information or other sensitive data and information, which could result in regulatory sanctions and harm to our reputation.

Moreover, our business operations are subject to anti-bribery and anti-corruption laws and regulations in China, which prohibit companies and their intermediaries from making improper payments or other benefits to government or other parties for the purpose of obtaining or retaining business. While we have adopted and implemented internal controls and procedures to monitor compliance with anti-bribery and anti-corruption laws, regulations and policies, we cannot guarantee that such internal controls and procedures will always be effective in preventing non-compliance and exculpating us from penalties or liabilities that may be imposed by relevant government authorities due to violations committed by our employees or other third-party business partners. If our employees or third-party business partners are found or alleged to have violated anti-bribery or anti-corruption laws and regulations, we may face or be involved in fines, lawsuits and damage to our reputation, which could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to identify and deter misconduct by employees or third parties in a timely manner, or at all, and the precautions we take to detect and prevent these potential misconduct may not be effective in controlling unknown or unmanaged risks or losses, or protecting us from governmental investigations stemming from a failure to be in compliance with such laws or regulations, or claims or lawsuits initiated from our customers or business partners resulting from our contract breach due to such misconduct. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings and curtailment of our operations.

Any interruptions or delays in services from third parties or from 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 computer hardware purchased from, and cloud computing platforms provided by, third parties in order to deliver our solutions and services. Any damage to, or disruption or failure of, our systems generally, including systems of our third-party service providers, could result in interruptions in our services. In the past, we have experienced interruptions in our services, and such interruptions may occur in the future. Interruptions in our services may have a material adverse effect on our ability to retain existing customers and attract new ones, which in turn would reduce our revenue. Our business and reputation may also be harmed if our customers, or potential customers, believe that our solutions and services are unreliable.

We do not control the operation of any of facilities provided by third-party providers, which may be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events. These facilities may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, as well as local administrative actions, changes to legal or regulatory requirements and litigious proceedings to stop, limit or delay operations. Despite precautions taken by our third-party providers at these facilities, such as disaster recovery and business continuity arrangements, the occurrence of an act of terrorism or natural disaster, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions to our services.

Additionally, these hardware, software, data and cloud computing services may not continue to be available to us at reasonable prices, on commercially reasonable terms, or at all. If we lose our right to use any of these services, this could significantly increase our expenses or otherwise result in delays in the delivery of our solutions and services. If the performance of such third parties proves unsatisfactory, or if any of them violates its contractual obligations to us, we may need to replace such third party and/or take other remedial action, which could result in additional costs and materially and adversely affect the solutions and services we provide to our customers. Furthermore, the financial condition of our third-party providers may deteriorate over the course of our contract term with them, which may also impact the ability of such third party to provide the agreed services and have a material adverse effect on our business operations.

We may have insufficient computing resources, transmission bandwidth and storage space, which could result in disruptions and our business, financial condition and results of operations could be adversely affected.

Our operations are dependent in part upon transmission bandwidth provided by third-party telecommunications network providers, access to data centers to house our servers and other computing resources. There can be no assurance that we are adequately prepared for unexpected increases in bandwidth and data center demands by our customers. The bandwidth we have contracted to use or the data centers we have established may become unavailable for a variety of reasons, including service outages, payment disputes, network providers going out of business, natural disasters, networks imposing traffic limits, or governments adopting regulations that impact network operations. Moreover, if bandwidth providers have their own services that compete with us, or they may choose to develop their own services that will compete with us, these bandwidth providers may become unwilling to sell us adequate transmission bandwidth at fair market prices, if at all. This risk is heightened where market power is concentrated with one or a few major networks. We also may be unable to move quickly enough to augment capacity to reflect growing traffic or security demands. Failure to put in place the capacity we require could result in a reduction in, or disruption of, service to our customers and ultimately a loss of those customers. Such a failure could also result in our inability to acquire new customers demanding capacity not available on our platform.

Our intellectual property rights are critical to our success and infringement of our intellectual property right by any third party may materially and adversely affect our business, reputation, financial condition and results of operations.

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

As of the Latest Practicable Date, we had 11 patents registered in China, as well as 43 pending invention patent applications. We also held 228 registered software copyrights, 116 registered domain names and 139 registered trademarks as of the same date. The expected timeframes to register each of the pending patents and trademarks depend on various factors. If we fail to register a substantial amount of these patents and trademarks, our business operations may be materially and adversely affected.

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

We may be subject to intellectual property infringement claims from third parties, which may materially and adversely affect our business, financial condition and results of operations.

