

## RISK FACTORS

*You should carefully consider all of the information in this document, and in particular the following risks and special considerations in respect of investment in the Company, before making any decision in relation to the investment in our Shares. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of the following risks. The trading price of our Shares could fall significantly due to any of these risks, and you may lose all or part of your investment. You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands and that our principal operation is conducted in the PRC and is governed by a legal and regulatory environment that differs from that prevailing in other countries.*

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks relating to our business; (ii) financial risks relating to our business; (iii) risks relating to doing business in the PRC; and (iv) risks relating to the [REDACTED].

### RISKS RELATING TO OUR BUSINESS

**We primarily focus our investments in the high-tech industry in the PRC, and any fluctuation in the industry would affect our results**

As of 31 December 2022, we had invested in 75 high-tech companies across various sectors, accounting for approximately 95.8% of our total investment cost. As a private investment fund manager with a focus on high-tech industry in the PRC, our business may be heavily impacted by volatility in the high-tech industry. High-tech industry features continuous changes including rapid development of technologies, frequent launches of new products and services, new industry standards and evolving legal and regulatory environment. Our success will to a certain extent depend on our ability to react to these changes in a timely and efficient manner and to resist risk. Our team is dedicated to acquiring in-depth knowledge and expertise in the high-tech industry, thereby identifying new opportunities and adjusting our investment strategies for risk aversion.

During a recession, investors will become more budget-conscious and more sensitive to the price of investment products or services they are willing to pay. As most of our portfolio companies center around the high-tech industry in the PRC, any decrease in the demand from the customers for the technological services or products of our portfolio companies or any substantial decline in the economy would have a material adverse impact on our revenue, profitability and business prospects, if we are unable to shift our focus of investment to favourable markets with greater growth potential in a timely manner. Additionally, while the Chinese government has implemented a number of supportive regulatory policies to promote the development of the high-tech industry, any material adverse change in such policies may impact the development of China’s high-tech industry in the future. This could result in poor performance of our funds, which may in turn impede our ability to raise fund for our high tech-focused investment funds. Furthermore, the high-tech industry in the PRC may also face intensified geopolitical tensions or pressure from trade wars. There are a certain number of factors that may cause uncertainties to the business environment of the high-tech industry in

---

## RISK FACTORS

---

the PRC, which could in turn affect our fund performance, including the protective measures adopted by various countries for their domestic industries and the impact to the global economic environment as a result of geopolitical tensions.

### **Challenging market and economic conditions could have an adverse effect on the Company and our funds**

We are subject to material effects arising from markets and economic conditions in different markets where we and our portfolio companies operate, which include but are not limited to fluctuations in indicators that may affect economy, including publicly traded share prices, credit spread, interest rates, currency exchange rates and inflation rates, liquidity and credit supply, as well as economic uncertainties, evolving legal and regulatory environment (including in the areas of taxation, currency exchange rates and foreign exchange control, trade barriers, commodity prices and the relevant regulatory control), and the current geopolitical tensions and situations.

Any development in the global financial markets and the global economy that is beyond our control could affect the performance of our funds, price level and liquidity of assets, which could eventually affect our financial performance. In particular, fluctuations in capital markets, especially fluctuations in the capital market in the PRC, could have a material impact on our investment. We have been striving to grip on suitable opportunities to increase or dispose of our investments, in response to changing economic and market conditions. Any failure to manage these situations or any material decline in stock market could result in decrease in investment returns of our funds or our Group. Compared to current and historic market conditions, the future market conditions may be unfavourable and may have an adverse effect on our business, results of operation, financial position, cash flow and prospects.

Moreover, a weakening market may affect the performance of our funds, which may include limiting our ways and opportunities to exit or realise our investments, and reducing suitable investment opportunities within the investment strategies under various funds. This may in turn have an adverse impact on the funds’ ability of capital allocation and investment. In addition, under the unfavourable market conditions, our portfolio companies may experience worsening results of operation and financial position. The negative financial performance may result in lower returns on investments by these funds made by us, which may in turn have an adverse effect on our business, results of operation, financial position, cash flow and prospects.

### **Our investment performance in respect of our fund portfolio may have negative effects on our results of operation, financial position and cash flow**

Our performance and the performance of our funds depend on the values of portfolio companies under our funds, as our profit partially derives from those investment gains. On the one hand, any unsound decision made by our portfolio companies or inefficient management on their businesses that led to underperformance or financial difficulties could have negative effects on the performance of our funds. On the other hand, weakening market conditions or adverse regulatory policies that have adverse and material impact on the industries where our portfolio companies operate could have negative impact on valuations of our portfolio

## RISK FACTORS

---

companies, which may in turn have negative effects on our financial performance. Furthermore, business models of our portfolio companies that have failed in the market could lead to financial losses or liquidation of the portfolio companies, resulting in loss of part or all of our investment.

Particularly, fluctuations and changes in capital market trend and condition may significantly affect the fair value of our portfolio companies, which will in turn affect our financial performance. When the capital market goes bullish or bearish, changes in the fair value of our portfolio companies and our financial statements may be magnified. As such, changes in the fair values of the companies we invest in may lead to fluctuations in our operation results from time to time. Significant fluctuations in market conditions, such as a sudden transition from a bull market to a bear market, may also result in significant fluctuations in our financial statements. As a result, our financial performance and results of operations may be materially and adversely affected.

### **Making wrong decisions related to our portfolio companies may materially and adversely affect our business, financial condition and results of operations**

Our income and investment performance are primarily determined by the performance of the funds under management and the size of the AUM. All our decisions related to our portfolio companies are subject to consideration of our Investment Committee which will carefully identify and select potential investment targets, make appropriate investment arrangements, or seize suitable opportunities to exit certain investments. However, we may make wrong decisions for different reasons, possibly causing us to inaccurately estimate the value of an investment target. In addition, our understanding and judgement of an investment target as well as its profitability and development potential may deviate from the actual final result of the investment target, leading to incorrect investment decisions. Our ability to capture upcoming investment opportunities will be important to our future success. If we fail to capture the upcoming investment opportunities, we may not be able to generate strong or satisfactory returns for our investors. Besides, our reputation may be adversely affected and it may be difficult for us to raise capital for new funds, which in turn could adversely affect our business and profitability in the future.

### **We may not be successful in identifying suitable investment opportunities**

As part of our revenue is generated from our investments, our business and results of operations depend on identifying suitable investment opportunities. The fund management industry in which we operate is highly competitive, where we compete with other fund management companies to seek investment opportunities in the areas in which our funds invest. Capturing high-quality investment opportunities in various sectors can be challenging for both our company and our competitors. In the event of difficult market conditions, unfavorable regulatory policies or any circumstances that may adversely and significantly affect certain areas in which we intend to invest, we may not be able to successfully identify suitable investment opportunities and may have a reduction in the number of investment targets on hand.

## RISK FACTORS

---

During the Track Record Period, we sourced potential investment target through different channels. For details of our selection process of investment targets, please refer to the paragraph headed “Business – Investment Process and Arrangement” in this document. There is no guarantee that we will continue to be able to identify and/or select suitable investment targets. Even after identifying and selecting a potential investment target, there can be no assurance that we will be able to successfully negotiate with the counterparty, i.e. the portfolio company and/or the selling shareholder, nor can we guarantee the counterparty will choose us over our competitors as its investor or partner.

### **We may not be able to raise additional capital to support our business growth and the size of our AUM may decline**

Our success depends not only on our ability to realise our investment in portfolio companies, but also on our ability to generate additional capital through fee income and investment gains so as to continue to invest and generate returns. Even if we are successful in raising new capital, if the capital raising is delayed, our fee income and investment gains may decrease as the investment terms of our existing funds expire and the related fund management fees decrease. The performance of our funds also affects our ability to raise capital, and any decline in the actual or relative performance of our funds will make future fundraising more challenging. In addition, the number of HNWI in the PRC and the size of their investable assets will indirectly affect the size of our funds, and we cannot assure you that the number of HNWI and their investable assets will remain stable or grow in the future. If we are unable to invest in sufficient number of attractive and successful portfolio companies, our results of operations may be affected and our competitive position and our attractiveness as a fund manager to potential investors may also be adversely affected, further affecting our ability to raise funds.

Moreover, we may need to obtain new sources of capital for new investment strategies in order to minimize distraction to existing investment strategies. We cannot guarantee that the financing of our new funds will be similarly successful as our existing funds. Further, any changes in existing or any new asset allocation rules, regulations or investment policies that investors are required to comply with may inhibit or limit their ability to invest in our funds or reduce their allocation to our funds.

