
RISK FACTORS

An investment in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition and results of operations. The market price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

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

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

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

If we fail to improve and enhance the functionality, performance, reliability, design, security, and scalability of our products and services to suit our customers’ evolving needs and keep pace with technological developments, our customers may stop purchasing our products and services, which, in turn, will have a material and adverse impact on our business, financial condition, results of operations, and prospects.

We derive our revenue from subscriptions to our SaaS products and our precision marketing services, and expect this to continue for the foreseeable future. The markets in which we operate and compete are characterized by constant change and innovation, and we expect these markets to continue evolving rapidly. To date, our success has been based on our ability to identify and anticipate the needs of our customers and design products and services that provide our customers with the tools they require to develop their businesses. For further information on the products and services we offer, see “Business – Our Product and Service Offerings.” Our ability to attract new customers, retain existing customers, increase sales to both new and existing customers and increase cross-sales of our SaaS products and precision marketing services will depend, to a large extent, on our ability to continue improving, enhancing and expanding the functionality, performance, reliability, design, security, and scalability of our products and services.

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We may experience difficulties with developments in technology that could delay or prevent the development, introduction or implementation of our existing or new products, services and enhancements. While we invest a significant amount of time in software development through our research and development team, continuous improvement and enhancement of our products and services requires significant investment, and we may not have sufficient resources to do so. In addition, it may sometimes take our in-house developers months to update, code and test new and upgraded products and services. Further, the markets for our SaaS products remain relatively new, evidenced by their low penetration rate, and it is uncertain whether our efforts, and related investments, will result in significant revenue for us, if at all. The introduction of significant technology changes and upgrades, introduction of new product and service offerings may not be successful, and early-stage interest and adoption of such new services may not result in long-term success or significant revenue for us.

To the extent we are not able to improve and enhance the functionality, performance, reliability, design, security, and scalability of our products and services in a manner that responds to our customers' evolving needs, or promote our new products effectively, our existing customers may not make further purchases of our products and services, and our business, financial condition, results of operations, and prospects will be adversely affected.

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

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

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

Given that many of our users use our products and services in processes that are critical to their businesses, any error, defect, security vulnerability, service interruption or software issue in our products and services could result in losses to our users. Our users may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, our users may share information about their negative experiences on social media, which could damage our reputation and result in a loss of future sales. We cannot

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assure you that provisions limiting our exposure to claims, which we typically include in agreements with our users, would be enforceable, adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if unsuccessful, a claim brought against us by any of our users would likely be time-consuming, costly to defend and may have a material adverse impact on our reputation and brand, making it harder for us to sell our products and services.

If our abilities in assessing and predicting potential target audiences are or become flawed or ineffective, our reputation and market share may be materially and adversely affected.

Our ability to attract customers to, and build trust in, our products and services under our SaaS and precision marketing businesses depends significantly on our ability to effectively assess and predict audience interest in relevant marketing content. We utilize our proprietary algorithms and data engines to track, process and analyze social media user data, forecast the probability and nature of social media users' potential engagement with a given marketing message, create and tailor a marketing message to specific user interest, and execute marketing and sales campaigns based on parameters specified by our customers. Our proprietary algorithms and data engines take into account multiple sources of data, including audience basic profiles, behavioral data, and transaction data from various channels and under various scenarios. See "Business – Our Technology and Infrastructure – Our Big Data Analytics Capabilities."

The data we collect may not be applicable to all industries, and, for certain industries, we may not have sufficient user data to ensure that our algorithms and data engines would work effectively. Further, we do not generally verify the data we gather, which may be subject to fraud or otherwise inaccurate. Even if such data were accurate, they may become irrelevant or outdated and, as a result, may not reflect a user's genuine interest or accurately predict his or her interaction with a given marketing message. For example, following the date on which we obtain the relevant data, a user's interest and behavioral pattern may change or he or she may have already completed a transaction and no longer be interested in the specific marketing message.

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

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We have incurred net losses and recorded accumulated losses during the Track Record Period, which may continue in the future.

Since our inception, we have incurred net losses. In 2020, 2021 and 2022, we recorded net losses of RMB31.6 million, RMB272.6 million and RMB216.5 million, respectively, primarily due to (i) the substantial investment in R&D and sales and marketing of our SaaS products, (ii) the increase in administration expenses resulting from the increase in our administrative personnel to support the expanded scale of operations and (iii) interest expenses on the preferred shares. As a result, we recorded accumulated losses of RMB27.6 million, RMB300.3 million, and RMB516.8 million as of December 31, 2020, 2021 and 2022, respectively. We may not be able to achieve or subsequently maintain profitability in the future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully, and develop new products and services. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. We may also incur unforeseen expenses, or encounter difficulties, complications or delays in deriving revenue or achieving profitability. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses and record accumulated losses in the future and may not be able to achieve or subsequently maintain profitability.

Our business, growth and prospects are significantly affected by the growth of media platforms and use of SaaS products and precision marketing services in China.

Although SaaS products have been well-developed globally in recent years, SaaS products remain less common and less mature in terms of development in China compared with the United States. As a result, the transition to SaaS products in China may be slower among users with concerns over SaaS products or demands for highly customizable application software. Whether our users accept our SaaS products depends, to a large extent, on their level of awareness of our SaaS product offerings and the widespread global use of SaaS products. We cannot assure you that the trend of adopting and utilizing such products by businesses will continue to grow in the future.

In addition, precision marketing services remain less established compared with conventional marketing means such as search engines. We may not be able to develop or maintain in-depth cooperative relationships with leading online media platforms, and it may be difficult for us to constantly generate high-quality content that meet changing audience preferences. Even if precision marketing becomes widely adopted, customers may not be familiar with, or be willing to make significant investments in, services such as ours which can assist them with managing their precision marketing across channels and devices. As a result, we cannot predict with certainty the demand for our products and services or the future growth rate and size of the market for our SaaS products and precision marketing.

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Market expansion for SaaS products and precision marketing in China depends on a number of factors, including the growth of new media platforms and cost, as well as the performance of, and perceived value associated with, SaaS products and precision marketing. If SaaS products and precision marketing do not achieve widespread acceptance, or there is a reduction in demand for such products or services caused by weakening economic conditions, decreases in corporate spending, technical challenges, data security or privacy concerns, governmental regulation, competing technologies and products or services or otherwise, our business, growth prospects and results of operations will be materially and adversely affected.

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

We experienced rapid growth in our revenue during the Track Record Period. Our revenue increased from RMB527.8 million in 2020 to RMB1,142.8 million in 2022, representing a CAGR of 47.1%. The number of paying users of our SaaS business was 19,028, 24,127, and 23,647 as of December 31, 2020, 2021 and 2022, respectively. The number of advertising customers of our precision marketing was 571, 845, and 998 for the same periods, respectively.

While our business has grown in the past, we cannot assure you that we are able to sustain our historical growth rate for various reasons, including uncertainty of our continual launch of new products and services and intensified competition within the SaaS products and precision marketing industries in China, as well as restrictions on business activities in response to the COVID-19 pandemic. Our revenue, expenses and operating results may vary from period to period due to factors beyond our control. As a result of these, and other factors, we cannot assure you that our future revenues will increase or that we will continue to be profitable. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance.

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

We have a limited operating history as a SaaS solution provider at our current scale due to rapid growth, making it difficult to evaluate our future success.

Our business has since evolved several times and experienced rapid growth. Many of the most popular features of our SaaS products have only been launched in the past few years. As a result of our limited operating history at current scale, our ability to forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model our future growth. The dynamic nature of our business and our industry may make it difficult to evaluate our current business and future prospects, and as a result our historical performance should not be considered indicative of our future performance.

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We relied on a limited number of media platforms to place advertisements for our customers during the Track Record Period. If we fail to maintain our business relationship with such media platforms, our brand, business, financial condition and results of operations could be materially and adversely affected.

Our continued access to attractive content distribution opportunities and premium media resources remain crucial to our precision marketing business. To keep our market competitiveness, we have strategically focused on maintaining our business relationship with top media platforms. During the Track Record Period, we primarily purchased user traffic from, and placed our advertisements on major content distribution platforms, including a leading Chinese Internet technology company operating the largest short video distribution platform in terms of average DAUs in China in 2021. During the Track Record Period, our advertising traffic costs on media platforms amounted to RMB225.1 million, RMB346.1 million and RMB520.8 million in 2020, 2021 and 2022, respectively. During the Track Record Period, the cost of precision marketing services accounted for a larger portion of our cost of sales, representing 85.7%, 89.1%, and 90.2% of our cost of sales in relevant period respectively. For details regarding our relationship with major media platforms, see “Business – Precision Marketing – Media Platforms.” As of the Latest Practicable Date, we had not owned or controlled any content distribution channel in China. We typically enter into annual framework agreements with media platforms, and do not impose any long-term obligation requiring them to make their content distribution opportunities available to us on acceptable terms, or at all. We cannot assure you that we will successfully maintain the business cooperation with any of them, or retain their provision of favorable rebate rates to us in the future. Loss of access to any one of our content distribution channels, or the ability to source any alternative content distribution channels in a timely manner, or at all, may negatively impact our capacity to help our advertising customers reach their target audience in connection with our precision marketing services and may, in turn, affect our business, brand and results of operations. If we are unable to maintain a business relationship with any of the media platforms, it can be difficult for us to source any alternative content distribution channel in a timely manner. Consequently, the quality and scale of the user traffic we provide to our customers will be significantly compromised, and our brand, business, financial condition and results of operations could be materially and adversely affected.

During the Track Record Period, Supplier A was our largest media platform, accounting for 83.8%, 59.5%, and 87.3% of our total cost of sales for the years ended December 31, 2020, 2021, and 2022, respectively. We have entered into an annual framework agreement with Supplier A, which has been renewed on an annual basis. According to Frost & Sullivan, it is quite common for online marketing service providers to acquire traffic from a few leading media platforms in China, primarily due to their dominant market positions and large market shares in Chinese mobile internet market. For more information about our relationship with Supplier A, please see “Business – Suppliers – Our Relationship with Supplier A.” However, there is a risk that Supplier A may change its terms under our annual framework agreements, or decide to collaborate with our competitors for more favorable contractual terms. According to our agreement with Supplier A, it can terminate our agreement for any reason upon a month prior written notice. If Supplier A reduces its business with us, ceases to cooperate with us, or

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if we fail to maintain our business relationship with Supplier A on comparable contract terms or at all, or if we violate Supplier A’s policies and are suspended from conducting business with it, we may not be able to find a replacement from other media platforms quickly or cost-effectively, or at all. Moreover, Supplier A also grants us rebates based on our gross spending with them, which are reviewed and adjusted regularly. If Supplier A ceases to offer rebates or offers rebate at reduced rates, it may have a material and adverse effect on our business, financial condition, liquidity, and prospects.

We are subject to customer concentration risk.

We depend on a limited number of customers to generate a substantial portion of our revenues. Revenue generated from our five largest customers in each year of the Track Record Period accounted for 47.9%, 40.5% and 50.0%, respectively, of our total revenues during those periods, and revenue generated from our largest customer in each year of the Track Record Period accounted for 17.3%, 12.5% and 24.5%, respectively, of our total revenues during those periods. There is no assurance that our five largest customers will continue to purchase from us at the current levels or at all in the future. If any of our major customers significantly reduces or ceases its use of our products and services or, if this were to occur, we are unable to find alternative customers at comparable levels, or at all, we may experience a decline in our revenue, which, in turn, would negatively affect our results of operations. While our customers operate in various industries and regions, to the extent there are significant recessions or other adverse developments in one or more of these industry verticals or regions, the business and financial condition of our customers may deteriorate, which may, in turn, have a material adverse effect on our financial condition and results of operations.

We may be subject to complex and evolving laws and regulations regarding privacy and data protection. Actual or alleged failure to comply with privacy and data protection laws and regulations could damage our reputation, deter current and potential customers from using our products and services and could subject us to significant legal, financial and operational consequences.