We depend on our ability to effectively develop and maintain intellectual property rights relating to our business. However, third parties may claim 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 practices. The validity, enforceability and scope of protection of intellectual property rights, particularly within China, are still evolving. As we face increasing competition and as litigation becomes a more commonly pursued method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

Additionally, the application and interpretation of intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights are evolving and may be uncertain, and we cannot assure you that courts or regulatory authorities would agree with our analysis. As of the Latest Practicable Date, we were involved in one ongoing patent infringement lawsuit, and if the outcome of such lawsuit were unfavorable to us, we may be subject to liability or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own, which may harm our reputation, business, financial condition and results of operations. Moreover, defense of such claims, regardless of merits, would involve substantial litigation expense and would be a substantial diversion of managerial resources from our business.

We have been, and may continue to be involved, in claims, disputes and legal proceedings in our ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, breach of contract, employment or labor disputes, and infringement of intellectual property rights. If we are unsuccessful in any claims, disputes and legal proceedings, we may be subject to substantial damages. Any claims, disputes or legal proceedings initiated by us or brought against us, with or without merit, may result in substantial costs and diversion of resources and materially harm our reputation.

Our business relies on the proper operation of our IT systems, any malfunction of which for extended periods could materially and adversely affect our business, financial condition and results of operations.

Our business relies on the proper functioning of our IT systems. We use our IT systems to retrieve and analyze operational data, including procurement, sales and financial and accounting data. We also use our IT systems to assist us in planning and managing our budgeting, human resources, sales and financial reporting. As a result, our IT system is critical for our daily operations. Although we did not experience any IT system breakdown during the Track Record Period, we cannot assure you that our IT systems will always operate without interruption.

Any malfunction in a particular part of our IT systems may adversely affect our operations and our results of operations. In addition, we need to constantly upgrade and improve our IT systems to keep up with the continuous growth of our operations and business. We may not always be successful in installing, running or implementing new software or advanced IT systems as required by our business development. All of these may have a material adverse effect on our business, financial condition and results of operations.

An occurrence of a natural disaster, widespread health epidemic or other outbreaks, such as the 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 natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of such a disaster or prolonged outbreak of an epidemic illness or other adverse public health developments in China or elsewhere, including but not limited to the severe acute respiratory syndrome, or SARS, the H5N1 avian flu, the human swine flu, also known as Influenza A (H1N1), or the novel coronavirus (COVID-19), could materially disrupt our business and operations.

The outbreak of COVID-19, which began in late 2019, has materially and adversely affected the Chinese and global economy. In response to the pandemic, the Chinese government implemented mitigation measures from time to time to contain the spread of the pandemic. During the COVID-19 pandemic, a number of our employees were infected with the COVID-19 in December 2022, which temporarily disrupted our business operations. Moreover, certain of our customers were adversely affected by the COVID-19 pandemic, and we experienced difficulty in collecting trade receivables from these customers. Additionally, in 2022, we experienced temporary delays in delivering our financial & tax digitalization solutions due to the impact of COVID-19 pandemic, and we downwardly adjusted the price of certain solutions to attract mid-market customers and retain existing customers amid the COVID-19 pandemic.

The COVID-19 pandemic may also have the effect of heightening other risks disclosed in this section, including but not limited to those related to: (1) decreased customer demand for our solutions and services, which may be caused by economic downturn; (2) disruption of the operations of our service providers; and (3) increase volatility or significant disruption of global capital markets due in part to the COVID-19 pandemic, which may adversely affect our ability to access capital markets and other funding sources on acceptable terms or at all.

Any future impact caused by the COVID-19 pandemic will depend on its subsequent development. We cannot be entirely certain as to when the COVID-19 pandemic will be fully contained, and its impact will be completely alleviated. There remain significant uncertainties surrounding the COVID-19 outbreak and its further development as a global pandemic, considering the severe global situation and occasional regional resurgence of COVID-19 cases in certain areas in China. We are closely monitoring the development of the COVID-19 pandemic and continually evaluating any potential impact on our business operations.

Our business depends substantially on the continuing efforts of our management and other key personnel, as well as competent employees that support our existing operations and future growth. If we fail to attract, motivate and retain talents, our operations and growth prospects may be severely disrupted.

Our future success heavily depends upon the continuing services of our management and other key personnel. In particular, we rely on the expertise, experience and vision of our founders and our chief executive officer, and other members of our senior management team. We also rely on the technical know-how and skills of other key personnel. If any of our senior management or key personnel becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily or at all. As a result, our business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain key personnel.