Though we seek to further enhance our ability to raise capital, there is no assurance that we will be able to achieve similar successful fund-raising results in the future. If, for any reason, we are unable to raise sufficient capital, our operations, business, financial condition and results of operations will be materially and adversely affected.

---

## RISK FACTORS

---

In addition, in case that our existing fund investors continue to exit their investments, but we do not raise additional capital at the same time, our AUM may decline, which may adversely affect our results of operations and financial condition.

**We may not be able to exit our investment effectively or exit in the way or timeline as we anticipate**

We can exit our portfolio companies through various ways, such as selling shares before or after the listing of the portfolio companies or repurchase by the portfolio companies. Our investments include early stage investment, which generally has relatively high uncertainty and may take longer timeframes than we expect to exit. For details of the exit mechanism, please refer to the paragraph headed “Business – Investment Process and Arrangement – Our Investment Process – Exit from investments” in this document.

A portfolio company may take longer time than expected for our funds to exit, or we may encounter difficulties making it impossible for our funds to exit the portfolio companies, for example, the portfolio companies may default or fail to fulfill the repurchase obligations under relevant investment agreements. In particular, historical market conditions may not be indicative of the future, capital market conditions and trends are subject to unforeseen changes beyond our control and may materially affect our ability to exit our investments. If favorable market conditions or trends emerge, we may exit the investment earlier than expected and realise a higher investment value. However, when faced with adverse trends or circumstances, it may take longer for the portfolio companies we invest in to meet the IPO listing criteria or we may need to exit the investment through other methods, whereas the valuation obtained at the time of exit may be lower than expected. As a result, our investment period may be longer than expected, thereby reducing our expected investment returns. We may not be able to exit our investment at our anticipated valuation in the public market or through private transactions after our [REDACTED], or at all.

If our funds fail to exit the investment in the way or timeline we expect, we may not be able to obtain any realised investment gains or carried interest, or pay our capital or financing costs, and our reputation as a fund manager may also be impaired. As a result, our business, financial condition and results of operations, and cash flows may be significantly and adversely affected. In addition, due to the inherent risks or sophistication of our business, our exit return in the past may not indicative of our future performance.

**We may not be able to successfully execute or manage the complexity of new investment strategies or expand into new sectors and businesses**

To achieve sustainable growth in the future, we may extend to new investment themes to different high-tech sectors where appropriate. There are potential difficulties and costs for implementing this strategy, including execution costs and third-party charges, such as charges for due diligence, recruitment, training and retention of more investment professionals, and compliance fee as a result of other activities. As our business expands, we may be subject to laws and regulations that we currently are not bound by or exempt from. This may result in

## **RISK FACTORS**

---

higher legal costs and compliance costs. The expected growth of our Group may also render organisational and cultural challenges, including ensuring that appropriate control and monitoring procedures are in place. If our enlarged business fails to generate sufficient additional fund management fees or investment gains, our results of operations will be adversely affected by higher costs. In addition, if we fail to effectively manage the expansion process, it may negatively affect our culture and potentially affect our ability to retain investment professionals of high caliber in the future, as well as existing and potential fund investors’ perception towards us.

### **The due diligence process we undertake in connection with an investment target may not reveal all the facts relating to an investment opportunity**

Before making an investment, we will conduct due diligence as we deem reasonable and appropriate based on the facts and circumstances applicable to each such investment target. The objective of the due diligence process is to determine the attraction attributes and risks associated with the investment target and to prepare a framework that can be used to drive investment or acquisition. In conducting our due diligence, we may need to evaluate important and complex business, financial, regulatory, tax, accounting, environmental and legal issues. Independent consultants, legal advisers, accountants and investment banks may participate in the due diligence process to varying extent depending on the investment type.

In conducting our due diligence and evaluating the investment, we rely on the resources available to us, including information from the investment target and, in some cases, third-party investigations and analysis. We have limited information available when conducting due diligence on startups and companies in growing stage. As a result, our due diligence on such investment opportunities may not reveal or highlight all relevant facts that are necessary or helpful for the assessment. In addition, it is difficult to detect fraud, accounting irregularities and other improper, illegal or fraudulent activities, even if we perform responsible and appropriate due diligence to the extent possible. We cannot guarantee that we will not fail to detect fraud, accounting irregularities and other improper, illegal or deceptive practices that may adversely affect our business reputation, financial condition and results of operations.

### **We may not be able to retain or timely replace key management personnel and professionals on whom we rely**

The continued success of our business depends to a large extent on the continued efforts of our Executive Directors and management. Our senior management team has years of relevant experience in different industries in the PRC and have a deep understanding of the market, our customers and competitors as well as the laws and regulations relevant to our operations.

---

## RISK FACTORS

---

We cannot guarantee that our key employees will not terminate their employment with us or reduce their contribution to us for reasons beyond our control. The loss of any of our key personnel, especially our Executive Directors and senior management, could affect our business operations, if we are unable to recruit suitable replacements in a short period of time. In addition, AMAC issued the Registration and Filing Measures of Private Investment Funds (私募投資基金登記備案辦法) which requires a private investment fund manager to have at least five full-time employees. Failure to recruit and/or retain these key personnel could materially disrupt our business and materially and adversely affect our results of operations.

Our continued success depends on our ability to attract, motivate, train and retain fund managers and other professionals. As a result, failure to attract, motivate and/or retain the necessary highly skilled personnel could materially and adversely affect our business, results of operations and/or financial position.

### **We rely on the management teams of our portfolio companies to manage the day-to-day operations of our portfolio companies**

While we hold shares in our portfolio companies, we generally do not participate in certain day-to-day operations of our portfolio companies as such day-to-day operations will be the general responsibility of the respective management teams of our portfolio companies, which are independent of us, and may have their own priorities. As the management teams are beyond our control, we cannot guarantee they are always able to duly discharge their duties. As a result, there may be a decrease in the fair value of portfolio companies under our fund if the performance of our portfolio companies is below expectation. In addition, we cannot guarantee that the growth plans of our portfolio companies will be implemented within the budget or timelines, which may in turn affect the return of our funds and the timing of the realisation of such funds. Further, any non-compliance by these portfolio companies may have an impact on our reputation, our funding plans, our timely exit from our projects, or even lead to our inability to exit.

### **We generally do not have control over our portfolio companies, and any actions taken by them may adversely affect the performance of our funds**

We generally invest in companies as a minority shareholder and do not seek control in the companies. Such investment exposes us to the risk that the company in which we invest in may make business, financial or management decisions that we disagree with, or the risk that the company’s majority stakeholders or management may take risk or act in a manner that is not in our interests. If any of the foregoing events occurs, the investment value of our funds may decline and our financial condition, results of operations and cash flows may also be affected.



---

## RISK FACTORS

---

**If any of our portfolio companies adopt VIE structures to conduct their operations in China, it may not be as effective in providing operational control as direct equity ownership**

If any of our portfolio companies have implemented variable interest entity (“VIE”) structures, our portfolio companies would not hold direct equity stakes in the VIEs but instead rely on contractual arrangements with the VIEs and their shareholders to maintain control and operate their businesses. However, these contractual arrangements may not be as effective or equivalent to direct equity ownership.

For instance, other shareholders of the VIEs may violate their contractual obligations by disposing of the underlying assets in a manner that goes against the agreed terms. Furthermore, in the event that legal action becomes necessary, there are significant uncertainties regarding the interpretation and enforcement of these contractual arrangements under the PRC laws.

In case our portfolio companies encounter difficulties in enforcing these contractual arrangements, or experience substantial delays in the process, they may lose effective control over their VIEs and the underlying assets. Consequently, they may also forfeit the right to receive relevant economic benefits and be unable to consolidate the financial results of these entities in their consolidated financial statements. Accordingly, our funds, as shareholders of such portfolio companies, may not be able to receive dividends or other economic benefits from them, which may adversely affect our results of operations, financial condition and cash flow.

**Our portfolio companies are exposed to regulatory risks, including but not limited to both U.S. sanctions and regulatory requirements imposed by the PRC**

The United States has implemented economic sanctions targeting specific countries, industry sectors, companies, or individuals through various measures. The sanction laws and regulations are constantly evolving. There are inherent uncertainties, with new individuals and entities regularly added to the list of sanctioned persons, and new requirements and restrictions frequently coming into effect. Any of these developments may increase the level of scrutiny our portfolio companies face. If our portfolio companies are found to have violated relevant sanctions in the future, they may be subjected to government inquiries, investigations, enforcement actions, fines, or penalties. Such consequences could have a negative impact on their business operations, potentially affecting our respective investments and exit strategies and leading to adverse effects on the performance of our funds.