The PRC government in recent years has enacted a series of laws and regulations on the protection of personally identifiable data to which we may be subject. Cybersecurity Review Measures, enacted by the Cyberspace Administration of China effective on February 15, 2022, requires (i) data processors who carry out data processing activities and (ii) any “operator of critical information infrastructure” to conduct a cybersecurity review if they will affect or may affect national security. In addition, any failure or delay in the completion of the cyber security review procedures or any other noncompliance or perceived noncompliance with the PRC Cybersecurity Law or related regulations may prevent us from using or providing certain services, and may result in fines or other penalties by PRC regulatory authority, clients or others, such as making certain required rectification, suspending our related business, taking down our operations and bringing actions against us.

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On July 7, 2022, the Measures on Security Assessment of Cross-border Data Transfer was promulgated by the Cyberspace Administration of China (the “CAC”), which took effect on September 1, 2022. Under the Measures on Security Assessment of Cross-border Data Transfer, data processors providing outbound data shall apply for outbound data transfer security assessment with the CAC if they constitute “operator of critical information infrastructure”, or if they process personal information of over one million individuals. In addition, data processors shall also apply for outbound data transfer security assessment if they provide important data abroad, or if they have cumulatively provided personal information of more than 100,000 individuals or sensitive personal information of more than 10,000 individuals abroad since January 1 of the previous year.

However, these provisions have been in effect for a relatively short period of time. As advised by our PRC Legal Advisor, it is uncertain how PRC regulatory authority will apply and implement the Cybersecurity Review Measures and the Measures on Security Assessment of Cross-border Data Transfer. It brings more uncertainties on whether we may be subject to such cybersecurity review and outbound data transfer security assessment with the CAC.

In addition, the PRC Data Security Law promulgated by the Standing Committee of the National People’s Congress of China came into effect on September 1, 2021. The PRC Data Security Law provides for data security obligations on entities and individuals carrying out data processing activities, introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used, and provides for a national security review procedure for those data processing activities which may affect national security.

The above and other similar legal and regulatory developments could lead to legal and economic uncertainties, affect how we operate our business and how we and our business partners process data. We may incur substantial costs to comply with such laws and regulations.

Our business operations involve data processing activities, including data collection either by ourselves or from third parties, data storage and analysis. We also store our product users’ data and information belonging to their customers in our system which we technically de-identify and anonymize. Upon the termination of subscription agreements, users can directly delete their data or require us to do so. We have adopted various measures, including Board and management supervision, to ensure legal compliance. As confirmed by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we are in compliance with all material aspects of applicable PRC laws and regulations with respect to privacy and personal data protection. However, we cannot assure that our privacy and data protection measures will always be considered sufficient in all aspects under applicable laws and regulations. Additionally, the effectiveness of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations, or to address any privacy and data protection concerns, such actual or alleged failure could damage our reputation and deter current and potential clients from using our services, which will adversely affect our business, results of operations and financial condition.

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We face ethical, legal and reputational risks associated with the use of our AI technology and AI-generated marketing content.

As with many developing technologies, AI technology presents risks and challenges that could affect its further development, adoption, and use, and therefore influences our business. Our application of AI technology, especially the use of AI-generated marketing content for our marketing and sales SaaS products, may produce biased analysis and discrimination against inquiry subjects in certain stereotypes, such as unequal risk scoring based on age, cultural background or gender. In addition, the accuracy of AI-generated marketing content may be subject to error, which could harm our reputation and credibility, and may result in regulatory fines or legal liabilities if the content is misleading or contains material errors and omissions. If AI applications assist in generating flawed or inaccurate contents, we may be subject to competitive harm, potential legal liability and ethical or reputational harm.

The use of AI-generated content may further raise issues related to copyright infringement if the AI algorithms are partially trained on copyrighted content, and there is no guarantee that our use of AI-generated content would not infringe on the intellectual property rights of third parties. In addition, the use of AI-generated content may be subject to future regulatory scrutiny and legal challenges. If we fail to ensure our compliance with relevant laws and regulations governing the use of AI-generated content, including intellectual property laws, consumer protection laws, and advertising standards, our reputation, business and results of operations may be materially and adversely affected.

The COVID-19 pandemic continues to present challenges to our business and the effects of the pandemic could adversely affect our business, financial condition and results of operations.

Beginning from December 2019, a novel strain of coronavirus, or COVID-19, resulted in prolonged mandatory quarantines, lockdowns, closures of businesses and facilities, and travel restrictions imposed by the Chinese government and other countries around the world. Since December 2022, the restrictive measures have been largely relaxed. However, there remain uncertainties about the dynamic of the COVID-19 pandemic as new variants emerge, which may have potential continuing effects on subsequent periods if the pandemic and the resulting disruption were to extend over a prolonged period. Any recurrence of the COVID-19 outbreak in China, such as its recurrence around the end of 2020 and in 2021 and 2022, or continuance of outbreaks in other parts of the world, could adversely impact our business operations or the business operations of our customers and partners, in turn having an adverse impact on our business, results of operations and financial condition.

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

Users of our products often have higher demand for marketing and sales activities over short periods of time, including from events such as new product releases, holiday shopping seasons, and flash sales, which significantly increases the traffic on our servers. While we are generally able to maintain adequate data transmission capacity to handle such traffic, we cannot assure you that we shall be able to continue achieving, or maintaining, this in the future, particularly when we encounter an unexpectedly significant increase in traffic. If we are unable to achieve or maintain adequate data transmission capacity, this may significantly reduce user demand for our products. In the future, we may have to allocate resources and incur substantial expense to build, purchase or lease additional data centers and equipment, and upgrade our technology and network infrastructure in order to handle the increased load.

Additionally, our ability to deliver our products and services also depends on the development and maintenance of internet infrastructure by third parties, including the maintenance of reliable networks with the necessary speed, data capacity and bandwidth. If one of these third parties suffers from capacity constraints, our business may be adversely affected. See also “– Any interruptions or delays in services from third parties, including data center hosting facilities and other hardware and software vendors, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business and results of operations.”

If we are unable to successfully adapt our SaaS products to our users’ requirements or emerging industry standards, our business, prospects and financial results may be materially and adversely affected.

In recent years and within key Chinese markets in which we operate, mobile devices, such as mobile phones, tablets, wearable devices and other Internet-enabled mobile devices, have gained increasing popularity and surpassed personal computers as the primary means of access to the Internet. We expect this trend to continue as 5G and more advanced mobile communications technologies are broadly implemented. As we make our services available across a variety of mobile operating systems and devices, we depend on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Android and IOS. Any changes in such mobile operating systems or devices which degrade the functionality of our products and services, such as being incompatible with our products and services, preventing customers from accessing our users’ official platforms, or giving preferential treatment to competitive services, could materially and adversely affect the use of our services. Any changes to technologies used in our products and services that affect existing features that we rely on, or to operating systems which make it difficult for our users to access our products or for consumers to access our users’ official platforms, may make it more difficult for us to maintain or increase our revenues. This, in turn, may have a material and adverse impact on our business and prospects.

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Further, our costs and expenses may increase if the number of platforms on which we develop our services increases, which is typically seen in a dynamic and fragmented mobile services market such as China. In order to deliver high-quality services, it is important that our services work well across a range of mobile operating systems, networks, mobile devices and standards that we do not control. For our business to be successful, we will need to design, develop, promote and operate new products and services which are compatible with such devices. As new devices are released or updated, we may encounter problems in developing and upgrading our products and services for use on mobile devices. We may need to devote significant resources to the creation, support and maintenance of such products for mobile devices, and cannot assure you that we will be successful in doing so.

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

We believe our focus on customer service and support is critical to onboarding new customers, retaining our existing customers and growing our business. As a result, we have invested heavily in the quality and training of our customer success team along with the tools they use to provide this service. If we are unable to maintain a consistently high level of customer service, we may lose existing customers.

In addition, our ability to attract new customers is highly dependent on our reputation and on positive recommendations from existing customers. Therefore, any failure to maintain a consistently high level of customer service, or any market perception that we do not provide that level of customer service, could adversely affect our reputation and the number of positive customer referrals that we receive.

We may be exposed to the risk of disintermediation if our customers place online advertisements with media platforms directly.

As an online marketing service provider, we help our customers acquire traffic from media platforms to market their products or services. We also provide our customers with value-added services, such as producing ad creatives and optimizing advertising campaigns, to achieve better marketing results, and help media platforms monetize user traffic in the interim. While it is more time and cost-efficient for our customers to advertise through us, and our customers rely on our industry expertise in online marketing to achieve better marketing results, there may be a risk that our customers will bypass marketing service providers in their transactions with media platforms. We cannot guarantee that our customers will not deal directly with media platforms in the future. The occurrence of such events could expose us to the risk of disintermediation, and our business, results of operations and financial condition would be materially and adversely affected.

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

In the past, we have been subject to system disruptions and DDoS, a technique used by hackers to take an Internet service offline by overloading its servers. Our infrastructure may be subject to such attacks and breaches in the future and we cannot assure you that any applicable recovery system, security protocol, network protection mechanisms or other defense procedures are, or will be, adequate to prevent such network or service interruptions, system failures or data losses. Additionally, our infrastructure and systems may also be breached if any vulnerabilities therein are exploited by unauthorized third parties.

Since techniques used to obtain unauthorized access change frequently and the scale of DDoS attacks, hacking, and phishing attacks are increasing, we may not be able to implement sufficient preventative measures or stop the attacks while they are occurring. DDoS attacks, other hacking and phishing attacks or security breaches could delay or interrupt our services to users and their clients. This, in turn, may deter consumers from visiting our users’ official platforms, hence affecting their overall customer experience. Any actual or perceived attacks or security breaches may also damage our reputation and brand, expose us to risks of potential litigation and liabilities, and require us to expend significant capital and other resources to alleviate problems caused by such attacks or security breaches. Should a high-profile or highly publicized security breach occur with respect to another SaaS product or precision marketing service, users may lose confidence in the security of cloud-based commerce and marketing service models, including ours, as a whole, which would have a material adverse impact on our ability to retain existing users and attract new ones.

Any interruptions or delays in services from third parties, including data center hosting facilities and other hardware and software vendors, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business and results of operations.

We use third-party data center hosting facilities located in China. We also use computer hardware purchased from, and software licensed from, third parties in order to offer our services. Any damage to, or a failure of, our systems generally, including systems of our third-party platform providers, could result in interruptions to our services. In the past, we have experienced interruptions to our services, and such interruptions may recur in the future. Interruptions to our services may cause us to issue credits or pay penalties to our customers, or cause them to make warranty or other claims against us. Any of these would create a material and adverse effect on both our attrition rates and ability to attract new customers, all of which would reduce our revenue. Our business and reputation may also be harmed if our customers, or potential customers, believe that our products and services are unreliable.

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

Additionally, such hardware, software and data may not continue to be available to us at reasonable prices, on commercially reasonable terms, or at all. If we lose our right to use any of such hardware, software or cloud computing platforms, this could significantly increase our expenses or otherwise result in delays in the provisioning of our services until equivalent technology is either developed by us, or, if available, is identified, obtained through purchase or license and integrated into our services. If the performance of such third parties proves unsatisfactory, or if any of them violates its contractual obligations to us, we may need to replace such third party and/or take other remedial action, which could result in additional costs and materially and adversely affect the products and services we provide to our customers. Further, the financial condition of our third party providers may deteriorate over the course of our contract term with them, which may also impact the ability of such third party to provide the agreed services, and have a material adverse effect on the services we provide to our customers and our results of operations.

We recorded relatively large amounts of contract liabilities during the Track Record Period. If we fail to fulfill our performance obligations in respect of contract liabilities, our results of operations and financial condition may be adversely affected.

We recorded contract liabilities of RMB181.3 million, RMB415.1 million and RMB483.6 million as of December 31, 2020, 2021 and 2022. Our contract liabilities primarily include advance payments from our customers for SaaS products. If we fail to provide the prescribed solutions and services to our customers in time or at all due to undetected errors, defects and bugs, we may not be able to honor our obligations in respect of our contract liabilities, in which case we may not be able to convert such contract liabilities into revenue and may be required to refund payments to our customers. Such failure would adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements and, in turn, our results of operations and financial conditions.

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Any discontinuation, reduction or delay of any government grant could have a material and adverse impact on our business.

In 2020, 2021 and 2022, we recorded government grants of RMB21.7 million, RMB39.2 million and RMB45.2 million, respectively. Government grants provided to us mainly relate to VAT deduction for eligible companies, which are generally conditional in nature. We cannot assure you that we will continue to receive such government grants at the same level or at all, in which case our business, financial condition and results of operation may be materially and adversely affected.