Our existing operations and future growth require competent employees specializing in, among other things, cloud computing, financial and tax management, data analytics and sales and marketing so as to improve our solution functionality and anticipate and effectively respond to changing customer preferences and market trends. However, our industry is characterized by high demand and intense competition for talents. In order to attract and retain talents, we may need to offer higher compensation, better trainings and more attractive career trajectory and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain qualified employees necessary to support our future growth. We may fail to manage our relationship with our current or former employees, and any disputes between us and them, or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, as our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet our increasing business demands. Any of the above issues may materially and adversely affect our results of operations and growth prospects.

Our financial condition and results of operations may be adversely affected by fair value changes of financial assets and liabilities at fair value through profit or loss and valuation uncertainty due to the use of unobservable inputs.

In 2020, 2021 and 2022, we recognized fair value losses of financial assets and liabilities at FVTPL of RMB285.9 million, RMB265.5 million and RMB53.5 million, respectively, primarily relating to our investment in associates with preferential rights and our shares with preferential rights issued in our equity financings. Investment in associates with preferential rights and our shares with preferential rights issued in our equity financings were classified as level 3 instruments for financial reporting purpose, and the related fair value measurement was based on significant unobservable inputs, including discount rate, discounts for lack of marketability and expected volatility, the changes of which will lead to changes in the fair value.

For level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. See Note 39 to the Accountants' Report in Appendix I to this document for details. As such, we are exposed to fair value change of financial assets and liabilities at FVTPL and valuation uncertainty due to the use of unobservable inputs, which will directly affect our profit and results of operations.

We may require additional funding to finance our operations, which may not be available on terms acceptable to us or at all, and if we are able to raise funds, the value of your [REDACTED] in us may be negatively impacted.

We may require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. To the extent that our funding requirements exceed our financial resources, we will be required to seek additional financing or to defer planned expenditures. There is no assurance that we can obtain additional funds on terms acceptable to us, or at all. In addition, our ability to raise additional funds in the future is subject to a variety of uncertainties, including but not limited to:

- investors' perception of, and demand for, the securities in companies like us;
- conditions of the capital markets in which we may seek to raise funds;
- development of PRC laws and regulations on the industries in which we operate;
- our future results of operations, financial condition and cash flows;
- general market conditions for capital raising and debt financing activities; and
- economic, political and other conditions in China and elsewhere.

Furthermore, if we raise additional funds through equity or equity-linked financings, your equity interest in us may be diluted. Alternatively, if we raise additional funds by incurring debt obligations, we may be subject to various covenants under the relevant debt instruments that may, among other things, restrict our ability to pay dividends or obtain additional financing. Servicing such debt obligations could also be burdensome to our operations. If we fail to service such debt obligations or are unable to comply with any of these covenants, we could be in default under such debt obligations and our liquidity and financial condition could be materially and adversely affected.

We face certain legal and regulatory risks relating to labor-related laws and regulations.

Pursuant to the relevant PRC laws and regulations, employers are obligated to directly and duly contribute to the social insurance and housing provident funds for their employees. During the Track Record Period, instead of making the contributions on our own for our employees, we and a few of our operating entities engaged third-party agencies to make such contributions to the social insurance and housing provident funds. Since October 2022, we have ceased all arrangement with third-party agencies for social insurance and housing provident fund contribution.

We cannot assure you that the relevant competent government authority will not take the view that this third-party agency arrangement does not satisfy the requirements under the relevant PRC laws and regulations. In respect of housing provident fund, we might be ordered to pay the outstanding balance to the relevant local authority within a prescribed period of time, and the government authority can apply to the people's court for compulsory enforcement if we do not comply, but no penalties are provided under the relevant PRC laws and regulations. In respect of social insurance, we might be ordered to pay the outstanding balance within a certain period of time and a late fee that equals 0.05% of the total outstanding balance per day from the date of the failure to make payment, failing which we may be subject to a fine ranging from one to three times the total outstanding balance.

Under the agreements between the third-party agencies and our relevant operating entities, the third-party agencies had the obligations to pay social insurance and housing provident funds for our relevant employees on time and in full amounts. As of the Latest Practicable Date, none of the third-party agencies that we used to cooperate with had failed to pay, or delayed in paying, any social insurance or housing provident fund contributions for our employees. As of the Latest Practicable Date, we had not received any administrative penalty or labor arbitration application from employees for the third-party agency arrangement for social insurance and housing provident funds, and we did not receive any notice from judicial or administrative authorities on any claim from our current and former employees regarding any inadequate contribution. As advised by the PRC Legal Advisor, on the basis of the foregoing, the risk is relatively low that any administrative penalty would be imposed on us. Accordingly, our Directors believe that our historical arrangements with third-party agencies for social insurance and housing provident fund contribution would not have a material adverse effect on our business, results of operations or financial condition or the [**REDACTED**].