Moreover, some of our portfolio companies are subject to specific laws and regulations in the PRC that require them to obtain and maintain various approvals, licenses, or permits from relevant authorities in order to conduct their business operations. They may also need to update or renew these permits if they are revoked or expired. The process of obtaining, updating, or renewing these approvals, licenses, or permits can be time-consuming and costly. Additionally, regulatory changes in the PRC may introduce new compliance requirements, potentially necessitating our portfolio companies to acquire additional approvals, licenses, or



## **RISK FACTORS**

---

permits in the future. There is no guarantee that they can successfully obtain, maintain, update, or renew the necessary approvals, licenses, and permits in a timely and cost-effective manner, or at all. Similarly, compliance with new regulatory changes may pose challenges for our portfolio companies in terms of timely adherence. Failure to comply or being found in violation of these laws and regulations by competent authorities could result in government investigations, fines, penalties, and even the discontinuation or restriction of their operations. Consequently, the performance of our funds could be negatively affected.

### **There can be no assurance that the expertise of our Directors, senior management and professionals will continue to be sufficient for our fund management business**

As a private investment fund manager focusing on investing in the high-tech industry, we rely on the expertise of our Directors, senior management and professionals with professional backgrounds in various disciplines to ensure the effectiveness of our operations. While we have taken various measures such as offering competitive remuneration packages, to ensure that our existing Directors, senior management and professionals continue to have sufficient expertise in the management of our funds, there is no assurance that these measures will be effective. If the expertise of our Directors, senior management and professionals is found to be inadequate to manage our business, our operations and future prospects will be materially and adversely affected.

### **We and our funds are subject to extensive regulation and are subject to changes in laws, regulations and government interpretations and practices as well as risks associated with the interpretation of such provisions, which may not have clear guidance or precedent**

Our business is subject to extensive regulation, and current or future regulations affect many aspects of our operations. We must comply with and be subject to the laws, rules and regulations of governments and self-regulatory organisations at the national, regional and local levels. Moreover, we shall comply with and will be subject to the laws, rules and regulations of the jurisdictions into which we may expand and the jurisdictions of our fund investors and the jurisdictions of the portfolio companies in which our funds invest in the future. Besides, we will also be subject to risks associated with the complexity involved in such regulation.

In some instances, compliance with applicable laws, rules and regulations depends on the determination of facts and the interpretation of complex provisions, for which no clear precedent or authority may be available. In such cases, we may not be able to properly assess the implications of these laws, rules and regulations. Such laws, rules and regulations may be reviewed by those individuals, governments and self-regulatory organisations or other authorities involved in the legislative process, and may result in amended interpretations of established concepts, statutory changes, amendments to regulations and other modifications and interpretations.

## **RISK FACTORS**

---

If we fail to comply with applicable laws or regulations, including those rules and regulations applicable to us once our Company becomes a [REDACTED] entity, it may result in restrictions on our operations, higher operating costs, fines or other sanctions. Even if the relevant investigation or proceeding does not result in sanctions, or the amount of sanctions imposed on us or our personnel by regulatory authorities is small, adverse publicity in relation to the investigation, proceeding or the imposition of these sanctions could harm our brand and reputation, causing loss of existing fund investors or impairment of our ability to attract new fund investors.

### **If we fail to obtain or maintain the requisite approvals or complete the necessary registrations for our business, our operations may be adversely affected**

Due to the highly regulated nature of the fund management industry in the PRC, many aspects of our business rely on obtaining and maintaining approvals, licenses, permits or qualifications from the relevant regulatory authorities in the PRC. For details, please refer to the section headed “Regulatory Overview” in this document. Obtaining such approvals, licenses, permits or qualifications depends on our compliance with regulatory requirements. Our failure to comply with regulatory requirements may limit the scope of business in which we are permitted to participate. In addition, the relevant regulatory authorities in the jurisdictions in which we operate in the future may require additional regulatory approvals, licenses, permits or qualifications, and some of our current approvals, licenses, permits or qualifications require periodic renewal. Failure to obtain or maintain the approvals, licenses, permits or qualifications we require could adversely affect our results of operations and financial condition.

### **We may be exposed to risks associated with engaging third-party service providers**

We engage third-party service providers, including those that provide legal and financial advisory services, to support our operations and funding operations. We are exposed to the errors and risks of these third parties, which may be attributable to us and subject us or our fund investors to reputational damage, penalties and losses. We may not be able to seek compensation or damages from our third-party service providers.

Employees of our third-party service providers may have access to the personal information of investors in our funds. It is not always possible for us to detect or prevent inappropriate behaviors of the third-party service providers. If employees of our third-party service providers were involved or were accused of any wrongdoing, our reputation and business could be materially and adversely affected.

Risks of third-party defaults may arise from events or circumstances that are difficult to detect, foresee or assess. In addition, concerns about one large market participant or its default, such as a custodian bank, could create significant liquidity problems for other market participants, which in turn could expose us to significant losses. We may not be able to accurately predict the impacts of market pressure or the financial condition of our counterparties, and as a result, we may not be able to take sufficient measures to effectively mitigate these risks, which, if not mitigated, could have a material adverse effect on our business and results of operations.

## RISK FACTORS

---

### **Our risk management policies, procedures and internal control policies may not be sufficient or effective in identifying or managing the risks that we are exposed to**

The complexity of our operations exposes us to various risks, including market risk, credit risk, operational risk, liquidity risk, compliance risk, legal risk and other risks. We have established risk management and internal control systems and procedures to manage potential risks in our business operations, meanwhile, we strive to continuously improve these systems and procedures. For details, please refer to the paragraph headed “Business – Risk Management and Internal Control” in this document.

However, our risk management system and internal control policies may not be effective enough in reducing all types of risks we face, including unknown or unexpected risks. Many of our approaches to manage risk exposure are based on observed historical market behavior or data. As a result, we may not be able to adequately identify or estimate future risk exposures, which may be substantially greater than those approaches cover. Other risk management methods rely on the assessment of information about the markets, customers or other relevant matters, which may be inaccurate, incomplete, out of date or improperly assessed for reasons beyond our control.

Our risk management and internal control systems require constant monitoring, maintenance and continuous improvement. Our efforts to maintain these systems may not be effective or sufficient. The effectiveness of our risk management, internal control systems and procedures may also be adversely affected by any misjudgements, improper clerical handling, mistakes, reporting errors or our limited experience or resources in making accurate, complete, current or appropriate assessments.

Although we have established risk management and internal control systems and require our employees to strictly abide by them, we cannot assure you that our risk management and internal control systems are adequate and effective. Our failure to promptly and effectively address any internal control issues and other deficiencies could expose us to regulatory, operational or reputational risks and could have a material and adverse effect on our business, financial condition and results of operations.

### **Failure to comply with applicable anti-corruption, anti-bribery, sanctions and other relevant laws and regulations may subject us to penalties and other adverse consequences**

We may be subject to anti-corruption, anti-bribery, sanctions, anti-money laundering and similar laws and regulations in China. We have implemented policies and procedures to ensure that we and our Directors, employees and business partners comply with applicable anti-corruption and anti-bribery, anti-money laundering and similar laws and regulations. However, our policies and procedures may be inadequate and our Directors, employees and business partners may engage in misconduct for which we might be responsible.

## RISK FACTORS

---

Non-compliance with anti-corruption, anti-bribery, sanctions or anti-money laundering laws and regulations may expose us to whistleblower complaints, negative media coverage, investigations, severe administrative, civil, and criminal sanctions, incidental consequences, remedial actions, and legal fees, all of which may materially and adversely affect our business, results of operations, financial condition and reputation.

In addition, while we have adopted policies and procedures designed to detect and prevent any illegal or improper activity, there can be no assurance that our existing policies and procedures will eliminate the possibility that our funds, our portfolio companies, and our LPs in funds we manage may be involved by other parties to engage in any illegal or improper activities. Failure to fully comply with applicable laws and regulations, relevant government agencies may initiate investigations, freeze our assets or impose fines or other penalties on our portfolio companies or the funds we manage, and our investment exit and our reputation will be adversely affected. We cannot assure you that there will be no failure to detect illegal or improper activity that could adversely affect our business reputation, financial condition and results of operations.

### **We and our portfolio companies are exposed to litigation risks that could negatively affect our financial condition and reputation**

We and our portfolio companies operate in complex legal and regulatory environments, and many aspects of our business involve significant liability risks. We may have disputes with investors or portfolio companies regarding investment agreements and other business arrangements. We and our portfolio companies may also be subject to legal proceedings raised by third parties and other related legal liabilities.