If we fail to expand our direct sales capabilities effectively, our results of operations and financial condition may be adversely affected.

Our ability to increase our client base and achieve broader market acceptance of our products will depend on our ability to expand our sales capabilities. We plan to strengthen our sales capabilities by expanding our direct sales teams, providing more training opportunities and upgrading our sales management system. To that end, we need to continue to retain key members of our direct sales force. We plan to expand our sales teams and establish new regional sales offices in regions with great economic development potential. Identifying and recruiting qualified personnel and training them in the use and sale of our solutions requires significant time, expense and attention. It can take several months before our sales representatives are fully trained and productive. Our results of operations and financial condition may be adversely affected if we fail to retain key members of our direct sales force or if our efforts, and the expense incurred, to expand and train our direct sales force do not generate a corresponding increase in revenue. In particular, if we are unable to hire, develop and retain talented sales personnel or if new sales personnel are unable to achieve the desired productivity levels in a reasonable period of time, we may be unable to realize the expected benefits of this investment or increase our revenue.

We may face certain risks in collecting our trade and bills receivables and other receivables in relation to prepayments on behalf of advertising customers to third parties, and any failure to collect these could have a material adverse effect on our business, financial condition, and results of operations.

As of December 31, 2020 and 2021 and 2022, our trade and bills receivables amounted to RMB135.6 million, RMB174.2 million and RMB130.9 million, respectively. Our trade receivables turnover days were 111, 48 and 33 in 2020 and 2021 and 2022, respectively. Our trade receivables turnover days demonstrated a descending trend during the Track Record Period, mainly due to our enhanced management of trade receivables.

Our other receivables in relation to prepayments on behalf of advertising customers to third parties were RMB569.1 million, RMB1,065.8 million and RMB1,334.2 million as of December 31, 2020, 2021 and 2022, respectively. Turnover days of other receivables in relation to prepayments on behalf of advertising customers to third parties were 49, 64 and 75 in 2020, 2021 and 2022, respectively. Such increase was mainly due to our strategic policy to allow longer credit periods to certain long-term customers.

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We recognize an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Our impairment losses on financial assets amounted to RMB7.9 million, RMB15.2 million and RMB6.5 million in 2020, 2021 and 2022, respectively. Actual losses on the receivables balance could differ from those that we anticipate and reserve in our allowance account, as a result of which we might need to adjust our allowance. Macroeconomic conditions could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency or bankruptcy, and, as a result, could cause customers to delay payments to us, request modifications to their payment arrangements or default on their payment obligations to us. Although we have adopted a series of strict management measures, we may not be able to collect all such receivables due to a variety of factors that are beyond our control. If the relationship between us and any of our customers is terminated or deteriorated, or if any of our customers experience financial difficulties in settling the receivables, our corresponding receivables might be adversely affected in terms of recoverability. In addition, our receivables balance may continue to grow alongside our business expansion, which may increase our risks for uncollectible receivables. If we are unable to collect our receivables from our customers, especially from our key customers, our business, financial condition and results of operation may be materially and adversely affected.

We are exposed to changes in the fair value of financial instruments measured at fair value through profit or loss and valuation uncertainties due to the use of unobservable inputs.

As of December 31, 2020, 2021 and 2022, our financial liabilities at fair value through profit or loss were nil, RMB942.5 million and RMB1,096.5 million, respectively. Our financial instruments are measured at fair value, and the changes in their fair values are recorded under other gains or losses in the consolidated statements of profit or loss, which will directly affect our profit and results of operations. In 2020, 2021 and 2022, we recognized fair value loss on convertible redeemable preferred shares of nil, RMB122.2 million and RMB61.1 million, respectively. If we continue recording such fair value loss, our results of operations and financial condition may be adversely affected.

During the Track Record Period, the fair value of our financial instruments at fair value through profit or loss was determined by reference to unobservable inputs to the price of the underlying investments using a valuation pricing model and is classified as a level 3 fair value measurement. Changes in these unobservable inputs will affect the estimated fair value of our financial instruments at the end of each financial reporting period. Given the inherent uncertainty in the fair value of financial instruments at fair value through profit or loss, any significant and adverse changes in fair value could have an adverse effect on our financial position and results of operations.

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We have recorded negative operating cash flows in the past, which may continue in the future.

We had negative operating cash flow of RMB69.4 million and RMB469.8 million in 2020 and 2021, respectively. Our operating cash outflow was primarily due to the credit terms we typically grant to our precision marketing services customers being relatively longer than those our media platform suppliers typically grant to us for such business. Therefore, our existing operations and future business expansion of precision marketing services have relatively higher cash flow requirements. While we recorded positive operating cash flow of RMB64.8 million in 2022, we cannot assure you that we will be able to generate positive cash flow from operating activities in the future. If we encounter long-term and continual net operating cash outflow in the future, we may not have sufficient working capital to cover our operating costs, and our business, results of operations and financial position may be materially and adversely affected.

We had net liabilities and net current liabilities in the past, which may expose us to certain liquidity risks and may constrain our operational flexibility as well as adversely affect our financial condition and ability to expand our business.

We had net liabilities of RMB482.7 million as of December 31, 2021 and RMB779.9 million as of December 31, 2022, primarily due to recording convertible redeemable preferred shares as non-current liabilities at fair value through profit or loss. In 2021, we entered into subscription agreements with [REDACTED] Investors and issued the convertible redeemable preferred shares. For further details of the identity and background of the [REDACTED] Investors, and the principal terms of the relevant investments, see “History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and [REDACTED] Investments.” All of such convertible redeemable preferred shares will be converted into ordinary shares of our Company, and the liabilities of the convertible redeemable preferred shares will be derecognized and accounted for as an increase in equity upon [REDACTED]. We do not expect to recognize any further gains or losses on fair value changes from these convertible redeemable preferred shares after [REDACTED]. In addition, we recorded net current liabilities of RMB40.1 million as of December 31, 2020.

We cannot assure you that we will not record net liabilities in the future. Neither can we assure you that we will not record net current liabilities again in the future. Net liabilities position and net current liabilities position can expose us to the risk of shortfalls in liquidity, constrain our operational flexibility and adversely affect our ability to expand our business. This in turn would require us to seek additional financing to maintain adequate working capital, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our business, financial condition, results of operations and prospect.

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Share-based payments may have an adverse effect on our financial performance.

We adopted the RSU Scheme for the benefit of our employees as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Group. See “Appendix IV – Statutory and General Information – F. RSU Scheme.” In 2020, 2021 and 2022, we recognized share-based compensation expenses of RMB5.8 million, RMB8.0 million and RMB8.4 million, respectively. We may continue granting awards of RSUs under the RSU Scheme in the future to further incentivize our employees. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have an adverse effect on our financial performance.

We utilize local channel partners to market and promote our products and services. If we are unable to develop and maintain successful relationships with our local channel partners, our business, operating results, and financial condition could be adversely affected. Channel partner’s misconduct, noncompliance and omissions may also affect our business and reputations.

To date, we have engaged our channel partners to market and sell our SaaS products. In 2020, 2021 and 2022, our SaaS product revenue generated through channel partners amounted to RMB24.9 million, RMB43.6 million and RMB46.5 million, accounting for 11.1%, 9.9% and 8.8% of our total SaaS product revenue for the same periods, respectively. While we intend to continue dedicating resources to identifying, developing and maintaining stable relationships with our channel partners, we cannot assure you that our existing or prospective channel partners will strictly comply with the exclusivity or other terms of our agreements with them. They may also cease marketing our products or services with limited or no notice. If we fail to identify additional channel partners in a timely and cost-effective manner, or at all, or are unable to assist our current and future channel partners with independently selling and deploying our products and services, our business, results of operations, and financial condition could be adversely affected. Furthermore, while we currently have comprehensive measures in place to prevent cannibalization among our channel partners, there is no guarantee that such measures are, or can be, entirely effective. If our channel partners do not effectively market and sell our products and services, or fail to meet the needs of our customers, our reputation among prospective and existing customers and ability to grow our business may also be adversely affected. Unpredictable variations in the mix between our revenue attributable to sales by our channel partners and revenue attributable to our direct sales may result in fluctuations in our operating results.

Our channel partners may be subject to regulatory penalties or punishment because of their regulatory compliance failures, which may, directly or indirectly, affect our business. We cannot be certain whether they have infringed or will infringe any other party’s legal rights or violate any regulatory requirements. We cannot rule out the possibility of incurring liabilities or suffering losses due to any noncompliance by channel partners. We cannot assure you that we will be able to identify irregularities or noncompliance in the business practices of our

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channel partners, or that such irregularities or noncompliance will be corrected in a prompt and proper manner. The legal liabilities and regulatory actions on our channel partners involved in our business may affect our business activities and reputation, which may in turn affect our results of operations.

We face intense competition in the markets in which we operate and may be unable to compete successfully against our existing and future competitors.

We face intense competition in various aspects of our business, and we expect such competition to continue growing in the future. Many of our competitors have longer operating histories and experience, larger customer bases, greater brand recognition, more extensive commercial relationships within China and greater financial, technical, marketing, and other resources than we do. As a result, such competitors may be able to develop products and services better received by enterprise users or advertising customers or may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulations or user needs. In addition, some of our competitors may be able to leverage a larger existing customer base and sales network to adopt more aggressive pricing policies and offer more attractive sales terms. This could cause us to lose potential sales or compel us to sell our products and services at lower prices to remain competitive, which may have a material adverse impact on our results of operation and financial condition.

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

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

We believe that maintaining, promoting and enhancing our brand and brand name is critical to expanding our business. Maintaining and enhancing our brand and brand name depends largely on our ability to continue to provide high-quality, well-designed, useful, reliable, and innovative products and services, which we cannot assure you we will do successfully. Additionally, negative publicity regarding our industry or products may also impact our brand and reputation, which in turn could affect our business.

Errors, defects, disruptions or other performance issues with our infrastructure may harm our reputation and brand, and we may introduce new products or terms of service which might be poorly received by our customers and their clients. Additionally, if our customers or their clients have a negative experience using our products or services, such an encounter may affect our brand and reputation within the industry.

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We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful products and services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We market our products and services primarily through advertisements on search engines and social networking sites, and through our direct sales force, channel partners, and a number of free traffic sources, including client referrals and word-of-mouth. Our efforts to market our brand have involved significant costs and expenses, which we intend to increase going forward. We cannot assure you, however, that our marketing spend will lead to increases in the number of paying users or advertising customers or of revenue, and even if such were achieved, such increases in revenue may not be sufficient to offset expenses we incur in building and maintaining our reputation and brand name.

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

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

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

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel specializing in mobile Internet, cloud computing, marketing and sales. For example, experienced sales staff can achieve effective communication with potential customers and deliver adequate customer services. Our business also relies on high-quality sales and customer success teams to deliver adequate customer services supporting our products and services. The inability to attract or retain qualified personnel, or delays in hiring the personnel required, may cause significant harm to our business, financial condition and operating results. Our ability to continue to attract and retain highly skilled personnel, specifically employees with technical and engineering skills, and employees with long experience in designing and developing software and Internet-related services, will be critical to our future success. If we lose the services of any member of management or key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth, therefore materially and adversely affecting our business, financial condition, results of operations and prospects.

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

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

During the Track Record Period, certain of our customers settled their payments with us through third-party payors (the “Third-Party Payment Arrangement(s)”). In 2020, 2021 and 2022, the aggregate amount of third-party payments accounted for approximately 6.4%, 2.7% and 1.1% of the total payments we received from all customers for the same periods, respectively. See “Business – Third-Party Payment Arrangements.” We have obtained confirmation from the majority of the Relevant Customers and third-party payors that they assume all risks associated with the Third-Party Payment Arrangements, releasing us from any disputes that may arise from these arrangements. See “Business – Third-Party Payment Arrangements.” We are, nonetheless, subject to various risks relating to such Third-Party Payment Arrangements during the Track Record Period, including possible claims from third-party payors for return of funds as they were not contractually indebted to us, and possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may, as a result, be adversely affected.