Our rights to use our leased properties could be challenged by third parties, or we may be forced to relocate due to title defects, or we may be liable for failure to register our lease agreements, which may result in a disruption of our operations and subject us to penalties.

We lease certain properties from third parties to be used mainly as office premises, R&D facilities, and staff dormitories. As of the Latest Practicable Date, the ownership certificates or equivalent proof relating to eight of our leased properties had not been provided to us by the relevant lessors. Therefore, we cannot assure you that such lessors are entitled to lease the relevant real properties to us. If the lessors are not entitled to lease the real properties to us and the owners of such real properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights under the respective lease agreements against the owners, and if our lease agreements are declared null and void due to such title defects, we may be required to vacate the leased properties. As of the Latest Practicable Date, we were not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof. If we are forced to vacate from our leased properties, although we believe suitable alternative locations are readily available on commercially reasonable terms, our business operations may be interrupted. See "Business—Properties" for details.

As of the Latest Practicable Date, we had not completed the administrative filings of 19 lease agreements. According to applicable PRC laws and regulations, the lessor and the lessee of a lease agreement are required to file the lease agreement with relevant government authorities within 30 days after the execution of the lease agreement. While the failure to complete the administrative filings may not affect the legality, validity or enforceability of the lease agreement, the government authorities may require that the filing be made within a stated period of time, failing which, they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. It is not clear under PRC laws if the fine will be borne by the lessor or the lessee. According to applicable PRC laws and regulations, lessors of the related lease agreements need to provide us with certain documents (such as their business licenses or identification information) in order to complete the administrative filing. There can be no assurance that the lessors of our leased properties will be cooperative in the process of completing the filings. If we fail to complete the administrative filings for all non-registered leases within the period specified by the relevant government authorities, and the relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, we might be subject to a fine ranging from RMB19,000 to RMB190,000.

Future strategic alliances, acquisitions or investments may have a material adverse effect on our business, financial condition and results of operations.

We may enter into strategic alliances or investments, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. These alliances and investments could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the third party and increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

In addition, if appropriate opportunities arise, we may acquire additional businesses, platforms, assets or technologies that we believe can expand and strengthen our solutions and customer coverage, as well as our technological and service capacities. Future acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. It may also pose the risk that we may be exposed to successor liability relating to the actions by an acquired company and its management before and after the acquisition. The due diligence that we conduct in connection with an acquisition or investment may not be sufficient to discover unknown liabilities, and any contractual guarantees or indemnities that we receive from the sellers of the target companies and/or their shareholders may not be sufficient to protect us from, or compensate us for, actual liabilities. Moreover, the costs of identifying and consummating investments may be significant. In addition to possible shareholders' approval, we may also have to obtain approvals and licenses from relevant government authorities for the investments and to comply with any applicable PRC laws and regulations, which could result in delays and increased costs. Additionally, if the management team or key employees of an acquired company fail to perform as expected, this may adversely affect the business performance of such acquired company and, in turn, have a material adverse effect on our business, financial condition and results of operations.

If we are not able to control our staff costs in an effective manner, our business, financial condition and results of operations may be adversely affected.

There has been inflation and increased labor costs in China, particularly in large cities such as Beijing. In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pensions, housing provident fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Any labor shortage or attrition may significantly disrupt our business operations or delay our expansion plan. We may have difficulties in hiring or retaining sufficient and qualified employees. In addition, average wages in China are expected to continue to rise, which we anticipate will have an upward pressure on our labor costs and employee salaries and benefits, which in turn will negatively affect our profit margins. Any failure to attract qualified employees at reasonable cost and in a timely manner, and any future disputes with our employees may materially and adversely affect our business, financial condition and results of operations.

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

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

Our risk management and internal controls also depend on their effective implementation by our employees. Due to the significant size of our operations, we cannot assure you that such implementation will not involve any human errors or mistakes, which may materially and adversely affect our business and results of operations. As we are likely to offer a broader and more diverse range of services and solutions in the future, the diversification of our service offerings will require us to continue to enhance our risk management capabilities. If we fail to timely adapt our risk management policies and procedures to our changing business, our business, financial condition and results of operations could be materially and adversely affected.

Our limited insurance coverage could expose us to significant costs and business disruption.