These disputes could result in legal or other litigations, significant costs, damage to our brand and reputation, and diversion of resources and management’s attention, which could have an adverse effect on our or our portfolio companies’ financial and operating results.

Our business, as regulated activity, is inherently subject to legal and other disputes, claims and proceedings that may arise in the ordinary course of our business, such as commercial disputes, tax proceedings, government investigations and other legal proceedings. Disputes and legal actions may arise if investors are dissatisfied with our services or claim that our services are inconsistent with the terms of our contracts. For example, if the management of any of our funds is alleged to have been fraudulent, negligent or in violation of applicable laws or regulations, trust deeds or constitutional documents, we would be exposed to the risk of litigation initiated by investors. Investors may seek to recover any investment losses alleged for wrongdoing. In addition, we may have disputes with other parties involved in our business operations, including our business partners, service providers, employees or other third parties, and may have claims against them.

## RISK FACTORS

---

Furthermore, since we act as the GP of all funds organised in a limited liability partnership structure, we may incur the liabilities of these funds and be involved in various forms of disputes or legal proceedings, making them liable to pay fees to the parties. As we may use the same company as a GP of different funds, any liability arising from one fund may affect the operations of the other funds. If any of these limited liability partnerships exhaust their available funds as their liabilities become due, we, as GPs, may be liable to make payments on behalf of the fund, which could adversely affect our financial condition.

Apart from the potential disputes with parties, we may have disagreements with regulatory agencies in the course of our operations, which could subject us to administrative litigation and adverse decree resulting in financial liability or otherwise disrupting our business operations. We cannot assure you that we will not be involved in any material disputes or legal or other litigation proceedings in the future. Any future litigation brought against us could have a material adverse effect on our business, growth prospects, financial condition, fee income and/or results of operations.

Any of these disputes and claims could result in legal or other litigation proceedings that could negatively affect our financial condition and reputation and divert human resources and management’s attention from our core business activities. If there is any adverse litigation outcome against us, we may be obliged to pay substantial damage and significant legal, settlement and other costs.

### **Cybersecurity failures, data security breaches and operational risks could disrupt or have a material adverse effect on our business, operations and investments**

We rely on the secure handling, storage and transmission of confidential and other information of our computer systems and networks.

Serious cyber security incidents and cyber-attacks occur frequently and may continue to increase in the future. We face a variety of cybersecurity threats from time to time, including ongoing cybersecurity threats and attacks on our information technology infrastructure designed to access our proprietary information, destroy our information data or disable, degrade or disrupt our system. We are also exposed to network failures, computer and telecommunications failures, infiltration by unauthorised personnel, misuse of professionals and service providers, disruption of power, telecommunications or other services, and catastrophic events such as fires, tornadoes, floods, hurricanes, earthquakes and other factors. Such threats and attacks could compromise the confidentiality of our proprietary business information and intellectual property, the personal information of our employees and investors, and the sensitive and confidential information related to our investors, employees, contractors, other counterparties and third parties.

In addition, we and our employees may become the subject of other impersonation and financial fraud, including attempts to transfer substantial payment amounts to fraudulent bank accounts and other forms of theft. Part of our information system and technical infrastructure is based on cloud computing and has a high degree of security protection. For example, our

---

## RISK FACTORS

---

confidential information shall be encrypted during transmission and storage, and strictly evaluated and managed. However, any disruption to our information systems and technology infrastructure, whether operational or due to a cyber-attack, could cause a material negative impact on our business. Costs related to network or other security threats or disruptions may not be fully insured or reimbursed by other companies, including our third-party service providers. A possible disruption of our data processing system could adversely affect our brand and reputation.

Our various risk management measures and systems in relation to these types of incidents may be inadequate, and if compromised, our data processing systems may become inoperable for an extended period of time, cease to function properly or fail to adequately protect our private information. Suspension or disruption of our data processing systems will expose us to the risk of not being able to conduct normal business operations, and our data may be leaked or lost. Any leaked or lost data, especially data associated with our funds or fund investors, could have a negative impact on our brand, reputation and our operations. Furthermore, we may fail to identify activities involving surreptitiously introduced malware, impersonation of authorised users, or other cyber espionage, which will result in damaging our business and reputation. Any cause of these systems and/or disaster recovery plans could result in a significant disruption to the operations of our funds and a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information associated with fund investors (and their beneficial owners) and our intellectual property and trade secrets. In addition, the cost of any remediation of these failures could be substantial and could adversely affect our business, financial condition and results of operations.

Cyber security has also become one of the highest priorities of regulatory bodies around the globe. Since we operate in the PRC, we are subject to the relevant laws, rules and regulations on data privacy, cyber security and protection of personal data in China. Any cyber security incidents occurred in us or our funds or any incompliance with relevant laws and regulations could result in investigations and penalties by regulators, and could also result in negative publications, which could in turn result in a loss of confidence among investors of our funds in the effectiveness of our security measures. Furthermore, if there is any incompliance with laws, rules or regulations in relation to cyber security on the part of our portfolio companies, such legal actions may have effect on our potential exit, other liquidity events or our reputation, and could result in negative publications about us, though these legal actions may not have direct effect on our business.

### **Damage to our brand and reputation could have an adverse effect on our business and operations**

We rely on our “Bojiang” brand. Any use or misuse of our brand by third parties could have a negative effect on us. We may have inadequate protection for our brand and its relevant assets, and we may have difficulties in protecting our rights. In addition, third parties may attempt to challenge or oppose our brand, its relevant assets and rights such that they may be void, unenforceable, confused, misappropriated or evaded. We may be required to initiate



## RISK FACTORS

---

litigations or take other actions to protect and defend our brand and its relevant assets and rights. Such actions could be costly and could result in diversion of resources and management’s attention, while we cannot assure that any such action will be successful.

**We are subject to taxation in various jurisdictions, changes or new interpretations in tax laws, tax rulings or their applications could result in additional tax liabilities, and could have material effects on our business, financial position and results of operation. There may be findings by tax authorities through regular audits and inspections, and these findings could have material effects on our business, financial position and results of operation**

We are potentially subject to taxation in various jurisdictions. The tax laws applicable to our operations are subject to interpretation, and making accurate assessments for tax provisions, deferred tax assets or liabilities, and evaluating our tax positions requires significant judgement. In the course of our business, there will be many transactions and calculations where the final tax determination remains uncertain. As we gather additional information and conduct further analysis, our calculations may deviate from previous estimates, resulting in potential material impacts on our combined financial statements. It is important to acknowledge that tax-related matters involve inherent uncertainties that can influence our financial reporting and may materially affect our consolidated financial statements.

Changes in tax rates, issuance of new tax laws and regulations, revisions and adverse interpretations to current tax laws and regulations, and inquiries by tax authorities and litigations with tax authorities may require significant judgements in deciding appropriate provisions and relevant assessable tax for these taxes, while these taxes and accruals are subject to change for these reasons. Such issuance, revisions, inquiries and litigations could result in a substantial increase in tax revenues and an increase in our effective tax rate, which may have material and adverse effects on our financial position and results of operation.

We are subject to regular inspections and audits by tax authorities. While we believe our tax provision, profile and estimates are reasonable and appropriate, tax authorities may disagree with certain stances taken or to be taken by us in the future, and any adverse finding from such inspections or audits may have adverse effects on our business, financial position and results of operation. We may be subject to fines or penalties for any incorrect or late filing of tax return. In addition, economic and political pressures from increasing tax revenue in the PRC may make it more difficult to pursue tax disputes resolution in a desirable way.

**Our business may be materially and adversely affected by misconducts of our employees, which could be hard to identify and prevent**

While we have a broad risk management and internal control system in place, we cannot completely control all conducts by our employees. Any incompliance with regulatory requirements or code’s of conducts on the part of any employees could have adverse effects on our business. From time to time, we are required to handle massive confidential matters in

## **RISK FACTORS**

---

relation to our customers or businesses of potential investees of the funds. Any improper handling of confidential information by our employees could have material and adverse effects on our reputation, financial position and current and future business relationships. We cannot always identify or prevent misconducts by our employees, and the preventive measures adopted by us to identify and prevent such conducts may be proven ineffective in some circumstances. Any such misconduct committed by or alleged to be committed by any of our employees could have adverse effects on our business and reputation.