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

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

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

AI technologies are constantly evolving. Any flaws or misuse of the AI technologies, whether actual or perceived, whether intended or inadvertent, whether committed by us or by other third parties, could have negative impact on our business, reputation and the general acceptance of AI solutions by the society.

AI technologies are still in a preliminary stage of development and continue to evolve. Similar to many disruptive innovations, AI technologies present risks and challenges, such as misuse by third parties for inappropriate purposes, for purposes breaching public confidence or even violate applicable laws and regulations in China and other jurisdictions, bias applications or mass surveillance, that could affect user perception, public opinions and their adoption. We have adopted a series of measures to prevent the misuse of our technologies. However, we cannot assure you that the measures we take to prevent the misuse of our technologies will always be effective, or that our technologies will not be misused or applied in a way that is inconsistent with our intention or public expectation. Any inappropriate, abusive or premature usage of AI technologies, whether actual or perceived, whether intended or inadvertent and whether by us or by third parties, may dissuade prospective customers from adopting AI solutions, may impair the general acceptance of AI solutions by society, may attract negative publicity and adversely impact our reputation and may even violate applicable laws and regulations in China and other jurisdictions and subject us to legal or administrative proceedings, pressures from activist shareholders and/or other organizations and heightened scrutiny by the regulators. Our application of AI technology and AI-powered algorithms may produce biased analysis and discrimination against inquiry subjects in certain stereotypes, such as unequal risk scoring based on cultural background or gender. Each of the foregoing events may, in turn, materially and adversely affect our business, financial condition and results of operations.

In addition, flaws or deficiencies in AI technologies could undermine the accuracy and thoroughness of the decisions and analyses made by the relevant products and services. For example, AI technologies cannot actively identify misinformation or fraudulent information collected from the Internet, which may harm the accuracy of data analysis. There can be no assurance that we will be able to detect and remedy such flaws or deficiencies in a timely manner, or at all. Any flaws or deficiencies in AI technologies and solutions, whether actual or perceived, could materially and adversely affect our business, reputation, results of operations and prospects.

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

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

The use of open-source software subjects us to a number of other risks and challenges. Open-source software is subject to further development or modification by anyone. Others may develop such software to be competitive with, or render such software no longer useful by, us. It is also possible for competitors to develop their own products and services using open-source software, potentially reducing the demand for our products and services. If we are unable to successfully address these challenges, our business and operating results may be adversely affected and our development costs may increase.

Our services and internal systems rely on software programs that are highly complex and technical, and if they contain undetected errors, our business could be adversely affected.

Our services and internal systems rely on software programs that are highly complex and technical. In addition, our services and internal systems depend on the ability of the software programs to store, retrieve, process and manage immense amounts of data. The software programs on which we rely may contain undetected errors or bugs. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software programs on which we rely may result in a negative experience for our customers, delay introductions of new features or enhancements, result in errors or compromise our ability to protect data or our intellectual property. If any of the above occurs, our business, results of operations and financial condition may be adversely affected.

Confidentiality agreements with employees and other third parties may not adequately prevent disclosure of trade secrets and other proprietary information.

We have devoted substantial resources to the development of our technology and knowhow. Although we enter into employment agreements with confidentiality and intellectual property ownership clauses with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time, or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise

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become known to third parties. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

Unauthorized use of our intellectual properties by third parties may harm our brands and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business.

We regard our copyrights, trademarks and other intellectual properties as critical to our success and rely on a combination of trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual properties to protect these rights. Although our contracts with our business partners prohibit the unauthorized use of our brands, images, characters and other intellectual property rights, we cannot assure you that they will always comply with these terms. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties. Policing unauthorized use of our proprietary technology, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our resources and could disrupt our business, as well as materially and adversely affect our financial condition and results of operations.

Trademarks registered, internet search engine keywords purchased and domain names registered by third parties that are similar to our trademarks, brands or websites could cause confusion to our customers, divert customers away from our products and services, or harm our reputation.

Competitors and other third parties may register trademarks or purchase internet search engine keywords or domain names that are similar to ours, in order to divert potential customers from our products and services to theirs. We have failed to register certain trademarks for T Cloud due to similar third party trademarks in the past. Preventing such unfair competition activities is inherently difficult. If we are unable to prevent such activities, competitors and other third parties may drive potential customers away from our products and services, which could harm our reputation and materially and adversely affect our results of operations.

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

We depend to a large extent on our ability to effectively develop and maintain intellectual property rights relating to our business. However, we cannot assure you that third parties will not put forward claims that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights which they hold, whether such claims are valid

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or otherwise. We may face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. Our cloud-based SaaS products and precision marketing services may become involved in litigious proceedings relating to allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and violations of rights of third parties. The validity, enforceability and scope of protection of intellectual property rights, particularly within China, are still evolving. As we face increasing competition and as litigation becomes a more commonly pursued method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

Defending against intellectual property claims is costly and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable final outcomes in all cases. Such intellectual property claims may harm our brand and reputation, even if they are vexatious or do not result in liability. Any resulting liability or expenses, or changes required to our products or services to reduce the risk of future liability, may have a material adverse effect on our business, results of operations, and prospects.

We may be the subject of anti-competitive, harassing or other detrimental conduct by third parties that could harm our reputation and cause us to lose market share, customers and revenues.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted online by anyone, whether or not related to us, on an anonymous basis. Customers value readily available information concerning retailers, manufacturers, and their goods and services and often act on such information without further investigation or authentication and without regard to its accuracy. The availability of information on social media is virtually immediate, as is its impact. Social media immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our financial performance, prospects or business. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which, in turn, may cause us to lose market share, customers, and revenues.

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Misconduct and omissions by our employees or service providers could harm our business and reputation.

Misconduct and omissions by our employees could subject us to liability or negative publicity. Although we have implemented strict human resources risk management policies, and we have in place an employee handbook approved by our management and distributed to all our employees, which contains broad internal rules and guidelines and cover areas such as best commercial practices, work ethics, fraud prevention mechanisms and regulatory compliance, there can be no assurance that our employees will not engage in misconduct or omissions that could materially and adversely affect our business, financial condition and results of operations.

Misconduct and omissions by our service providers could subject us to disruption of business, negative publicity or liability. Although we have strict standards to choose our service providers, we cannot assure you that our service providers will not engage in misconduct or omissions. Any misconduct or omission by our service providers involved in our business may affect our business activities and reputation, which may, in turn, affect our business, results of operations and financial condition.

We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations and financial condition.

We may be subject to legal proceedings from time to time in the ordinary course of our business, which could have a material adverse effect on our business, results of operations and financial condition. We may receive formal and informal inquiries from governmental authorities and regulators regarding our compliance with applicable laws and regulations, many of which are evolving and subject to interpretation. Claims arising out of actual or alleged violations of laws could be asserted against us by our advertising customers, media partners, competitors, governmental entities in civil or criminal investigations and proceedings or other third parties. These claims could be asserted under a variety of laws, including, but not limited to, advertising laws, internet information services laws, intellectual property laws, unfair competition laws, data protection and privacy laws, labor and employment laws, securities laws, real estate laws, tort laws, contract laws, property laws and employee benefit laws. We may also be subject to lawsuits due to actions by our media partners or advertising customers. For example, if the advertisement we helped distribute or perceived to be distributed by us is false or fraudulent, or if businesses engage in fraudulent, corrupt or other unfair practices or otherwise violate applicable laws using or perceived to be using our services, we, our directors or senior management may be subject to lawsuits or face regulatory actions.

During the Track Record Period, there were no administrative penalties that could, individually or in the aggregate, have a material effect on our business, financial condition or results of operations, and up to the Latest Practicable Date, there were no legal, arbitral or administrative proceedings pending against us that could, individually or in the aggregate, have

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a material effect on our business, financial condition or results of operations. However, there can be no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. Even if we are successful in our attempt to defend ourselves in legal and administrative actions or to assert our rights under various laws, enforcing our rights against the various parties involved may be expensive, time-consuming and ultimately futile. These actions may expose us to negative publicity, substantial monetary damages and legal defense costs, injunctive relief, and criminal and civil fines and penalties, including, but not limited to, suspension or revocation of our licenses to conduct business.

We face potential liability and harm to our business based on the nature of our business and the content distributed by us.

Advertising may result in litigation relating to copyright or trademark infringement, public performance royalties or other claims based on the nature and content of advertising that is distributed by us. Our Legal Advisor has advised that under the Advertising Law of the PRC (《中華人民共和國廣告法》) (the “Advertising Law”), where an advertising operator provides advertising design, production or agency services with respect to an advertisement, it shall ensure that the advertisement that it prepares or distributes is true and in compliance with applicable laws, rules and regulations. For instance, it shall ensure that such advertisement does not contain prohibited content (such as superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination, infringement of the public interest or which is detrimental to the health of minors or individuals with disabilities), does not contain products which are prohibited or restricted (for instance, anesthetic, psychotropic, toxic or radioactive drugs, breast-milk substitutes, tobacco, pharmaceuticals, medical instruments, agrochemicals, foodstuff, alcohol and cosmetics, and other products the production and sale of which are either prohibited or subject to specific restrictions and requirements) and does not infringe the legal rights and interests of third parties. Advertising operators shall, in accordance with the relevant provisions, establish and improve their management of the registration, examination and file management. In the event of violation of the above or where the advertising operator knows or should have known that the advertisement is false, fraudulent, misleading, or otherwise illegal, the competent PRC authority may confiscate the advertising operator’s advertising revenue from such services, impose penalties, order it to cease dissemination of such false, fraudulent, misleading or otherwise illegal advertisement or correct such advertisement, or suspend its business or revoke its business licenses under certain serious circumstances. Such advertising operators may be held jointly and severally liable with the advertisers customer for the damages thus caused to consumers or third parties. Under the Advertising Law, “advertising operators” include any natural person, legal person or other organization that provides advertising design, production, or agency services to advertisers for their advertising activities. As our marketing solutions and our business involve the provision of “advertisement design, production and agency services” to advertisers, we are deemed an “advertising operator” under the Advertising Law. We cannot assure you that the online marketing content, of either SaaS products or precision marketing services, that we prepare and distribute complies with all applicable laws and regulations, or that the supporting documentation provided by our advertising customers

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is true and legal. Though we contractually require customers to represent to us that they ensure that their advertisements comply with applicable laws and regulations, and implement a strict review process, we do not independently verify whether we are permitted to deliver, or verify the content of, such advertisements. If any of these representations are untrue, we may be exposed to potential liability and our reputation may be damaged. While our customers are typically obligated to indemnify us, such indemnification may not fully cover us, or we may not be able to collect. In addition to administrative penalties, civil liabilities, and settlement costs, we may be responsible for our own litigation costs, which can be expensive.

We require various approvals, licenses, permits and certifications to operate our business, and any failure to obtain or renew any of these approvals, licenses, permits or certifications could materially and adversely affect our business and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. Complying with such laws and regulations may require substantial expense, and any noncompliance may expose us to liability. We have designed and adopted strict internal procedures to ensure compliance of our business operations with all relevant laws and regulations, and to ensure that we obtain necessary approvals, licenses, permits and certifications for our business operations. However, we cannot guarantee that we will be able to obtain all requisite approvals, licenses, permits and certifications. Regulatory authorities who have extensive authority to supervise and regulate the industry we operate in may not interpret relevant laws and regulations the way we do. In addition, as the regulatory regime for the industries in which we operate continues to evolve, new laws, regulations and regulatory requirements are promulgated and implemented from time to time, and the interpretation and application of existing laws, regulations and regulatory requirements are subject to changes. We may be required to obtain approvals, licenses, permits and certifications that we do not currently have for our existing business or new scope of business that we may expand into in the future. In the event of noncompliance, we may have to incur significant expenses and divert substantial management time to rectify the incidents. In the future, If we fail to obtain all the necessary approvals, licenses, permits and certifications required by relevant laws and regulations or if we are deemed to have conducted business operations requesting certain approvals, licenses, permits and certifications without having one, we may be subject to fines or the suspension of operations of the relevant business segments or facilities that do not have all the requisite approvals, licenses, permits and certifications, which could materially and adversely affect our business and results of operations. See “Regulatory Overview” for further details on the requisite approvals, licenses, permits and certifications for business operations. We may also experience adverse publicity arising from noncompliance with government regulations, which would negatively impact our reputation.