We face various risks in connection with our business and may lack adequate insurance coverage. As of the Latest Practicable Date, we had not maintained property insurance, key employee insurance, product liability insurance and business interruption insurance. Neither had we maintained insurance policies covering damages to our technological infrastructure or litigation insurance. Any uninsured occurrence of business disruption, litigation or natural disaster, monetary liabilities or significant damages to our uninsured equipment, facilities or reputation could have a material adverse effect on our results of operations.

Insurance companies in China do not currently offer as extensive an array of insurance products as insurance companies in other more developed economies. As such, we may not be able to insure against certain risks relating to our assets or business even if we desire to. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Preferential tax treatment and government grants currently available to us in the PRC could be discontinued or reduced.

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "EIT Law") and its relevant regulations, PRC companies are typically subject to an income tax rate of 25% under the EIT Law. Baiwang Co., Ltd. was qualified as high and new technology enterprise and was entitled to a preferential income tax rate of 15% during the Track Record Period. We shall, in accordance with the requirements of the tax authority and other relevant authorities, retain and submit our financial statements together with details of our R&D activities and other technological innovation activities for future reference to enjoy the preferential tax treatment. Furthermore, we were entitled to claim research and development expenses incurred as tax deductible expenses when determining our assessable profits during the Track Record Period.

We cannot assure you that we will continue to qualify for such preferential tax treatments, or that the policies providing for the preferential tax treatments will continue to be effective. As advised by our PRC Legal Advisor, if we fail to provide requisite materials retained for future reference, we will not be entitled to enjoy the preferential tax treatments, as well as other benefits conferred under the accreditations. If we were not entitled to preferential tax treatments in the future, our effective tax rate may increase to 25%, and our income tax expense would increase accordingly, which will adversely affect our net profit.

RISKS RELATING TO DOING BUSINESS IN CHINA

The economic, political and social conditions in China could affect our business, financial condition and results of operations.

We conduct all of our business operations in China. Accordingly, our business, financial condition and results of operations are, to a material extent, subject to economic, political, and legal developments in China. In particular, factors such as consumer, corporate and government spending, business investment, level of economic development, an resource allocation could affect the growth of our business.

The PRC economy has experienced significant growth over the past decades since the implementation of China's reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business in China may also be materially and adversely affected.

The development of the PRC legal system and changes in the interpretation and enforcement of PRC laws, regulations and policies in China could materially and adversely affect us.

Our Company is incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters, such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, these laws and regulations maybe subject to different interpretation. As other civil law countries, there is a limited volume of published court decisions, which may be cited for reference but are not binding on subsequent cases and have limited precedential value unless the Supreme People's Court otherwise provides. As these laws and regulations are continually evolving in response to changing economic and other conditions, these uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to investors and us.

We may be subject to the approval or other requirements of the CSRC or other PRC governmental authorities in connection with future security activities.

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the July 6 Opinion, which called for the enhanced administration and supervision of [**REDACTED**] China-based companies, proposed to revise the relevant regulation governing the overseas issuance and [**REDACTED**] of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities. The July 6 Opinion aims to achieve this by establishing a regulatory system and revising the existing rules for overseas [**REDACTED**] of entities in China and their affiliates including potential extraterritorial application of Chinese securities laws.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of 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 relevant five guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas [**REDACTED**] of PRC domestic companies' securities and regulate both direct and indirect overseas [**REDACTED**] of PRC domestic companies' securities. Pursuant to the Overseas Listing Trial Measures, where a PRC domestic company submits an application for [**REDACTED**] to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted. As advised by our PRC Legal Advisor, we are required to go through the filing procedures with the CSRC under the Overseas Listing Trial Measures. We will file with the CSRC within the specific time limit as required by the Overseas Listing Trial Measures and seek guidance from the relevant regulator and/or legal advisors to ensure our compliance in all respects. However, given that the Overseas Listing Trial Measures were recently promulgated, there remain substantial uncertainties as to their interpretation, application and enforcement, and how they will affect our operations and our future financing. In addition, it is uncertain whether we can or how long it will take us to complete such filings. Any failure to complete such filings for the [**REDACTED**] would subject us to sanctions by the PRC regulatory agencies. Furthermore, such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business, financial condition and results of operations.

In addition, we cannot guarantee that new rules or regulations promulgated in the future pursuant to the July 6 Opinion and any other related PRC rules and regulations will not impose any additional requirement on us or otherwise tightening the regulations on us. If it is determined that we are subject to any CSRC approval, filing, other governmental authorization or requirements for future capital raising activities, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial condition. Furthermore, any uncertainty and/or negative publicity regarding such an approval, filing or other requirements may also have a material adverse effect on the [**REDACTED**] of our H Shares.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us and our Directors and management.