### **Our business is subject to reputational risks and risks of negative publications**

We are susceptible to market perceptions as our integrity and the trust and confidence of customers in us are of highest importance in the industry we operate. Negative publications, allegations, reports or comments, whether or not related to us or any of our capital, officers or employees, business partners or investment projects, or any risk as specified in this section, could result in loss of confidence of customers, which may have material and adverse effects on our reputation, business and results of operation. Our reputation and awareness may also have effects on group companies comprising our portfolio, which may in turn affect their businesses and financial performances. Moreover, as a number of our portfolio companies are engaged in the high-tech industry, any negative publication and any damage to their reputation or to the industry as a whole for any reason could have material and adverse effects on their results of operation. Accordingly, financial performances and business operations of our portfolio companies could be materially and adversely affected, which could in turn have adverse effects on our reputation and results of operation.

### **We may be unable to properly identify and address conflicts of interests**

As the scope of our business and customer base expands, our ability to address potential conflicts of interest is playing an increasingly important role, including situations where two or more interests within our business naturally exist but are in competition or conflict. We have extensive internal procedures and systems to identify and address conflicts of interest.

However, it could be complicated and difficult to properly identify and address potential conflicts of interest. We could face the following conflicts of interest: (i) conflicts of interest or perceived conflicts of interest between a particular fund and another fund; (ii) disclosure of any non-public information obtained from business channels to other business units of the Company; (iii) we may be counterparties of entities that we have other business relationships with; and (iv) we may possess more information than external LPs in certain funds if we acted as both a GP and a LP in such funds. Any failure to prevent misuse of information or address conflicts of interest may cause damage to our reputation and have adverse effects on the confidence of our customers. Moreover, potential or perceived conflicts of interest may also result in litigations and/or regulatory enforcements. Any of the foregoing could have adverse effects on our business, financial position and results of operation.

---

## RISK FACTORS

---

### **We may be subject to risks relating to leased properties**

Pursuant to the applicable PRC laws and regulations, property leasing contracts shall be filed with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we have not completed the filing of our 21 leased properties in the PRC within the prescribed time frame in accordance with the applicable PRC laws and regulations. While we will take practical and reasonable steps to require the lessors of the above and future leased properties to cooperate with us in completing the filings in a timely manner, we cannot assure you that such lessors will agree to cooperate. As advised by the PRC legal advisers and in accordance with PRC laws, failure to complete the filing of the leases does not affect the validity of the lease agreements, but if we fail to complete the filing of any future lease agreements after we have been requested to do so by the PRC government authorities, we may be subject to a fine of up to RMB10,000 for each unfiled lease. As of the Latest Practicable Date, we have not received any decision from the relevant housing authorities ordering us to make corrections within a certain period of time, and if we receive such decision, we will use our best endeavours to seek the cooperation of the lessor to complete the lease registration and filing procedures within the deadline in order to avoid being fined for overdue corrections.

In addition, as of the Latest Practicable Date, the current use of one of our leased properties in the PRC does not correspond to its permitted use. Although the permitted use of the property under the relevant title certificate is for cultural purpose, we are currently using the property as an office space. In the case of the property, we may be challenged or otherwise subject to action. We may be asked to terminate the lease agreement or to vacate the property. If we are unable to find a replacement property on terms acceptable to us, our business, financial condition and results of operations could be adversely affected.

### **We may be subject to penalties under relevant PRC laws and regulations for failing to fully comply with social insurance and housing provident fund requirements**

Pursuant to the PRC Social Insurance Law (中華人民共和國社會保險法), the Administrative Rules of Household Accumulation Fund (住房公積金管理條例) and other applicable PRC regulations, any employer operating in the PRC is required to pay social insurance and housing provident funds for its employees. Failure to open a registered account for social insurance or housing provident fund may trigger a rectification order. Failure to rectify the situation within the prescribed period may result in further fines from the competent authorities. Failure to pay social insurance or housing provident fund in full and on time for its employees may result in the issuance of a rectification order requiring the employer to pay the overdue social insurance or housing provident fund in full within the prescribed period, and the competent authority may impose further fines or penalties.

---

## RISK FACTORS

---

During the Track Record Period, we did not pay social insurance or housing provident funds in full and on time for some of our employees, but the amounts involved in such overdue social insurance and housing provident funds were not material and did not have any material adverse effect on our operations or financial condition. As of 31 December 2020, 2021 and 2022, the total amount of social insurance and housing provident funds in arrears was approximately RMB2.9 million, RMB3.0 million and RMB4.1 million, respectively. During the Track Record Period, we also engaged third party organisations to pay social insurance and housing provident fund for some of our employees mainly because these employees tend to participate in the local social insurance and housing provident fund schemes in their place of residence. Under PRC laws and regulations, we are required to pay social insurance and housing provident fund contributions for our employees from our own accounts rather than through third party accounts. Social insurance and housing provident fund contributions paid through third-party accounts may not be considered to be paid by us and, as a result, we may be required by the competent authorities to pay from our own accounts and may be subject to penalties for late payment or enforcement applications filed by the court.

As of the Latest Practicable Date, we have not received any rectification orders or any fines or penalties from the competent authorities for failure to comply with the aforesaid regulations. As advised by our PRC legal advisers, the risk of our being fined by the competent authorities for the above matters is low. However, we cannot assure you that the competent authorities will not require us to rectify any non-compliance through the payment of overdue social insurance or housing provident funds or the payment of any overdue fines or penalties in relation thereto.

### **Our business and business plans may be adversely affected by natural disasters, health epidemic and pandemics, civil and social disorder and other emergencies**

The outbreak of COVID-19 has caused adverse impacts on economic and social conditions of the PRC and other affected countries, and similar outbreak of diseases may have adverse effects on the performance of our industry and our portfolio companies, which may in turn have material and adverse effects on our business, financial position and results of operation.

Despite the fact that the epidemic situation in the PRC where we operate is already under control, we cannot assure that another outbreak of major COVID epidemic or other diseases will not occur. In particular, emergence of COVID-19 variants may have material and adverse effects on the overall business climate of the industry, which may have unpredictable effects on our business and impacts on our business, financial position and results of operation.

In addition, any future occurrence of force majeure events, natural disaster or outbreak of other epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, swine influenza caused by H1N1 virus or H1N1 influenza, or the Ebola, may materially and adversely affect our business, financial position and results of operation. Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters or outbreak of epidemics and contagious diseases in the PRC and across the globe, or measures adopted by the Chinese government or other countries in response to these contagious diseases, may have material and adverse effects on their economies and our business.

---

## RISK FACTORS

---

**Our investments extend to companies whose business operations are situated outside the PRC, which expose us to risks that are typically not associated with investing in companies operating within the PRC**

Our funds have made investments in companies with operations outside the PRC, and we will continue to invest in equity or other securities of companies with operations outside the PRC through our funds. As of 31 December, 2022, out of the total 87 portfolio companies in which we have made investments, 8 of these companies have business operations located outside the PRC. Investing in such companies introduces specific risks that may differ from those typically associated with investing in companies based in the PRC. These risks include:

- **Currency exchange matters:** Fluctuations in currency exchange rates can impact the value of investments and the costs incurred when converting investment principal and income from one currency to another.
- **The absence of uniform accounting, auditing, and financial reporting standards, practices, and disclosure requirements in different jurisdictions can create challenges in assessing the financial performance and position of portfolio companies.**
- **Legal and regulatory environment:** Differences in the legal and regulatory framework between jurisdictions.
- **Economic and political risks:** Investing in companies outside the PRC may expose us to economic and political risks specific to those jurisdictions. These risks can include potential exchange control regulations and restrictions, political, economic, or social instability, the risk of expropriation or confiscatory taxation, and adverse economic and political developments.

There can be no assurance that adverse developments with respect to such risks will not have a material adverse effect on our investments in such companies or the returns from these investments.

**Investors and regulators become more aware of ESG issues of the fund management industry**

In recent years, some investors become more aware of negative effects of asset management companies and other funds that received investments by these companies, including investments that involve ESG issues. These investors may consider our records of investments that involve social responsibilities and other ESG factors before deciding whether to invest in our funds. Any of our ESG practice that is not in line with the standards set by these investors may result in decisions of forgoing investments in our funds or excluding us from their investments. Accordingly, our reputation may be challenged by other stakeholders.

## RISK FACTORS

---

In addition, various stakeholders and regulators become more aware of practices of asset management companies in relation to ESG issues. If regulators disagree with our procedures or standards for investments in relation to ESG issues, or new regulations or legislations require us to measure or disclose ESG impacts in a way that is different from our current practices, our business and reputation may be adversely affected.