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We are subject to the risks associated with international trade policies, geopolitics and trade protection measures.

Our operations may be negatively affected by any deterioration in the political and economic relations among countries and sanctions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. Furthermore, concerns over inflation, energy costs, geopolitical frictions, capital market volatility and liquidity issues may create difficult operating conditions in the future.

During the Track Record Period, we generated a small amount of revenue from precision marketing services partnering with overseas media platform. We face increasing challenges due to current geopolitical tensions and international trade policies. We distributed marketing content through such platform, which is an Internet search engine operated by a Russian multinational technology company during the Track Record Period. Future development of these tensions and policies may result in shifting economic and trade sanctions, which could negatively impact our business with such overseas media platform or other overseas media platforms and, in turn, have an adverse effect on our financial condition and operating results.

Future expansion plans are subject to uncertainties and risks and may lead to increase in our costs in the future.

As part of our business strategies, we intend to enhance our product and service offerings and grow business scale by recruiting employees for R&D, sales and customer success teams, procuring and upgrading equipment and underlying infrastructure, and conducting strategic investment and acquisition. See “Business – Our Strategies” and “Future Plans and Use of [REDACTED]” for details. However, there is no assurance that we can successfully implement such business strategies or that such business strategies can be implemented according to our proposed timeline and estimated cost, due to factors which may be out of our control, such as technical hurdles, the sufficiency of financial resources, and our ability to employ sufficient and competent staff for the business expansion. In addition, our total costs will increase due to additional depreciation, staff cost and overhead cost. In particular, we expect to incur significant capital expenditures for investing in our SaaS and underlying technology infrastructure, which will lead to an increase in investing cash outflow. We also expect an increase in the absolute amount as well as percentage of broadband and other hardware costs related to the SaaS business. On the other hand, the expansion plan may not generate benefits as we expected, such as increase in revenue and gross profit margin, may not be as expected due to factors beyond our control, such as changes in general market conditions, the economic and political environment in China and the overall expenditures of our potential customers on our products and services and their future growth trends.

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The continued expansion of our business may also place significant pressure on our management, operating and financial resources. Accordingly, there can be no assurance that our business will achieve the expected growth or that our business will be profitable. Given such uncertainties, there can be no assurance that our future plans will be achieved or completed within the predetermined time frame, or that our objectives will be achieved in whole or in part. Our future business, profitability and financial condition could be materially and adversely affected.

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

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

Acquisitions also pose the risk that we may be exposed to successor liability relating to the actions by an acquired company and its management before and after the acquisition. The due diligence that we conduct in connection with an acquisition or investment may not be sufficient to discover unknown liabilities, and any contractual guarantees or indemnities that we receive from the sellers of the acquired companies or investment target companies and/or their shareholders may not be sufficient to protect us from, or to compensate us for, actual liabilities. A material liability associated with an acquisition or investment could adversely affect our reputation and reduce the benefits of the acquisition or investment. In addition, if the management team or key employees of an acquired company fail to perform as expected, this may affect the business performance of such acquired company and, in turn, have a material adverse effect on our business, financial condition and results of operations.

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Any negative publicity regarding our Company, Directors, employees or products and services, regardless of its veracity, could adversely affect our business.

Our image is sensitive to the public’s perception of us as a business in entirety, which includes not only the efficiency, security and competitiveness of our products and services, but also our corporate management and culture. We cannot guarantee that no one will, intentionally or incidentally, distribute information about us, especially information regarding the efficiency and security of our products and services or our internal management matters, that may result in negative perception of us by the public. Any negative publicity about our Company, Directors, employees or products and services, regardless of veracity, could lead to potential loss of customer confidence or difficulty in retaining or recruiting talents that are essential to our business operations. As a result, our business, financial condition, results of operations, reputation and prospects may be materially and adversely affected.

We are subject to an evolving set of ESG-related laws and regulations and exposed to transition risks. Changes in social trend, political policies, laws and regulations from time to time could have a material adverse effect on our business, financial condition and results of operations.

Our business operations are subject to ESG-related laws and regulations promulgated by competent authorities. We are in the process of establishing an ESG policy and expect to implement relevant policies and procedures to ensure our compliance with applicable laws and regulations. See “Business – Environmental, Social and Governance Matters.” As of the Latest Practicable Date, no material fines or penalties have been imposed on us for any non-compliance with health, work safety, social or environmental regulations. However, the social trend and political policies are continuously evolving, and ESG-related laws and regulations are subject to potentially differing interpretations. We cannot assure you that we will fully comply with the evolving laws and regulations. Any change in laws and regulations or any change of interpretation thereof may substantially increase our compliance costs. Furthermore, any non-compliance with relevant laws and regulations may subject us to fines, penalties and other legal liabilities, and have a negative impact on our reputation and creditability, further materially and adversely affecting our business, financial condition and results of operations.

In addition, potential transition risks may result from the increasingly demanding ESG-related regulations and policy. We may be required to invest significantly in transforming our business and operations. Failure to adapt to the new rules in a timely manner or at all may cause us to lose market share and business opportunities to our competitors, and our business, financial condition and results of operations may be materially and adversely affected.

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

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

We are subject to anti-corruption, anti-money laundering and other relevant laws and regulations.

We are subject to anti-corruption, anti-money laundering and other relevant laws and regulations in the jurisdictions where we operate. We may be subject to investigations and proceedings by governmental authorities for alleged infringements of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on our reputation, business, financial condition and results of operations. If any of our subsidiaries, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal controls, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and, in turn, adversely affect our reputation, business, financial condition and results of operations.

Disruptions in the financial markets and economic conditions could affect our ability to raise capital.

Global economies could suffer dramatic downturns as the result of a deterioration in the credit markets and related financial crisis as well as a variety of other factors, including extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. In the past, governments have taken unprecedented action to address and rectify these extreme market and economic conditions by providing liquidity and stability to the financial markets. If these actions are not successful, the return of adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms, or at all.

The growth rate of the Chinese economy has already been slowing since 2010. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, before 2020. There have also been concerns about the relationship between China and other countries, including the surrounding Asian

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countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies, and the expected or perceived overall economic growth rate in China. COVID-19 adversely affected the growth of economies of many countries across the world in 2020, and whether this will lead to a prolonged downturn in the economy is still unknown. In addition, on December 31, 2020, the transition period for the withdrawal of the UK from the European Union ended. Brexit could adversely affect European as well as worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Any severe or prolonged slowdown in the global or Chinese economy may result in disruptions in the financial markets, which may materially and adversely affect our ability to raise capital.

Legal defects regarding some of our leased properties and failure to renew our current leases or locate desirable alternatives for our leased properties could materially and adversely affect our business.

We lease properties primarily for our offices. We may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties.

As of the Latest Practicable Date, some of the lessors of our leased properties have not provided us with their property ownership certificates or any other documentation proving their right to lease those properties to us. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or the parties who have the right to lease the properties. Some of our leased properties were also subject to mortgage at the time the leases were entered into and the lessors have not provided us with documents evidencing that they had obtained the prior consent from the relevant mortgagees for leasing the properties. Such leases may be invalid and not be binding on the transferee of the property in the event that the mortgage holder forecloses on the mortgage and transfers the property to another party. In addition, the actual usage of some of our leased properties was inconsistent with the usage set out in such title certificate or relevant authorization documents. One of our leased properties is located on allocated state-owned land, for which the property owner failed to provide relevant documentation legitimating the lease of such allocated land. We would not be subject to any penalty therefrom, but we may not be able to continue leasing such property. Our Directors believe that our use of the property will not individually or collectively have a material adverse effect on our business, financial condition or results of operations. Even if we

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are required to vacate from the property, we believe we will be able to readily find comparable property to relocate, and the costs and expenses we may incur for relocation will be immaterial. As of the Latest Practicable Date, we were not aware of any ownership controversy or dispute or third-party claims, nor had we been imposed any administrative penalties.

Furthermore, as of the Latest Practicable Date, certain lease agreements of our leased properties had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Although the failure to complete the registration and filing of lease agreements will not affect the validity of such leases or impede our use of the relevant properties, it could result in the imposition of fines up to RMB10,000 for each leased property that is unregistered if we fail to rectify the noncompliance after we are required to do so by the relevant PRC governmental authorities.

Moreover, in the future, with the expansion of business, we may need to construct more data centers on the leased premises. The construction projects are subject to broad and strict government supervision and approval procedures in China. Under PRC laws, construction projects must receive regulatory approvals from various governmental authorities prior to construction, including project approvals and filings, construction land and project planning approvals, energy conservation review and construction work commencement permits. After completion of construction, certain approvals, filings or other procedures required under PRC laws must be completed before using the construction projects, such as construction acceptance report, energy conservation acceptance check, and fire safety filings. We cannot assure you that we will be able to obtain all relevant approvals, permits, filings or meet all relevant legal requirements for the construction or use of our data centers due to the complex laws and regulations. Any failure to obtain all necessary construction project approvals, permits, filings, or failure to complete required procedures before use of constructed projects in accordance with requirements under PRC laws or in a timely manner may subject us to legal or regulatory sanctions, such as the imposition of fines, suspension of construction or use of such properties, rectification of abovementioned non-compliances within a specified time limit, under limited circumstances, being required to vacate from the properties in question, or requiring us to have the projects demolished.

We use third-party agents to make contributions of social insurance and housing provident fund, which may subject us to penalties.

Companies operating in China are required to complete related registration with the competent authorities and contribute to the social insurance and housing provident fund in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. We use third-party agent(s) to make contributions of social insurance and housing provident fund for a small number of our employees. As advised by our PRC Legal Advisor, whether the practice of engaging third-party human resources agencies to pay social insurance and housing provident funds can fully satisfy the requirements under PRC laws and regulations remains unclear. If the relevant competent government authority is of the view that such arrangement of engaging third-party human resources

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agencies to pay for social insurance and housing provident funds contribution does not satisfy the requirements under relevant PRC laws and regulations, administrative penalties may be imposed on us. As of the Latest Practicable Date, we had not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from the relevant governmental authorities, or received any labor arbitration application from employees for not contributing to the social insurance and housing provident fund directly. However, if the relevant competent government authority is of the view that this third-party agency arrangement does not satisfy the requirements under the relevant PRC laws and regulations in respect of a housing provident fund, we may be ordered to pay the outstanding balance to the relevant local authority within a prescribed period of time, failing which the government authority can apply to the People’s Court for compulsory enforcement, but no penalties are provided under the relevant PRC laws and regulations; and, in respect of social insurance, we might be ordered to pay the outstanding balance within a certain period of time and a late fee that equals 0.05% of the total outstanding balance per day from the date of the failure to make payment, failing which we may be subject to a fine, ranging from one to three times the total outstanding balance. As advised by our PRC Legal Adviser, if we can pay the outstanding balance to the relevant authorities within a certain period of time when we are required to do so, the likelihood of us being subject to fines by the relevant government authorities is low. We cannot assure you that local authorities will not impose fees, pecuniary penalties or other administrative actions on us for our historical non-compliance.

RISKS RELATING TO DOING BUSINESS IN CHINA

Changes in China’s economic, political or social conditions or government policies could have a material effect on our business and results of operations.

A significant portion of our operations are conducted in China. Accordingly, our results of operations, financial condition and prospects are subject, to a significant degree, to the economic, political, social and legal developments in China. Generally, the PRC government regulates the economy and related industries by imposing industrial policies and regulating the PRC’s macro-economy through fiscal and monetary policies. During the past decades, PRC Government has taken various actions to promote a market economy and the establishment of sound corporate governance in business entities. The PRC government also exerts significant influence over China’s economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Whilst the PRC economy has experienced significant growth over the past decades, the growth rate of the Chinese economy has gradually slowed, and China has undergone the impact of the COVID-19 pandemic on the Chinese economy in a period of 2020 to 2022, and such impact may still count. It may be difficult for us to predict all the risks and uncertainties that we may face as a result of current economic, political, social and regulatory developments; any prolonged slowdown in the Chinese economy may reduce our clients’ demand for our products and services and materially and adversely affect our business and results of operations. Furthermore, any major changes in the policies of the PRC government, or in the laws and regulations of China, could have a material impact on the overall economic growth of China.

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The PRC legal system is evolving, and the resulting uncertainties could adversely affect us.