We are a company incorporated under the laws of China, and all our assets and operations are located in China. In addition, most of our Directors, Supervisors and senior management reside within China, and the assets of our Directors, Supervisors and senior management are likely to be located within China. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong, the United States or elsewhere outside China upon us or these persons, or to bring an action in Hong Kong against us or these individuals. Moreover, China does not have treaties with most of the other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Mutual Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件安排的安排) (the "2006 Arrangement"). Pursuant to such arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement.

On January 18, 2019, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2019 Arrangement"), the commencement date of which shall be announced after the Supreme People's Court promulgates judicial interpretations and relevant procedures are completed in Hong Kong. The 2019 Arrangement will supersede the 2006 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The 2006 Arrangement will remain applicable to a "choice of court agreement in writing" entered into before the 2019 Arrangement taking effect. However, there remains uncertainties as to the outcome of any applications to recognize and enforce such judgments and arbitral awards in China.

Furthermore, an original action may only be brought in China against us or our Directors, Supervisors and senior management if the actions are not required to be arbitrated by PRC laws and upon satisfaction of the conditions for commencing a cause of action pursuant to the PRC civil procedure law. As a result of the conditions set forth in the PRC civil procedure law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, it is uncertain whether investors will be able to bring an original action in China in this manner.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under the PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation administrative authorities.

In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit a formal application, which will be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or our affiliated entities or their subsidiaries. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations, and we may not be able to recover our loss due to such misuse or misappropriation if the third party relies on the apparent authority of such employees and acts in good faith.

Fluctuations in exchange rates of Renminbi could adversely affect our results of operations and the value of your [REDACTED].

Fluctuations in the exchange rate of Renminbi against Hong Kong dollar, U.S. dollar and other foreign currencies are affected by, among other things, the policies of the PRC Government and changes in China's and international political and economic conditions. The [**REDACTED**] will be denominated in Hong Kong dollars. As a result, any appreciation of Renminbi against U.S. dollar, Hong Kong dollar or any other foreign currencies may result in a decrease in the value of our foreign currency-denominated assets and our [**REDACTED**]. Conversely, any depreciation of Renminbi may adversely affect the value of, and any dividends payable on our H Shares in foreign currencies. There are limited instruments available for us to reduce our foreign currency risk exposure at reasonable cost in China, and we have not utilized, and may not in the future utilize, any such instrument. All of these factors could materially and adversely affect our business, financial condition and results of operations, and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

Governmental control of currency conversion, and restrictions on the remittance of Renminbi into and out of China, could have a material adverse impact on our financial condition and results of operations, and may reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

The remittance of currency in and out of China is subject to various laws and regulations. Our revenues and expenses are substantially denominated in Renminbi, and the [**REDACTED**] and any dividends we pay on our H Shares will be in Hong Kong dollars. Under China's existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to make current account foreign exchange transactions, including paying dividends in foreign currencies without prior approval from SAFE.

However, in the future, the PRC government may take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. If such measures are implemented, we may not be able to pay dividends in foreign currencies to holders of our H Shares. Foreign exchange transactions under our capital account are subject to significant foreign exchange controls and require SAFE's approval. These limitations could affect our ability to obtain foreign exchange through offshore financing.

Furthermore, the [**REDACTED**] are expected to be deposited in currencies other than Renminbi until we obtain necessary approvals from relevant PRC regulatory authorities to convert these [**REDACTED**] into onshore Renminbi. If the [**REDACTED**] cannot be converted into onshore Renminbi in a timely manner, our ability to deploy these [**REDACTED**] efficiently may be affected as we will not be able to [**REDACTED**] on Renminbi-denominated assets onshore or deploy them in uses onshore where Renminbi is required. All of these factors could materially and adversely affect our business, financial condition and results of operations.