### FINANCIAL RISKS IN RELATION TO OUR BUSINESS

#### **Our historical financial information is not necessarily indicative of our future performance**

During the Track Record Period, our total revenue was approximately RMB122.3 million, RMB215.2 million and RMB212.3 million, respectively, and our profit for the year was approximately RMB53.6 million, RMB99.2 million and RMB107.4 million, respectively. Due to the nature of our business, there are uncertainties over which we do not have control, including changes in economic environment in the PRC, new developments in the competitive landscape of financial markets, and potential fluctuations in returns on our investments. We expect similar fluctuations to be occurred in the future. Accordingly, the financial information contained in this document may not be indicative of our financial performance in the future.

#### **We recorded net current liabilities during the Track Record Period and may not generate sufficient cash flows in the future to finance our operation or satisfy our current liabilities**

We incurred net current liabilities of approximately RMB34.9 million, RMB56.3 million and RMB6.3 million as of 31 December 2020, 2021 and 2022. For details of our net current liabilities position during the Track Record Period, please refer to the paragraph headed “Financial Information – Liquidity and Capital Resources – Net Current Assets/Liabilities” in this document.

Net current liabilities may limit the flexibility of our operations and may have adverse effects on our ability to expand our business. If we fail to generate sufficient cash inflow from operations to meet our current and future financial needs, we may need to keep using and relying on external financial resources. If we are unable to obtain sufficient external financial resources on terms commercially acceptable to us, or at all, our business, financial position and results of operation may be adversely affected. Considering our cash inflows from operating activities, cash and cash equivalent available, and [REDACTED] to be received by our Group from the [REDACTED], our Directors believe that we will have sufficient funds for our present working capital needs for at least the next 12 months from the date of this document.



---

## RISK FACTORS

---

**Certain valuation assumptions for portfolio companies may involve subjective judgements and assumptions. Accordingly, there may be discrepancies in fair values determined under these approaches, which may render inaccurate statements on performance and investment returns**

We have engaged an independent third party to conduct a valuation of our portfolio companies. The valuation assumptions for portfolio companies may involve subjective judgements such as the liquidity discount. While these judgements are intended to represent the best estimates of the company and its market profile, they may have potential discrepancies that render estimates of our portfolio inaccurate.

There are often no readily ascertainable market prices for a considerable majority of investments of our funds’ portfolios or our direct investments. The valuation of an investment is generally prepared under applicable and generally accepted valuation procedures. One of the risks is that the investments held by our funds will not be realised for an amount equal to or be higher than the valuation amount, or the historical valuation based on these performance data will not be able to accurately reflect the exit value of these investments. The actual exit value of the investment will depend on other factors including results of operation of the related investment in the future, value of the assets and market conditions at the time of disposal, any related transaction cost and timing and manner of the disposal, while all these factors may differ from assumptions used for determining the valuation.

Changes in values of investments could result in fluctuations in our results of operation and that of the funds as reported from time to time. In addition, any material discrepancy between value of the assets and that of the realised assets could result in loss of confidence of investors in our funds, which may in turn make it difficult to raise capital for the funds in the future.

**There are inherent uncertainties in measuring the fair value of the Company’s investments, and changes in fair value of the Company’s investments could have material and adverse effects on financial position and results of operation of the Company**

During the Track Record Period, some of our assets and liabilities are measured at fair value, including financial assets at fair value through profit or loss and payables to other interest holders of consolidated structured entities. Our financial assets at fair value through profit or loss mainly represent the underlying investments of our funds at fair value. As of 31 December 2020, 2021 and 2022, our financial assets at fair value through profit or loss amounted to RMB[176.5] million, RMB[357.5] million and RMB[361.7] million, respectively. During the Track Record Period, our financial liabilities at fair value through profit or loss mainly represent the equity interests held by the LPs of our consolidated funds. As of 31 December 2020, 2021 and 2022, our payables to other interest holders of consolidated structured entities amounted to nil, RMB40.5 million and RMB10.2 million, respectively. For details, please refer to “Notes 18, 29 and 39 to the Accountants’ Report in Appendix I to this document.

---

## RISK FACTORS

---

In accordance with accounting principles, the share prices at the balance sheet date of each reporting period follow market prices of listed shares of our portfolio companies. If the market rises or declines drastically during a particular year, and return to normal level by mean reversion, we may incur a large amount of unrealised gains or losses during a particular period, which will be reversed during the following period. Such mechanism and fluctuation of share prices may result in fluctuations in our financial statements, which may be sizeable and may not be indicative of our performance in certain investments. Accordingly, potential fluctuations in fair values of the Company’s investments could have adverse effects on our financial position and results of operation.

### **We may be unable to realise unrealised gains from our investments**

For the years ended 31 December 2020, 2021 and 2022, we recorded unrealised gains from financial assets at fair value through profit or loss from underlying investments of our funds of RMB43.1 million, RMB84.7 million and RMB17.3 million, respectively. Such unrealised gains were due to differences between valuations of our underlying investments, which reflect the operating and market conditions at each reporting date. We may be unable to realise such unrealised gains. In such a case, our financial performance and position may be adversely affected.

### **Substantial decrease in internal or external liquidity or inadequate credit channels may have adverse effects on our business and diminish confidence of customers in us**

Maintaining sufficient liquidity is essential to our business operation as we will continue to expand our investment management business, which requires a large amount of cash. We meet our liquidity needs mainly through cash generated from operating activities and debt financing. Any decrease in liquidity could minimise confidence of our customers or counterparties in us, which may result in a loss of business and customers.

The factors that can have adverse effects on our liquidity include failure to settle investments in financial assets in responsive prices, over-concentration of holdings in certain assets and liabilities, and higher regulatory capital requirements or other changes in regulatory requirements. We may need to seek further finance or disposal of assets to meet our liquidity needs. During a period of unfavourable credit and capital market conditions, potential external finance sources may be limited or even unavailable, which may increase our finance costs.

If other market participants are seeking to sell similar assets at the same time, our ability to sell assets may be impaired and our finance costs could increase, which may have adverse effects on our business, financial position and results of operation.

---

## RISK FACTORS

---

In addition, we may need to satisfy various liquidity requirements in order to maintain or expand our scope of business, especially innovative products and services. Failure to comply with mandatory liquidity requirements in the future or any heightened requirement for specific business may result in self-regulatory measures imposed by the CSRC or other competent regulatory bodies. Any of these could have material and adverse effects on our business development and reputation.

### **Our historical fund management and performance fees may not be indicative of the fees in the future**

During the Track Record Period, we receive fund management fees periodically based on a predetermined and fixed percentage, which is generally 2% of the paid-in capital for each year for the period of five to seven years depending on the fund life and the terms of the partnership agreement. For our carried interest, when the gains exceed a certain predetermined benchmark, such gains will be received based on a percentage of the realised gains upon exit, which is generally 20%. We cannot assure that we can receive fund management fees or carried interest at comparable rates, thus materially and adversely affecting our results of operation.

### **We are exposed to the credit risk**

The credit risk refers to the risk when a counterparty is unable to fully perform its contractual obligations when they become due. There is the risk that a counterparty is unable to perform its financial obligations to us due to deterioration in its creditworthiness. For us, potential aspects of credit risk include bills receivable, loans to independent third parties and related parties, bank balance and restricted bank balance. Our credit risk exposure is affected mainly by individual characteristics of each counterparty.

If the measures we adopted to minimise the credit risk are inadequate, or if one or more counterparties run into financial difficulties, this could result in losses for us. The performance of our funds may also be affected by the credit risk, which may have adverse effects on our financial performance.

### **We may not be able to fulfill our obligations in respect of contract liabilities, which may have a material and adverse impact on our results of operations and financial condition**

We may not be able to fulfill our obligations in respect of contract liabilities. Our recognition of contract liabilities as revenue is subject to future performance obligations and may not be representative of revenues for future periods. We recorded contract liabilities of RMB24.6 million, RMB44.5 million and RMB71.9 million as of 31 December 2020, 2021 and 2022, respectively. As of 31 December 2022, our contract liabilities primarily represented the prepaid management fees received from the unconsolidated funds in our private equity investment business while the underlying services are not yet provided. After we provide relevant services, contract liabilities will be recognised as revenue. For further details of our contract liabilities, see “Financial Information – Discussion of Certain Selected Items from the Combined Statements of Financial Position – Contract Liabilities.” If we fail to fulfill our obligations or if our customers dispute the services we provided, we may not be able to recognise the full amount of contract liabilities as revenue, if at all.

---

## RISK FACTORS

---

### RISKS RELATING TO DOING BUSINESS IN THE PRC

#### **Changes in economic, political and social conditions of the PRC and policies adopted by the Chinese government may have material and adverse effects on our business**

Most of our portfolio companies operate in the PRC. Accordingly, our business, financial position and results of operation are substantively subject to economic, political, social and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to level of governmental involvement, economic structure and level of control of foreign exchange. As a result of these differences, assuming that the PRC economy was similar to those of the most developed countries, our business may not develop in the same way or at the same rate as expected.