We conduct our business primarily through our subsidiaries and consolidated affiliated entities in China. Our operations in China are governed by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference, but have limited precedential value.

As the legislation in China and the PRC legal system has continued to evolve rapidly over the past decades, and the PRC government has made significant progress in, for example, promulgating laws and regulations related to economic affairs and matters, such laws and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, many of these laws and regulations are relatively new and there is a limited volume of published decisions and enactments. In particular, there exist substantial uncertainties surrounding the evolvement, interpretation and enforcement of regulatory requirements of cybersecurity, data security, privacy protection as well as anti-monopoly policies, and we may need to take certain corresponding measures to maintain our regulatory compliance, such as adjusting the relevant business or transactions and introducing compliance experts and talents, which may incur additional related costs and adversely impact our business. As a result, the interpretations of many laws, regulations and rules are not always uniform, and enforcement of these laws, regulations and rules involves uncertainties, which may limit legal protections available to us. Therefore, there are uncertainties involved in their implementation and interpretation, and it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection available to you and us. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

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

We are a holding company, and we may rely on dividends and other distributions on equity paid by WFOE for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and to service any debt we may incur. Additionally, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other payments to us. Furthermore, the PRC tax authorities may require our PRC subsidiaries to adjust their taxable income under the contractual arrangement they currently have in place with our variable interest entity in a manner that would materially and adversely affect their ability to pay dividends and other payments to us. See “ – Risks Relating to Our Corporate Structure and Contractual Arrangements – Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.”

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Any limitation on the ability of our PRC subsidiaries to pay dividends or make other payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See also “ – If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in PRC taxation and implications upon us and our non-PRC shareholders.”

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

Under PRC laws and regulations, we are permitted to utilize the [REDACTED] from this [REDACTED] to fund our PRC subsidiaries by making loans to, or additional capital contributions to, our PRC subsidiaries, subject to applicable government registration and approval requirements. These PRC laws and regulations may significantly limit our ability to use Renminbi converted from the net [REDACTED] of this [REDACTED] to fund the establishment of new entities in China by our PRC subsidiaries, to invest in or acquire any other PRC companies through our PRC subsidiaries, or to establish a new variable interest entity in China. According to the relevant PRC regulations on foreign-invested enterprises in the PRC, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings and registration with SAMR and other governmental authorities in the PRC. In addition: (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local counterparts; and (ii) each of our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount as recorded in the filings with competent governmental authorities or the upper limit calculated based on a statutory formula under the macro-prudential management of full-covered cross-border financing by SAFE and PBOC. Any medium- or long-term loan to be provided by us to our variable interest entity and its subsidiaries must be recorded and registered by the NDRC and SAFE or its local counterparts. Moreover, we cannot assure you that we will be able to complete the necessary registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the [REDACTED] we received or expect to receive from our offshore [REDACTED] and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises (“Circular 19”), which took effect on June 1, 2015 and was amended on December 30, 2019. Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises, and allows foreign-invested enterprises to

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settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using RMB funds converted from their foreign exchange capital for expenditures beyond their business scope. On June 9, 2016, SAFE promulgated the Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange (“Circular 16”). Circular 16 prohibits foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope, investment and financing (except for securities investment or non-guaranteed bank products), providing loans to non-affiliated enterprises or constructing or purchasing real estate that is not for self-use. In January 2017 and April 2020, SAFE further promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (“Circular 3”) and the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (“Circular 8”), respectively. Circular 3 stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, while Circular 8 stipulates that the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. For further information, see “Regulatory Overview – Regulations – Regulations Relating to Foreign Exchange – Foreign Currency Exchange.” Circular 19, Circular 16, Circular 3 and Circular 8 may significantly limit our ability to transfer and use our loans or investment in the PRC, which may materially and adversely affect our business, financial condition and results of operations.

Governmental restrictions on currency conversion may limit our ability to utilize our revenue effectively and affect the value of your investment.

The convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China are subject to restrictions of PRC foreign exchange regulations. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade- and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

The PRC government may regulate cross-border transactions falling under capital accounts, and may also restrict access in the future to foreign currencies for current account transactions. We receive substantially all of our revenue in RMB, owing to the overall restrictions on foreign currency, and we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our Shares.

In addition, we are subject to the risk of volatility in future exchange rates, which may have an adverse impact on our financial results. The value of the RMB against other currencies fluctuates, which is subject to changes resulting from the PRC government’s policies, and depends, to a large extent, on domestic and international economic and political developments,

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as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and other currencies in the future. The functional currencies of our certain overseas subsidiaries are currencies other than RMB. At the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. In 2020, 2021 and 2022, we recorded exchange differences on translation of foreign operations of RMB0.3 million, RMB0.2 million and RMB43.5 million, which are recognized in other comprehensive loss.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (“Circular 37”). Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals with a habitual residence in China due to economic interests) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as change of the offshore special purpose vehicle’s name and operation term, or any significant changes with respect to the PRC individual shareholder, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. Circular 37 is applicable to those of our shareholders who are PRC residents, and may be applicable to any offshore acquisitions that we make in the future.

If those of our shareholders who are PRC residents fail to make the required registration or to update the previously-filed registration, our PRC subsidiaries may be prohibited from distributing their profits or the proceeds from any capital reduction, share transfer or liquidation to us, and we may also be prohibited from making additional capital contributions into our PRC subsidiaries. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) (“Notice 13”), effective June 2015, and further amended by SAFE on December 30, 2019. Under Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

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We are committed to complying with, and to ensuring that our shareholders who are subject to the regulations will comply with, the relevant SAFE rules and regulations. As of the Latest Practicable Date, to the best of our knowledge, Mr. ZHAO Xulong and Ms. ZHU Shuina, both Chinese PRC residents, had completed the initial registration under Circular 37. However, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, the update of such registration might not always be practically available in all circumstances as prescribed in those regulations. In addition, we may not be fully informed of the identities of all the PRC residents holding direct or indirect interest in our Company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or continuously comply with all requirements under Circular 37 or other related rules. The failure or inability of the relevant shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, or on the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China, and the approval of the CSRC or other PRC government authorities may be required in connection with this [REDACTED].

The M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, among other things, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that the foreign investor should submit a declaration to the MOFCOM in advance of any change-of-control transaction in which a foreign investor acquires control of a PRC domestic enterprise and which involves any of the following circumstances: (i) an important industry is concerned; (ii) such transaction involves factors that impact or may impact national economic security; or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. We do not expect that any of our further mergers and acquisitions will trigger the requirement to submit such declaration to MOFCOM under each of the above-mentioned circumstances or any review by other PRC government authorities. Moreover, the Anti-Monopoly Law (中華人民共和國反壟斷法) promulgated by the Standing Committee of the National People’s Congress which was promulgated in 2007, and was last revised on June 24, 2022, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be notified and cleared by the Anti-monopoly Law Enforcement Agency of the State Council before they can be completed. In addition, Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, effective in September 2011 and Measures for the Security

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Review of Foreign Investment that came into effect in January 2021, require acquisitions by foreign investors of PRC companies engaged in certain industries that are crucial to national security to be subject to security review before consummation of any such acquisition.

The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, in the event that the special purpose vehicle acquires shares of, or equity interests in, the PRC companies in exchange for the shares of offshore companies.

We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Our PRC Legal Advisors are of the opinion that, based on its understanding of the current PRC laws and regulations, such CSRC approvals for our [REDACTED] is not required because: (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether a [REDACTED] such as ours is subject to the M&A Rules; (ii) the WFOE was not established through mergers or acquisitions of domestic companies owned by PRC companies or individuals as defined under the M&A Rules; and (iii) no provision in the M&A Rules clearly classifies contractual arrangements as types of transaction subject to the M&A Rules. However, uncertainties still exist as to how the M&A Rules and other PRC laws, regulations and government policies will be interpreted and implemented or whether the relevant authorities might promulgate further requirements. Recently, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. See “Regulatory Overview – Regulations – Regulations Relating to Foreign Exchange – Overseas Listing and M&A.” As these opinions are recently issued, official guidance and related implementation rules have not been issued; however, the interpretation of these opinions remains unclear at this stage. We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that approval from the CSRC or other regulatory authorities or other procedures are required for this [REDACTED], we may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization for this [REDACTED]. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for this [REDACTED], we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Consequently, failure to comply with these regulatory

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authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the [REDACTED] from this [REDACTED] into China, halting this [REDACTED], or result in other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our shares. The regulatory authorities also may take actions requiring us, or making it advisable for us, to halt this [REDACTED] before settlement and delivery of the shares [REDACTED] hereby. Thus, any uncertainties or negative publicity regarding such approval requirement could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of our shares.

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and five supporting guidelines, which have come into effect on March 31, 2023. Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either directly or indirectly, are required to fulfill the filing procedure with the CSRC and report the relevant information. The Overseas Listing Trial Measures also provides that the overseas securities offering and listing will be deemed as an indirect overseas offering by PRC domestic companies if (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year are accounted for by PRC domestic companies; and (ii) the issuer’s principal business activities are conducted in the PRC, or its principal place(s) of business are located in the PRC, or the senior executives responsible for its business operations and management are mostly Chinese citizens or persons domiciled in the PRC. Where an issuer submits an application for [REDACTED] to competent overseas regulators, it must file with the CSRC within three business days after such application is submitted to the overseas regulators.

On the same day, CSRC also held a press conference for the release of the Overseas Listing Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which among others, clarifies that (i) the PRC domestic companies that have already been listed overseas on or before the effective date of the Overseas Listing Trial Measures (i.e., March 31, 2023) shall be deemed as existing issuers, or the Existing Issuers. Existing Issuers are not required to complete the filling procedures immediately, and they shall be required to file with the CSRC when subsequent matters such as refinancing are involved; (ii) on or prior to the effective date of the Overseas Listing Trial Measures, PRC domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from competent overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing prior to the completion of their overseas offering and listing; (iii) a six-month transition period from March 31, 2023 will be granted to PRC domestic companies which, prior to the effective date of the Overseas Listing Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States)

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for their indirect overseas offering and listing, and if such companies complete their overseas offering and listing within such six months, they are deemed as Existing Issuers. However, if such domestic companies fail to complete the overseas issuance and listing within such six-month transition period, they shall file relevant documents with the CSRC in accordance with the requirements. At the press conference held for the Overseas Listing Trial Measures, officials from the CSRC clarified that, as for companies seeking the overseas listing with contractual arrangements, the CSRC will solicit opinions from relevant regulatory authorities and complete the filing of the overseas listing of such companies if they duly meet the compliance requirements, and support the development and growth of these companies by enabling them to utilize resources in different markets.

Based on the foregoing, if prior to the effective date of the Overseas Listing Trial Measures, the domestic enterprises have a valid overseas listing application and have not received the consent of the overseas regulator or overseas stock exchange, they may reasonably arrange the timing of filing the application and should complete the filing before the overseas offering and listing. As we have already submitted valid application but have not obtained approval for [REDACTED] and the [REDACTED] prior to the effective date of the Overseas Listing Trial Measures, we, for so long as the current application remains valid, are required to reasonably arrange the timing of filing the application and should complete the filing before the [REDACTED] and the [REDACTED]. We have submitted the filing materials in accordance with the Overseas Listing Trial Measures and aim to complete the filing before the [REDACTED] hearing, if we fail to complete the filing with the CSRC in a timely manner, or at all, due to our adoption of Contractual Arrangements, we may need to restructure our corporate structure and unwind our Contractual Arrangements for the purpose of fulfilling the filing requirement, which may cause additional costs and is time-consuming, and could materially and adversely affect our business, financial condition, results of operations, our ability to raise funds and our prospects. If we are determined not in compliance with the requirements under the Overseas Listing Trial Measures, thereby being unable to complete the filing with the CSRC, we may need to postpone or terminate the [REDACTED] and the [REDACTED]. However, given that the Overseas Listing Trial Measures were recently promulgated and took effect, there remain substantial uncertainties as to their interpretation, application, and enforcement and how they will affect our operations and our future financing.

We cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirement on us or otherwise tighten the regulations on companies with contractual arrangements. If it is determined that we are subject to any CSRC approval, filing, other governmental authorization or requirements for the [REDACTED], we cannot assure you that we could obtain such approval or meet such requirements in a timely manner or at all. Such failure may subject us to fines, penalties or other sanctions which may have a material adverse effect on our business and financial conditions as well as our ability to complete the [REDACTED].