[REDACTED] of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

Non-Chinese resident individual holders of H Shares whose names appear on the register of members of H Shares ("Non-Chinese Resident Individual Holders"), are subject to Chinese individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知(國稅函[2011]348號)) dated June 28, 2011 and issued by the SAT, the tax rate applicable to dividends paid to Non-Chinese Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between China and the jurisdiction in which the Non-Chinese Resident Individual Holder of H Shares resides, as well as the tax arrangement between China and Hong Kong. Non-Chinese Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. See "Appendix III—Taxation and Foreign Exchange." In addition, under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) and its implementation regulations, Non-Chinese Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (關於個人轉讓股票所得繼續免徵收個人所得稅的通知) issued by MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of [**REDACTED**] shares of enterprises may be exempt from individual income tax. Based on our knowledge, as of the Latest Practicable Date, the Chinese tax authorities had not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under EIT Law and its implementation regulations, a non-Chinese resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to its Chinese-sourced income, including dividends received from a Chinese company and gains derived from the disposition of equity interests in a Chinese company. This rate may be reduced under any special arrangement or applicable treaty between the China and the jurisdiction in which the non-Chinese resident enterprise resides. Pursuant to the Circular of the SAT on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid by Chinese Resident Enterprises to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣繳企業所得稅有關問題的通知(國稅函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10% from dividends payable to non-Chinese resident enterprise holders of H Shares (including [**REDACTED**]). Non-Chinese resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the Chinese tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the Chinese tax authorities' approval. See "Appendix III—Taxation and Foreign Exchange." There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the Chinese tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-Chinese resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-Chinese resident enterprise holders' investments in H Shares may be materially and adversely affected.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRSs in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company (國家外匯總局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) promulgated by SAFE on February 15, 2012, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly [**REDACTED**] 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 [**REDACTED**] company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our Directors, Supervisors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted share-based awards will be subject to these regulations when we become an overseas [**REDACTED**] company upon the completion of this [**REDACTED**]. Failure to complete the required registrations may subject them to fines, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our Directors, Supervisors, executive officers and employees under PRC law.

The SAT also issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities.

RISKS RELATING TO THE [REDACTED]

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

Prior to the [**REDACTED**], there has been no [**REDACTED**] market for our H Shares. The [**REDACTED**] for our H Shares was the result of negotiations between us and the [**REDACTED**] (for itself and on behalf of [**REDACTED**]), and the [**REDACTED**] may differ significantly from the [**REDACTED**] for our H Shares following the [**REDACTED**]. We have applied for [**REDACTED**] of, and permission to [**REDACTED**], our H Shares on the Stock Exchange. A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] market for our H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**] or that the [**REDACTED**] of our H

Shares will not decline following the [**REDACTED**]. Furthermore, the [**REDACTED**] of our H Shares may be volatile. The following factors may affect the [**REDACTED**] and [**REDACTED**] of our H Shares:

- our financial condition;
- actual or anticipated fluctuations in our operating performance;
- news regarding recruitment or departure of key personnel by us or our competitors;
- the history of, and the prospects for, us and the industry in which we operate;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting our ability to obtain or maintain regulatory approval for our services;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- inadequate protection of our intellectual property rights or legal proceedings brought against us for infringement of third parties' intellectual property rights;
- the operating and stock price performance of other companies and industries, and other events or factors beyond our control; and
- general political, financial, social and economic conditions.

Moreover, the capital market has from time to time experienced significant [**REDACTED**] fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the market. These broad market and industry fluctuations may have a material adverse effect on the [**REDACTED**] of our H Shares.

An active and liquid [REDACTED] for our H Shares may not develop.

Prior to the [**REDACTED**], our H Shares were not [**REDACTED**] on any other market. We cannot assure you that an active and liquid [**REDACTED**] market for our H Shares will be developed or be maintained after the [**REDACTED**]. Liquid and active [**REDACTED**] markets usually result in less [**REDACTED**] volatility and more efficiency in carrying out investors' purchase and sale orders. The market [**REDACTED**] of our H Shares could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market [**REDACTED**] of our H Shares, you could lose a substantial part or all of your [**REDACTED**] in our H Shares.

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

The [**REDACTED**] of our H Shares is expected to be determined on the [**REDACTED**]. However, our H Shares will not commence [**REDACTED**] on the [**REDACTED**] until they are delivered, which is expected to be three Hong Kong business days after the [**REDACTED**]. As a result, [**REDACTED**] may not be able to sell or otherwise [**REDACTED**] our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the [**REDACTED**] of our H Shares could fall before [**REDACTED**] begins, as a result of unfavorable market conditions or other adverse developments that could occur between the time of sale and the time [**REDACTED**] begins.

If the [REDACTED] of our H Shares is substantially higher than the consolidated net tangible assets book value per share, [REDACTED] of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [**REDACTED**] of our H Shares is higher than the consolidated net tangible assets per share immediately prior to the [**REDACTED**], [**REDACTED**] of our H Shares in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] adjusted consolidated net tangible assets. Our existing shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our H Shares may experience further dilution of their interest if the [**REDACTED**] exercise the [**REDACTED**] or if we issue additional shares in the future to raise additional capital.

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

Our management may spend the [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favorable return. For details of our intended [**REDACTED**], see "Future Plans and [**REDACTED**]." However, our management will have discretion as to the actual application of our [**REDACTED**]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the [**REDACTED**] from this [**REDACTED**].