Various macroeconomic measures adopted by the PRC government to stimulate economic growth may cause fluctuations in the development of the Chinese economy. In addition, many of the economic reforms launched by the PRC government are unprecedented or experimental and are expected to be improved and refined from time to time. Such improvement and refinement may not necessarily bring positive effects on our operation and business development. Other political, economic and social factors may also result in further adjustments to these reform measures. Any of these developments could have material and adverse effects on our business, growth prospects, financial position and results of operation.

In addition, for investment in portfolio companies running key businesses in emerging markets, certain risks and special considerations may be involved, while these risks are not necessarily associated with investments in other markets. For example, restrictions imposed on foreign investments or capital reversals may give rise to risk of losses on investments in emerging markets. Governments of emerging market have been playing an important role in developing economic policies, and could make sudden changes to the laws and regulations. Any change in laws and regulations regulating these industries may result in a decrease in the value at investment, exit and realization with our funds in emerging markets including the PRC and opportunities of realizing expected returns.

#### **The establishment and operation of funds in the PRC are subjected to strict legal restrictions and lengthy regulatory approval procedures, which may have affect our fund management business in the PRC.**

In the PRC, a private fund manager shall be the responsible entity for the filing of funds managed by it with the AMAC. Pursuant to the Measures for the Registration and Record-filing of Private Investment Funds (私募投資基金登記備案辦法) promulgated by the AMAC in February 2023, with respect to the filing of a fund, within 20 working days after completion of fundraising, the manager of fund shall submit required documents online through the electronic application system of the AMAC. The AMAC will review the submitted materials and request clarification if such materials are incomplete or failing to meet requirements. If the materials submitted by the manager of the fund are full and complete, the AMAC will, within 20 working days after receipt of such full and complete materials, complete the registration or filing by publishing the information of the private funds on its website. For more details

---

## RISK FACTORS

---

regarding the requirements, please see “Regulatory Overview – Main Regulators” in this document. If we were to set up additional PRC private investment funds in the future, in light of the lengthy application procedures as described above, if we were to fail to obtain the approvals, licenses, permits or qualifications required for establishing such funds from relevant regulators in the PRC due to any tightened legal restrictions or prolonged regulatory approval procedures or otherwise, the growth of our business in the PRC may be delayed.

In addition, additional regulatory approvals, licenses, permits or qualifications for fund management business may be required by relevant regulators in the PRC in the future, and some of our current approvals, licenses, permits or qualifications are subject to periodic renewal. Furthermore, the relevant regulatory requirements in the fund management industry are evolving and subject to change or different interpretations by relevant government authorities, all of which are out of our control. As a result, there can be no assurance that in the future we will be deemed compliant with applicable regulatory requirements relating to the fund management industry in the PRC at all times. Material incidents of non-compliance with fund management regulatory requirements in the PRC may subject us to sanctions, fines, penalties, disqualification for our existing fund management business in the PRC or non-renewal of our qualifications upon expiry, or other administrative penalties, regulatory actions and self-disciplinary actions by the PRC regulatory authorities, which may harm our reputation and materially affect our business, financial condition, results of operations, performance and prospects.

### **Political relationship between the PRC and other countries may affect our business operation**

There have been changes in international trade policies and rising political tensions. Rising trade and political tensions could reduce levels of trade, investments, technological exchanges and other economic activities between China and other countries, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies. It could also adversely affect the financial and economic conditions in the jurisdictions in which we operate, which in turns adversely affect our financial condition and results of operations.

If we plan to expand our business internationally in the future, any unfavorable government policies on international trade or any restriction on Chinese companies may affect our business relationship with international enterprises, customer demand for our service, impact our competitive position, or prevent us from being able to conduct business in certain countries. In addition, our results of operations could be adversely affected if any such tensions or unfavorable government trade policies harm the Chinese economy or the global economy in general.

## **RISK FACTORS**

---

### **Volatility in the value of RMB may have adverse effects on our business, results of operation and financial position**

While all of our income and expenditures are denominated in RMB, any volatility in future exchange rates could have adverse effects on the value of our funds and fee income. In particular, our Shares are issued in Hong Kong dollars. Any adverse change in the exchange rate for RMB to Hong Kong dollars may have adverse effects on the value of our issuance. In addition, any adverse change to the exchange rate for RMB to other currencies may also result in higher costs, which may have adverse effects on our business, financial position and results of operation.

### **The PRC government’s control on foreign currency conversion may limit foreign exchange transactions by the Company, which include foreign exchange relating to dividend payments to shareholders of the Company**

As of the Latest Practicable Date, RMB still cannot be freely converted into any foreign currencies, and conversion and remittance of foreign currencies are subject to certain PRC foreign exchange regulations. We cannot assure that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require prior approval from relevant PRC regulatory bodies, but we are required to provide documentary evidence of such transactions and conduct such transactions at designated foreign exchange bank within the PRC that have the requisite licenses to carry out foreign exchange businesses. Our foreign exchange transactions under the capital account must be approved in advance by relevant PRC regulatory bodies.

Under existing regulations on foreign exchange, following the completion of the [REDACTED], we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from relevant regulatory bodies. However, we cannot assure that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. If we fail to obtain approval from relevant regulatory bodies to convert RMB into any foreign exchange for any of the above purposes, our business, financial position and results of operation may be materially and adversely affected.

### **Under the laws of the PRC, there may be restrictions on gains on the sales of our Shares or dividends on our Shares**

Under the accounting principles generally accepted in the PRC (“PRC GAAP”), our subsidiaries in the PRC may have no distributable profit. Accordingly, we may be unable to receive distributable profit from dividend payments made by our subsidiaries. Any failure to receive dividend payments from our subsidiaries may have adverse effects on our cashflow and our ability to make distribution of dividends among our shareholders.



---

## RISK FACTORS

---

### **Interpretation and enforcement of PRC laws and regulations are subject to uncertainties, and the current legal environment of the PRC may limit the legal protections available to our investors and shareholders**

Our business and operation in the PRC are governed by laws and regulations of the PRC. The PRC legal system is based on written statutes and prior court decisions are for reference only. In addition, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1970, the PRC legislature has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commercial transactions, taxation and trade, with a view to develop a comprehensive system of commercial law. However, due to the fact that these laws and regulations have been evolving in line with changing economic and other conditions, and because of the limited number of published cases and their non-binding nature, any specific interpretation of the PRC laws and regulations may be non-decisive. The PRC laws and regulations may not accord equivalent rights (or protection for such rights) to investors which may be expected in countries with more comprehensive laws and regulations.

Interpretation of the PRC laws and regulations is subject to some degree of uncertainties. Any of the foregoing uncertainties may limit the legal protections available to our investors and shareholders.

### **It may be difficult to enforce judgements obtained from non-PRC courts against us, our Directors or senior management**

Substantially all of our Directors and senior management reside in the PRC, and almost all of our assets and most of the assets of our Directors and senior management are located in the PRC. The PRC has not entered into treaties for the reciprocal recognition and enforcement of court judgements and rulings with many other jurisdictions. As a result, recognition and enforcement in the PRC of a court judgement obtained in non-PRC courts in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible. Judgements obtained from Hong Kong courts may be enforced in China, subject to certain conditions. However, outcomes of any applications for recognition and enforcement of these judgements in the PRC are subject to uncertainties.

In addition, there are no treaties or agreements in the PRC, which require the mutual recognition or enforcement of judgements rendered by courts in the United States, the United Kingdom, the majority of other European countries or Japan. Accordingly, it may be difficult, if not impossible, to recognise and enforce in the PRC a judgement of a court in any of these jurisdictions on any matter not subject to a binding arbitration clause.

## RISK FACTORS

---

### RISKS RELATING TO THE [REDACTED]

**There has been no prior public market for our Shares, and the market price and liquidity of our Shares could be adversely affected if no active trading market for our Shares is developed**

Prior to the [REDACTED], there has not been a public market for our Shares. We cannot guarantee that an active public market will be developed or assure on its sustainability upon the completion of the [REDACTED]. Factors including our revenue, gains and cash flow, our or our competitors’ strategic alliances or acquisitions, loss of key personnel, litigations or fluctuations in investment projects, market liquidity and general market sentiment towards the industry may lead to the drastic changes in the market price and trading volume of the Shares.

In addition, both the market price and liquidity of our Shares may be adversely affected by factors which may be beyond our control and irrelevant to the performance of our business, especially where there are significant fluctuations in prices and trading volume in the financial markets in Hong Kong and/or China. In such event, you may not be able to sell our Shares at or above the [REDACTED].