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The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt this [REDACTED] or future capital raising activities before settlement and delivery of the shares offered hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for this [REDACTED] or future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of the shares.

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

Under SAFE regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. See “Regulatory Overview – Regulations – Regulations Relating to Foreign Exchange – Foreign Exchange Registration of Overseas Investment and Share Incentive Plan by PRC Residents.” We and our PRC resident employees who participate in our share incentive plans will be subject to these regulations when our Company becomes publicly listed in Hong Kong. If we or any of these PRC resident employees fail to comply with these regulations, we or such employees, consultants and advisors may be subject to fines and other legal or administrative sanctions. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in PRC taxation and implications upon us and our non-PRC shareholders.

Under the Enterprise Income Tax Law and its implementing rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a PRC resident enterprise. The implementing rules define the term “de facto management body” as the body that exercises full and substantial control over, and overall management of, the business, productions, personnel, accounts and properties of an enterprise. The SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People’s Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies on April 22, 2009, and most recently amended on December 29, 2017 (“Circular 82”), which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, the criteria set forth in the circular may reflect the SAT general position on how the “de facto management body” test should be

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applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made by or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax-resident status of an enterprise is subject to determination by the PRC tax authorities, and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we will be subject to the enterprise income tax on our global income at the rate of 25% and we will be required to comply with PRC enterprise income tax reporting obligations.

You may be subject to PRC withholding tax on dividends from us, and PRC income tax on any gain realized on the transfer of our Shares.

Under the current tax law in China, any dividends paid by us to non-PRC enterprise shareholders may be subject to PRC withholding tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such dividends are deemed to be from PRC sources. In addition, gains realized on the sale or other disposition of our Shares may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such gains are deemed to be from PRC sources. Any PRC tax liability may be reduced under applicable tax treaties. However, it is unclear whether non-PRC shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any PRC tax may reduce the returns on your investment in the Class B Shares.

We may not be able to obtain certain benefits under the relevant tax arrangement for dividends paid by our PRC subsidiaries to us through our Hong Kong subsidiaries.

We are a holding company incorporated under the laws of the Cayman Islands and, as such, rely on dividends and other distributions on equity from WFOE to satisfy part of our liquidity requirements. Pursuant to the Enterprise Income Tax Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC “resident enterprise” to a foreign enterprise investor, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, effective from December 8, 2006, such withholding tax rate may be lowered to 5% if a Hong Kong

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resident enterprise owns no less than 25% of a PRC enterprise’s shares directly. On February 3, 2018, the SAT promulgated the Announcement of the State Administration of Taxation on Issues concerning “Beneficial Owners” in Tax Treaties which specifies different factors to be taken into consideration when analyzing whether an applicant could be recognized as a beneficial owner. If our Hong Kong subsidiaries are not considered as a beneficial owner, they might not be able to enjoy the tax preferential rate of 5%.

Furthermore, the Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Benefits, which became effective in January 2020, require non-resident enterprises to determine whether they are qualified to enjoy the preferential tax treatment under the tax treaties, and file relevant materials with the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. See “Regulatory Overview – Regulations – Regulations Relating to Tax in the PRC – Dividend Withholding Tax.” We intend to re-invest all earnings generated from our PRC subsidiaries for the operation and expansion of our business in China in the foreseeable future. We cannot assure you that our determination regarding our qualification to enjoy preferential tax treatment will not be challenged by the relevant tax authority or that we will be able to complete the necessary filings with the relevant tax authority and enjoy the preferential withholding tax rate of 5% under the arrangement with respect to any dividends to be paid by our PRC subsidiaries to our Hong Kong subsidiaries.

We and our shareholders face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises, assets attributed to a PRC establishment of a non-PRC company, or immovable properties located in China owned by non-PRC companies.

The SAT issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises on February 3, 2015 (“Bulletin 7”), and amended on October 17, 2017 and December 29, 2017, which partially replaced and supplemented previous rules under the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (“Circular 698”), which was issued by the SAT in 2009. Pursuant to Bulletin 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if the arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from the indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, “PRC taxable assets” include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises. Gains derived from the transfer of PRC taxable assets by a direct holder that is a non-PRC resident enterprise are subject to PRC enterprise income taxes. When determining whether an arrangement has a “reasonable commercial purpose”, the following factors are considered:

- whether the value of the equity interest of the relevant offshore enterprise is mainly derived from PRC taxable assets;

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- whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China;
- whether the income of the relevant offshore enterprise is mainly generated from China;
- whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature as evidenced by actual function and risk exposure;
- how long the existing business model and organizational structure of the relevant offshore enterprise has existed;
- the income tax payable outside of PRC on the gains derived from the indirect transfer of PRC taxable assets;
- the replicability of the arrangement by direct transfer of PRC taxable assets; and
- the tax situation of such indirect transfer and applicable tax treaties or similar arrangements.

Gains derived from an indirect offshore transfer of assets of a PRC establishment or place of business are to be included in the enterprise income tax filing of the PRC establishment or place of business, and are subject to a PRC enterprise income tax rate of 25%. In case of a transfer of immovable properties located in China or of equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax rate of 10% applies, subject to available preferential tax treatment under applicable tax treaties or similar arrangements. The party who is obligated to pay for the transfer has the withholding obligation with respect to the transfer. Where the payor fails to withhold sufficient tax, the transferor is required to declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to overdue payments, or fines and other rectifying measures. Bulletin 7 does not apply to sales of shares by investors through a public stock exchange if the shares were acquired by the investors through a public stock exchange.

We face uncertainties as to the application of Bulletin 7 and previous rules under Circular 698, including reporting and other obligations with respect to certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries or investments. We may be subject to filing obligations or taxed as the transferor, or subject to withholding obligations as the transferee, in the transactions. For transfer of our shares by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in filings under Circular 698 and Bulletin 7. We may be required to allocate valuable resources to comply with Circular 698 and Bulletin 7, to request relevant transferors from whom we purchase taxable assets to comply with these rules, or to establish that we should not be taxed under these rules, which may have a material adverse effect on our financial condition and results of operations.

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It may be difficult to effect service of process upon us or our directors or officers named in this document who reside in China, or to enforce foreign court judgments against them in China.

It may be difficult to effect service of process outside China upon certain of our directors and officers, including with respect to matters arising under applicable securities laws. It may be difficult for you to enforce against us or our directors or officers in China any judgments obtained from courts outside of China.

On July 14, 2006, mainland China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “2006 Arrangement”), pursuant to which a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a mainland China Court or a Hong Kong court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in mainland China if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the Arrangement may still be uncertain. On January 18, 2019, the Supreme People’s Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “2019 Arrangement”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between mainland China and Hong Kong, based on criteria other than a written bilateral choice of court agreement. The 2019 Arrangement will only take effect from its commencement date, which is not yet known. The 2019 Arrangement will, upon its coming into effect, supersede the 2006 Arrangement. However, the 2006 Arrangement will continue to apply to a choice of court agreement in writing signed before the 2019 Arrangement comes into effect. Therefore, before the 2019 Arrangement becomes effective, recognition and enforcement in the PRC of judgments of a foreign court may be difficult.

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The PRC Labor Contract Law, any labor shortages, increased labor costs or other factors affecting our labor force may adversely affect our business, profitability and reputation.

We expect that our labor costs, including wages and employee benefits, will increase in line with China’s overall economy and the average wage in China, which have increased in recent years and are expected to continue to grow.

We have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of an employee’s probation and unilaterally terminating labor contracts. In October 2010, the Standing Committee of the National People’s Congress promulgated the PRC Social Insurance Law, which came into effect on July 1, 2011, which was amended on December 29, 2018. On April 3, 1999, the State Council promulgated the Regulations on the Administration of Housing Accumulation Funds, which was amended on March 24, 2002 and March 24, 2019. Companies registered and operating in China are required under the Social Insurance Law and the Regulations on the Administration of Housing Accumulation Funds to apply for social insurance registration and housing fund deposit registration within 30 days of their establishment and to pay for their employees’ different social insurance requirements, including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to the extent required by law. During the Track Record Period, three of our PRC subsidiaries that do not hire any employees and are not a party to any employment agreement, have yet to complete the housing provident fund deposit registrations. We could be subject to orders by the competent labor authorities for rectification of this oversight, and failure to comply with the orders may further subject us to administrative fines. Under the Regulations on Management of Housing Fund (《住房公積金管理條例》), failure to timely complete housing provident fund deposit registration will subject each non-compliant subsidiary to a fine ranging from RMB10,000 to RMB50,000. As of the Latest Practicable Date, we had not been ordered by any relevant government authorities to complete such registrations within a stipulated time period, or to pay any administrative fines in relation to the failure of completing such registrations.

As the application and interpretation of labor-related laws and regulations are limited and still evolving, our employment practices may violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied, or will be able to comply, with all labor-related law and regulations, including those relating to obligations to make full social insurance payments and contribute to the housing provident funds. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected. In addition, any labor shortages, increased labor cost or other factors affecting our labor force in relation thereto, may adversely affect our business, profitability and reputation.

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If our preferential tax treatments are revoked, become unavailable, or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, we may be required to pay tax, interest and penalties in excess of our tax provisions, and our results of operations could be materially and adversely affected.

Operating in the high-technology and software industry, a number of our PRC subsidiaries enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. Our PRC subsidiaries may, if they meet the relevant requirements, qualify for three main types of preferential treatment, which are high and new technology enterprises specially supported by mainland China, and software enterprises and key software enterprises within the scope of the mainland Chinese national plan.

For a qualified high and new technology enterprise, the applicable enterprise income tax rate is 15%. The high and new technology enterprise qualification is re-assessed by the relevant authorities every three years. Moreover, a qualified software enterprise is entitled to a tax holiday consisting of a two-year tax exemption, beginning with the first profit-making calendar year and a 50% tax reduction for the subsequent three years. The software enterprise qualification is subject to an annual assessment. If our preferential tax treatments are revoked, become unavailable, or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, the discontinuation of any of the various types of preferential tax treatment we enjoy could materially and adversely affect our results of operations. See “Regulatory Overview – Regulations – Regulations Relating to Tax in the PRC – Dividend Withholding Tax.”

RISKS RELATING TO OUR CORPORATE STRUCTURE AND CONTRACTUAL ARRANGEMENTS

If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities.

Current PRC laws and regulations impose certain restrictions and prohibitions on foreign ownership of companies that engage in the provision of cloud computing and internet data center business, value-added telecommunications services, live streaming businesses and other related businesses (the “**Relevant Business**”).

We are a company incorporated under the laws of the Cayman Islands; and the WFOE, our PRC subsidiary, is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we conduct Relevant Businesses in the PRC through our Consolidated Affiliated Entities, based on the Contractual Arrangements. Such Contractual Arrangements enable us to: (i) receive substantially all of the economic benefit from our Consolidated Affiliated Entities in consideration for the services provided by the WFOE to the Consolidated Affiliated Entities; (ii) exercise effective control over our Consolidated Affiliated Entities; and (iii) hold an

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exclusive option to purchase all or part of the equity interests in Consolidated Affiliated Entities when and to the extent permitted by PRC laws. The Contractual Arrangements allow the results of operations and assets and liabilities of the Consolidated Affiliated Entities to be consolidated into our results of operations and assets and liabilities under IFRS as if they were wholly-owned subsidiaries of our Group (except certain minority interest therein). See “Contractual Arrangements – Contractual Arrangements – Overview.”