The [REDACTED] of our H Shares may decline if securities or industry analysts do not publish research reports about our business, or they adversely change their recommendations regarding our Shares.

The [**REDACTED**] for our H Shares may be affected by research reports about us or our business published by industry or securities analysts. The [**REDACTED**] of our H Shares would possibly decline if one or more analysts who research us downgrade our H Shares or publish negative opinions about us regardless of the accuracy of the information. We may lose visibility in the financial markets if one or more of these analysts cease coverage of us, or fail to regularly publish reports on us, which could cause the [**REDACTED**] of our H Shares to decline.

Waivers have been granted from compliance with certain requirements of the Listing Rules by the Stock Exchange. These waivers could be revoked, exposing us and our Shareholders to additional legal and compliance obligations.

We have applied for, and the Stock Exchange [has granted] to us, a number of waivers from strict compliance with the Listing Rules. See "Waivers from Strict Compliance with the Requirements under the Listing Rules." There is no assurance that the Stock Exchange will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations, incur additional compliance costs and face uncertainties arising from issues of multijurisdictional compliance, all of which could adversely affect us and our Shareholders.

Future sales or perceived sales or conversion of substantial amounts of our securities in the [REDACTED] market, including any future [REDACTED] in China or [REDACTED] of our Domestic Shares into H Shares, could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholdings.

Future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new H Shares or other securities relating to our H Shares, or the perception that such sales or issuances may occur could all cause a decline in the [**REDACTED**] of our H Shares. Future sales, or perceived sales, of substantial amounts of our securities or other securities relating to our H Shares, including part of any future [**REDACTED**], could also materially and adversely affect the prevailing [**REDACTED**] of our H Shares and our ability to raise capital in the future at a time and at a [**REDACTED**] which we deem appropriate.

Although our Controlling Shareholders are subject to restrictions on their sales of H Shares within 12 months from the [**REDACTED**] as described in "History and Corporate Structure" in this document, future sales of a significant number of our H Shares by our Controlling Shareholders or other existing shareholders in the [**REDACTED**] after the [**REDACTED**], or the perception that these sales could occur, could cause the [**REDACTED**] of our H Shares to decline and could materially impair our future ability to raise capital through [**REDACTED**] of our H Shares. We cannot assure you that our Controlling Shareholders, or other existing shareholders will not dispose of H Shares held by them.

Our Domestic Shares may be [**REDACTED**] H Shares, and such [**REDACTED**] may be [**REDACTED**] on an overseas stock exchange, provided that prior to the [**REDACTED**] of such [**REDACTED**] shares, any requisite internal approval processes shall have been duly completed and the approval from the relevant Chinese regulatory authorities, including the CSRC, shall have been obtained (the "Arrangement"). In addition, such [**REDACTED**] shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. The Arrangement applies only to Domestic Shares. All of our Domestic Shares are subject to the Arrangement and may be [**REDACTED**] H Shares upon the approval of the relevant regulatory authorities, including the CSRC and the Stock Exchange.

We may not be able to pay any dividends on our H Shares.

No dividend had been declared or paid by us during the Track Record Period. We cannot guarantee when and in what form dividends will be paid on our H Shares following the [**REDACTED**]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements, and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. For details, see "Financial Information—Dividend."

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] of our H Shares may decline.

The [**REDACTED**] of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the [**REDACTED**] of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [**REDACTED**] of our H Shares to decline.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters.

The words "anticipate," "believe," "could," "potential," "continue," "expect," "intend," "may," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors, Supervisors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this document. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

The industry data and forecasts in this document obtained from various government publications and the industry report have not been independently verified.

This document includes industry data and forecasts that we obtained from various government publications and the industry report that we believe are reliable. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot assure you of the accuracy or completeness of information obtained from these sources. We have not independently verified any of the data, forecasts and other statistics from such sources, nor have we ascertained that the underlying economic assumptions relied upon in those sources. Also, the Sole Sponsor, the [**REDACTED**], any of their respective directors, officers, affiliates, advisors and representatives, or any other parties involved in the [**REDACTED**] make no representation as to the accuracy or completeness of aforementioned facts, forecasts and other statistics in this document. Moreover, such facts, forecasts and other statistics may not be prepared on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. For these reasons, the information from various government publications and the industry report contained in this document may not be accurate and should not be given undue reliance as a basis for making your [**REDACTED**] in our H Shares.

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

Prior to the publication of this document, there has been and there may also be, subsequent to the date of this document but prior to the completion of the [**REDACTED**], press and media coverage regarding us, our business, our industries and the [**REDACTED**], which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of such projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information.