Furthermore, the trading price and volume of our Shares could be subject to significant volatility in responses to various factors, including:

- variations in our results of operations;
- changes in financial estimates by securities analysts;
- announcements published by us or our competitors;
- regulatory developments in China affecting us, our customers or our competitors;
- investors’ perception of us and of the investment environment of Asia (including Hong Kong and China);
- developments in the fund management market or high-tech industry in China;
- changes in pricing made by us or our competitors;
- acquisitions carried out by us or our competitors;
- the depth and liquidity of the market for our Shares;
- additions to or departures of, our executive officers and other members of our senior management;
- release or expiration of lock-up periods or other transfer restrictions on our Shares;

---

## RISK FACTORS

---

- sale or anticipated sale of additional Shares; and
- the general economy and other factors.

Moreover, the shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our Shares may be affected by changes in price which are not directly related to our performance.

### **There is no assurance that we will pay dividends in the future**

The declaration, payment and amount of any future dividends are at the sole discretion of our Board of Directors, depending on, among other factors, our results of operations, financial condition, future prospects and other factors that our Board of Directors may deem important. For details of our dividend policy, please refer to the paragraph headed “Financial Information – Dividends” in this document. We cannot assure investors as to when or whether future dividend payments will be made.

### **In the [REDACTED], there will be a gap of several business days between the pricing and trading of our Shares, and the market price of such Shares when trading begins could be lower than the price in the [REDACTED]**

The initial price of our Shares sold in the [REDACTED] is expected to be determined on the [REDACTED]. However, our Shares will not commence [REDACTED] on the stock exchange until they are delivered, which is expected to be several business days after the [REDACTED]. Accordingly, investors may not be able to sell or otherwise trade our Shares during such period. Thus, holders of our Shares will be subject to the risk that the price of the Shares when trading begins may be lower than the [REDACTED] as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

### **Any disposition of substantial amounts of Shares by the Controlling Shareholders in the open market could have a material adverse effect on the market price of such Shares**

There is no assurance that Controlling Shareholders will not dispose of their shares after the expiry of their respective lock-up periods after the [REDACTED]. We cannot predict the impact of any future sale of shares by any of its Controlling Shareholders, or the impact on the market price of the Shares caused by the Shares [REDACTED] by any Controlling Shareholder for purchase. Sale of substantial amounts of Shares by any of our Controlling Shareholders, or any sale that the market deems likely to occur, could have a material adverse effect on the prevailing market price of the Shares.

---

## RISK FACTORS

---

### **Additional equity financing could lead to the dilution of equity interests**

Upon the [REDACTED], we may need to raise additional capital, or conduct financing for our future plans, whether in relation to our existing operations, any acquisitions or other business. Such financing activities may be made through the issuance of new equity or equity-linked securities, other than pro-rata distributions to existing shareholders. In such event, the percentage ownership of our existing shareholders could be reduced, and/or such newly issued securities may have rights, preferences or privileges over those of the Shares held by our existing shareholders.

The market price of our Shares may decline as a result of future sales of substantial amounts of our Shares or other securities in connection with the [REDACTED] or the issue of new shares or other securities, or the perception that such a sale or issue could occur. Future sales, or perceived sales of substantial amounts of our securities, including any future offerings, may also materially and adversely affect our ability to raise capital in the future at a time and at a price that we deem appropriate. In addition, Shareholders of the Company may experience dilution in their holdings to the extent that the Company issues additional securities in future offerings. A certain amount of our Shares currently outstanding will be subject to contractual and/or legal restrictions on resale for a period of time upon the completion of the [REDACTED]. After these restrictions lapse or if they are waived or breached, future sales or perceived sales of substantial amounts of our Shares, or the possibility of such sales by us, may negatively impact the market price of our Shares and our ability to raise equity capital in the future.

### **The interests of our Controlling Shareholders may not always coincide with that of our Group and our other Shareholders**

Our Controlling Shareholders have significant influence over our operations and business strategies, and may have the ability to demand our Group to effect corporate actions according to their own desires by virtue of their shareholding in our Group. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with that of other Shareholders, or if any of our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders’ interests may be adversely affected.

### **Our trading price and volume may be volatile, which may result in substantial loss to our investors**

The trading price of our Shares may fluctuate considerably, and could be volatile in response to factors beyond our control, including factors such as variations in the level of liquidity of our Shares, changes in securities analysts’ estimates of our financial performance (if any), investors’ perceptions of our Group and the general investment environment, changes in laws, regulations and taxation systems which affect our operations, and general market conditions of the securities markets in Hong Kong. In particular, the trading price performance of our competitors whose securities are listed on the stock exchange could affect the trading price of our Shares. These broad market and industry factors could significantly affect our market price and volatility, regardless of our actual operating performance.

## **RISK FACTORS**

---

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile due to specific business grounds. In particular, the variations in our revenue, net income and cash flow, the success or failure of our efforts in implementing business and growth strategies, and the involvement in material litigations as well as the recruitment or departure of key personnel, could lead to the unexpected changes to the market price of our Shares. Any of these factors may result in large and sudden changes in the trading volume and price of our Shares.

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

Our management could use the [REDACTED] from the [REDACTED] in ways that you may not agree with or that do not yield a favorable return to our shareholders. We plan to use the [REDACTED] from the [REDACTED] mainly to expand our fund management business. For details, please refer to the paragraph headed “Future Plans and [REDACTED] – [REDACTED]” in this document. However, our management will have discretion as to the actual application of our net gains. You are entrusting your funds to our management, whose judgement you must depend on, for the specific uses we will make of the net gains from this [REDACTED].

**Investors should read the entire document and should not place reliance on any information (if any) contained in press articles or other media coverage regarding our Company and the [REDACTED]**

Prior to the publication of this document, there may be press and media coverage which contain certain information referring to our Company and the [REDACTED]. We have not authorised the disclosure of such information in the press or media, and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this document, or is inconsistent or conflicts with the information contained in this document, we disclaim any responsibility and liability in connection therewith or resulting therefrom. Accordingly, you should not rely on such information.

**There is no assurance that our Shares will continue to be [REDACTED] on the Stock Exchange**

Although it is currently intended that our Shares will remain [REDACTED] on the Stock Exchange, there is no guarantee of the continued [REDACTED] of our Shares. Among other factors, the Company may not be able to continue to satisfy the [REDACTED] requirements of the Stock Exchange. Holders of our Shares will not be able to sell our Shares through the Stock Exchange if our shares are no longer [REDACTED] on the Stock Exchange.

## **RISK FACTORS**

---

**Investors may experience difficulties in enforcing their shareholders’ rights because our Company is incorporated in the Cayman Islands, and the protection to minority shareholders under the Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions.**

Our Company is incorporated in the Cayman Islands and its affairs are governed by the Articles, the Companies Act and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands law on protection of minority shareholders is set out in the paragraph headed “Summary of the Constitution of the Company and Cayman Islands Company Law – Summary of Cayman Islands Company Law and Taxation – 6. Protection of minorities” in Appendix III to this document.

### **RISKS RELATING TO STATEMENTS MADE IN THIS DOCUMENT AND FROM OTHER SOURCES**

**Certain statistics and facts in this document are derived from various official government sources and publications or other sources and have not been independently verified.**

This document includes certain statistics and facts that are extracted from official government sources and publications or other sources. We believe that such statistics and facts are prepared by the relevant sources after having taken reasonable care. Whilst our Company believes that it is prudent for us to rely on such statistics and facts, there is no assurance that such statistics and facts are free from error or mistake. The statistics and facts from these sources have not been independently verified by our Company, our Directors, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], or any of their respective directors, affiliates or advisers or any other party involved in the [REDACTED] and no representation is given as to their accuracy and completeness. Due to the possibility of flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics from official government publications referred to or contained in this document may be inaccurate or may not be comparable to statistics produced for other economies and should not be relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such statistics or facts.



## **RISK FACTORS**

---

### **Forward-looking statements in this document may prove inaccurate.**

This document contains certain forward-looking statements relating to the plans, objectives, expectations and intentions of our Directors. Such forward-looking statements are based on numerous assumptions as to the present and future business strategies of our Group and the development of the environment in which our Group operates. These statements involve known and unknown risks, uncertainties and other factors, which may cause the actual financial results, performance or achievements of our Group to be materially different from the anticipated financial results, performance or achievements of our Group expressed or implied by these statements. The actual financial results, performance or achievements of our Group may differ materially from those discussed in this document.