Our PRC Legal Advisors are of the opinion that upon execution of the Contractual Arrangements, (i) each agreement under the Contractual Arrangements is binding on the parties thereto and none of them would be void under the PRC Civil Code, and (ii) except for the dispute resolution clause, the liquidation or dissolution clause, and certain clauses regarding the remedies that may be awarded by the arbitration tribunal and the power of courts in Hong Kong and the Cayman Islands to grant interim remedies in support of the arbitration and liquidation arrangement of the Consolidated Affiliated Entities, see “ – We conduct our business operations in the PRC through the Consolidated Affiliated Entities by way of the Contractual Arrangements, but certain terms of the Contractual Arrangements may not be enforceable under PRC laws.” The Contractual Arrangements, taken individually or collectively, are valid, legally binding, enforceable against each party of such agreements in accordance with their terms, subject as to enforceability to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors’ rights generally, the discretion of relevant Government Agencies in exercising their authority in connection with the interpretation and implementation thereof and the application of relevant PRC Laws and policies thereto, and to general equity principles. However, there can be no assurance that the PRC government authorities will take a view in the future that is not contrary to or otherwise different from the opinion of our PRC Legal Advisors stated above, and there is also the possibility that the PRC government authorities may adopt new laws and regulations in the future which may invalidate the Contractual Arrangements. If the PRC government determines that we are in violation of PRC laws or regulations or lack the necessary permits or approvals to operate our business, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations or failures, including, but not limited to:

- revoking our business and/or operating licenses;
- discontinuing or restricting our operations;
- imposing fines or confiscating any of our income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which we or the WFOE and our Consolidated Affiliated Entities may not be able to comply;
- requiring us or the WFOE and our Consolidated Affiliated Entities to restructure our relevant ownership structure or operations; or
- restricting or prohibiting our use of the [REDACTED] from the [REDACTED] or other of our financing activities to finance the business and operations of our Consolidated Affiliated Entities and their respective subsidiaries.

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Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of the Consolidated Affiliated Entities in our consolidated financial statements, if the PRC governmental authorities find our legal structure and contractual arrangements to be in violation of PRC laws, rules and regulations. If any of these penalties results in our inability to direct the activities of the Consolidated Affiliated Entities that most significantly impact their economic performance and/or our failure to receive the economic benefits from the Consolidated Affiliated Entities, we may not be able to consolidate the Consolidated Affiliated Entities into our consolidated financial statements in accordance with IFRS.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership, and Shanghai Trueland or the Registered Shareholders may fail to perform their obligations under our Contractual Arrangements.

We rely on a series of Contractual Arrangements with the Consolidated Affiliated Entities to control and operate the Relevant Businesses. The Contractual Arrangements are intended to provide us with effective control over our Consolidated Affiliated Entities and allow us to obtain economic benefits from them. See “Contractual Arrangements.”

These Contractual Arrangements may not be as effective in providing control over the Consolidated Affiliated Entities as direct ownership. If we had direct ownership of the Consolidated Affiliated Entities, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the Consolidated Affiliated Entities, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current Contractual Arrangements, we rely on the performance by Shanghai Trueland and the Registered Shareholders under the contracts to exercise control over the Consolidated Affiliated Entities. If Shanghai Trueland or the Registered Shareholders fail to perform their respective obligations under the Contractual Arrangements, we may incur substantial costs and expend substantial resources to enforce our rights. All of the Contractual Arrangements are governed by, and interpreted in accordance with, PRC laws, and disputes arising from the Contractual Arrangements will be resolved through arbitration in China. However, there are very few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC laws. There remain significant uncertainties regarding the outcome of arbitration. Such uncertainties could limit our ability to enforce the Contractual Arrangements. In the event we are unable to enforce the Contractual Arrangements, or we experience significant delays or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities and may lose control over the assets owned by the Consolidated Affiliated Entities. As a result, we may be unable to consolidate the Consolidated Affiliated Entities in our consolidated financial statements, and our ability to conduct our business may be adversely affected.

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We may lose the ability to use and enjoy assets held by the Consolidated Affiliated Entities that are material to our business operations if the Consolidated Affiliated Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.

We do not have priority pledges and liens against the assets of our Consolidated Affiliated Entities. If the Consolidated Affiliated Entities undergo an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of their assets and we may not have priority against such third-party creditors on the assets of our Consolidated Affiliated Entities.

Under the Contractual Arrangements, the Registered Shareholders have covenanted that they shall not sell, transfer, pledge or dispose of in any other manner any assets or the legal or beneficial interest in Shanghai Trueland, or allow the encumbrance thereon of any security interest, except for the Share Pledge Agreement, without the prior written consent of the WFOE. In addition, the Registered Shareholders have covenanted that they shall not request Shanghai Trueland to distribute dividends or profits in any form, propose resolutions in relation to this at a general meeting, or vote to pass such resolutions without the prior written consent of the WFOE. In the event that the Registered Shareholders breach the relevant covenants, we may need to resort to legal proceedings to enforce the terms of the contractual arrangements. Any such legal proceedings may be costly and may divert our management’s time and attention away from the operation of our business, and the outcome of such legal proceeding is uncertain.

The Registered Shareholders may have conflicts of interest with us, which may materially and adversely affect our business.

Our control over the Consolidated Affiliated Entities is based upon the Contractual Arrangements with Shanghai Trueland and the Registered Shareholders. The Registered Shareholders may potentially have conflicts of interest with us and breach their contracts or undertaking if it would further their own interest or if they otherwise act in bad faith. We cannot assure you that, when conflicts arise, the Registered Shareholders will act in the best interest of our Company or that conflicts will be resolved in our favor. The Registered Shareholders may breach or cause Shanghai Trueland to breach or refuse to renew the Contractual Arrangements that allow us to effectively control and receive economic benefits from our Consolidated Affiliated Entities. If we cannot resolve any conflicts of interest or disputes between us and the Registered Shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

We conduct our business operations in the PRC through the Consolidated Affiliated Entities by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

All the agreements which constitute the Contractual Arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these agreements would be interpreted in accordance with PRC laws and disputes would be resolved in accordance with PRC legal procedures. Uncertainties in the PRC legal system could limit our ability to enforce the Contractual Arrangements. In the event that we are unable to

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enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the Consolidated Affiliated Entities, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected.

The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the equity interests, assets or properties of the Consolidated Affiliated Entities, or compulsory relief (e.g., for the conduct of business or to compel the transfer of assets), or order the winding up of the Consolidated Affiliated Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim relief to a party when requested for the purpose of preserving the assets and properties or enforcement measures, subject to the requirements under the PRC laws. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of, or equity interests in, the Consolidated Affiliated Entities in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. Furthermore, the provision provides that, in the event of a mandatory liquidation required by PRC laws, the Consolidated Affiliated Entities shall sell all the assets to WFOE or its designated party at the lowest price to the extent allowed by the PRC laws. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by the Consolidated Affiliated Entities and/or its shareholders, and if we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities, which could materially and adversely affect our ability to conduct our business.

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

Pursuant to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the “FITE Regulations”) promulgated by the State Council, foreign investors are not allowed to hold more than 50% of the equity interests of any company providing value-added telecommunications services (excluding e-commerce business, domestic multiparty communications, store-and-forward and call centers). In addition, the main foreign investor who invests in a value-added telecommunications business in the PRC must possess a proven track record and experience in operating value-added telecommunications businesses (the “Qualification Requirements”). On March 29, 2022, the State Council promulgated the Decision on Amending and Abolishing Some Administrative Regulations (《關於修改和廢止部分行政法規的決定》) (“Order No. 752”), according to which, the Qualification Requirements have been removed since May 1, 2022. Nevertheless, under the amended FITE Regulations, whilst foreign investors are able to invest in entities holding a value-added telecommunication license (holding up to 50% equity interest), whether an entity held by foreign shareholders may hold a value-added telecommunication license is still subject to the examination of substance and merits by the relevant authority. If the PRC laws allow foreign investors to invest in value-added

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telecommunications enterprises in the PRC in the future, we may be still subject to the an examination by the relevant authority before we are able to unwind the Contractual Arrangements, or if we attempt to unwind the Contractual Arrangements before we pass the examination of the relevant authorities we may be ineligible to operate our value-added telecommunication enterprises and may be forced to suspend their operations, which could materially and adversely affect our business, financial condition and results of operations.

Pursuant to the Contractual Arrangements, WFOE or its designated person(s) has the irrevocable, unconditional and exclusive right to purchase all or any part of the equity interests in Shanghai Trueland from the Registered Shareholders in the WFOE’s absolute discretion, to the extent permitted by PRC laws. The consideration shall be equivalent to the amount of registered share capital contributed by the Registered Shareholders and is returnable to the WFOE or its designated person(s) as permitted under the PRC laws and regulations.

The equity transfer may be subject to the approvals from, or filings with, the MOFCOM, the MIIT, SAMR and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authorities.

Our current corporate structure and business operations may be affected by the Foreign Investment Law.

On March 15, 2019, the NPC promulgated the Foreign Investment Law or the FIL, which became effective on January 1, 2020 and replaced the outgoing laws regulating foreign investment in China, namely the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, as well their implementation rules and ancillary regulations, and the Outgoing FIE Laws. See “Regulatory Overview – Regulations – Regulations Relating to Foreign Investment – Foreign Investment Law and Its Implementation Rules.”

Meanwhile, the Implementation Rules to the PRC Foreign Investment Law came into effect as of January 1, 2020, which clarified and elaborated the relevant provisions of the Foreign Investment Law. However, uncertainties still exist in relation to interpretation and implementation of the FIL, especially in regard to, among other things, the nature of consolidated affiliated entity contractual arrangements. While FIL does not define contractual arrangements as a form of foreign investment explicitly, it has a catch-all provision under the definition of “foreign investment” that includes investments made by foreign investors in the PRC through other means as provided by laws, administrative regulations or the State Council, we cannot assure you that future laws and regulations will not stipulate contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that our control over our Consolidated Affiliated Entities through Contractual Arrangements will not be deemed as foreign investment in the future. In the event that any possible implementing regulations of the FIL, any other future laws, administrative regulations or provisions deem contractual arrangements as a form of foreign investment, our Contractual Arrangements may be deemed as invalid and illegal, and we may be required to unwind the Contractual Arrangements and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to existing

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Contractual Arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance, financial condition and business operations.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among our PRC subsidiaries and our Consolidated Affiliated Entities do not represent an arm’s-length price, and adjust our Consolidated Affiliated Entities’ income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our Consolidated Affiliated Entities, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to our Consolidated Affiliated Entities for under-paid taxes. Our results of operations may be materially and adversely affected if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for the Shares, so the liquidity and market price of our Shares may be volatile.

Prior to completion of the [REDACTED], there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the [REDACTED]. The [REDACTED] is the result of negotiations among our Company and the [REDACTED] (for themselves and on behalf of the [REDACTED]), which may not be indicative of the price at which our Shares will be traded following completion of the [REDACTED]. The market price of our Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

The trading price of the [REDACTED] may be volatile, which could result in substantial losses to you.

The trading price of our [REDACTED] may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility of the price of, and trading volumes for, our [REDACTED]. A number of PRC-based

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companies have listed their securities, and some are in the process of preparing for the listing of their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their offerings. The trading performances of the securities of these companies at the time of, or after, their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong, and consequently may impact the trading performance of our [REDACTED]. These broad market and industry factors may significantly affect the market price and volatility of our [REDACTED], regardless of our actual operating performance.

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

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

Future issues, offers, or sale of our Shares may adversely affect the prevailing market price of our Shares and our ability to raise future capital at a favorable time and price.

The market price of our Shares could decline as a result of substantial future sales of our Shares or other securities relating to Shares in the public market. Such a decline could also occur with the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could materially adversely affect the prevailing market price of our Shares and our ability to raise future capital at a favorable time and price. Our shareholders could experience a dilution in their holdings upon the issuance or sale of additional securities for any purpose.

We may be unable to declare dividends on our Shares in the future.

We currently do not have any predetermined dividend payout ratio. The amount of dividends actually distributed to our Shareholders will depend on our earnings and financial condition, operating requirements, capital requirements, and any other conditions that our Directors may deem relevant, and will be subject to the approval of our Shareholders. Our Board has the absolute discretion to recommend any dividends.

Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial position, operating requirements, capital requirements, and any other conditions that our Directors may deem relevant, and will be subject to the approval of our Shareholders. Our future payments of dividends will be at the absolute discretion of our Board. We cannot assure you when or whether we will pay dividends in the future.

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If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price and trading volume of our Shares may decline.

The trading market for our Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Shares, the price of our Shares would likely decline. If one or more of these analysts cease in their coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

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

This document, particularly the sections headed “Business” and “Industry Overview”, contains certain information and statistics relating to the SaaS and online marketing markets derived from various official government publications. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any other party involved in the [REDACTED], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this document being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

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