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## RISK FACTORS

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*An investment in our Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an investment in our Shares.*

*The occurrence of any of the following events could materially and adversely affect our business performance, financial condition, results of operations or prospects. If any of these events occur, the [REDACTED] of our Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.*

### RISKS RELATING TO OUR BUSINESS AND INDUSTRY

**Competition in the SMB finance and taxation solution industry in China is intense. Failure to effectively compete with our competitors may result in reduced sales, reduced margins, losses, or failure to maintain or expand customer bases, which could materially and adversely affect our business, results of operations and financial condition.**

We operate in the fragmented, competitive and rapidly evolving SMB finance and taxation solution industry in China. We face intense competition across our businesses, and we expect the competitive landscape to intensify in the future. Our competitors and potential competitors vary in size and in the breadth and scope of the products and/or services they offer, ranging from well-established corporations to emerging start-ups. Our competitors may bring to market superior products and/or services, lower prices, deploy more extensive technical, marketing and other resources, have broader brand recognition, maintain larger customer bases, foster stronger relationships with our existing and potential customers, promote aggressively or launch new products and/or services ahead of us. In addition, we face competition from companies with large operating scale, established customer bases and comprehensive platforms, which could potentially shift or broaden their business and marketing strategies to appeal to our customers, including small and medium businesses.

We are also confronted with competition from companies with different business models, which includes a growing challenge from providers of free or anti-competitive low-price service offerings, or providers of features that we do not offer and customers who have formerly paid for our services may elect to use our competitors’ free offerings instead. These competitive elements could decrease our revenue and profitability, as well as undermine our customer acquisition and retention efforts, which could materially and adversely affect our business, results of operations and financial condition.

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**Failure to keep up with the technological developments in the SMB finance and taxation solution industry in China, or failure to adapt to and allocate our resources among emerging technologies may materially and adversely affect our business, financial condition and results of operations.**

We operate in industries that are characterized by rapidly changing technology and evolving industry standards. The ability to keep innovating and integrating the latest technology into our SATP system is essential to our competitiveness to provide cost-effective solution to our customers, and to ultimately become profitable. Our SATP system is supported by multiple emerging technologies, such as AI and automation technologies. There can be no assurance that our attempts in AI and automation technologies will be fulfilled cost-effectively and widely accepted by our customers, and that the upfront investment and other allocated resources can be recovered in a timely manner.

We face risks when applying new technologies primarily due to the following factors: (i) delays or difficulties in developing the new functions and integrating the new functions into our existing operating systems; (ii) difficulties in allocating proper human resources and budget to the new technological development and proceeding with the development in a cost-saving manner; (iii) failure to function as designed or have unintended consequences; (iv) failure to anticipate changes in the demands and preferences of SMBs; (v) failure to identify and take adequate measures to mitigate the legal risks in integrating our SATP system with the latest technologies, such as data privacy and intellectual property protection; and (vi) failure to attract and retain sufficient research and development professionals with the expertise in the latest technology and understanding in finance and taxation business.

Our competitors may keep up with the new technologies in a more cost-saving and timely manner, which makes their solutions more attractive to SMBs. There can be no assurance that we will be able to keep up with the technological developments of the SMB finance and taxation solution industry in China or adapt to and appropriately allocate resources among emerging technologies and business models.

**Our initiatives to introduce new and enhanced solutions may not succeed, exposing us to additional risks and limiting our future growth.**

We currently derive and expect to continue to derive substantially all of our revenue from our Standard Solution Offering. As such, the continued growth in market demand for this solution is critical to our continued success. We have recently introduced the Premium Solution Offering, but cannot be certain that they will generate significant revenue. Please see “Business — Our Solutions” for details of our Standard Solution Offering and Premium Solution Offering. Accordingly, our business and financial results will be substantially dependent on a limited number of solutions. We believe our future success will largely depend on our ability to enhance existing solutions and to develop and introduce new solutions to our customers.

The success of introduction and enhancements of solutions depends on several factors, including timely completion, introduction and market acceptance. Initial timetables for upgrading the existing solutions and releasing new solutions may not be achieved. We will need to

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continuously modify and enhance our solutions to keep pace with our customers’ changing expectations and requirements, which will require significant time and resources. External factors, such as compliance with applicable laws and regulations, competitive alternatives and shifting market preferences, may also impact our upgrades and development of our solutions. There can be no assurance that the positive research results can be commercially applied to our bundle of offerings and obtain wide market acceptance. The new features of our existing solutions or our new solutions may not be commercially viable and may not reach the industry standards or meet customer demands. We cannot assure you that our efforts in upgrading existing solutions and developing new solutions will guarantee a commercial success.

**If we are unable to attract new customers and expand sales to existing customers, our business growth could be slower than we expect and our business may be harmed.**

Our future growth depends in part upon increasing our customer base. Our ability to achieve significant growth in revenue in the future will depend, in large part, upon the effectiveness of our sales and marketing efforts. In particular, as the average life cycle of SMBs is generally short, we may continuously spend efforts in customer identification and customer acquisition to maintain and grow our customer base. We may have difficulties in attracting potential customers that have already invested substantial personnel and financial resources in an existing solution provider, as such customers may be reluctant or unwilling to engage in a new solution. If we fail to attract new customers or maintain and expand those customer relationships, our revenue will grow slowly than expected and our business will be harmed.

Our future growth also depends upon our ability to attract new customers and sell additional services to our existing customers. It is important for the future growth of our business that our existing customers make additional purchases of our solutions and attract additional customers to subscribe for our solutions. If we are unable to retain existing customers, our customers do not purchase additional solutions or we do not attract new customers, our revenue may grow more slowly than expected, may not grow at all or may decline. Additionally, increasing incremental sales to our customer base may require additional sales efforts and customer acquisition costs, but there can be no assurance that our efforts would result in increased sales to existing customers or additional revenue.

**Our business and growth depend substantially on customers renewing their subscription agreements with us and any decline in our customer renewals could adversely affect our future operating results.**

Our initial subscription period for the majority of our customers is one to two years. To increase our revenue on a continual basis, it is important that our existing customers renew their subscription agreements when the initial contract term expires. Our customers may renew for shorter contract terms or renew for fewer solutions, or may even cancel their agreements at the expiration of the initial term or terminate early. Our customers’ renewal rates may decline or fluctuate as a result of a variety of factors, including their satisfaction with our SATP system or professional services, our pricing or pricing structure, the pricing or capabilities of products or services offered by our competitors, the effects of economic conditions, or reductions in our customers’ spending levels. As the markets for our existing solutions mature, or as current and

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future competitors introduce new products or services that compete with ours, we may experience pricing pressure and be unable to renew our agreements with existing customers or attract new customers at prices that are profitable to us. If this were to occur, it is possible that we would have to change our pricing model, offer price incentives, or reduce our prices. If our customers do not renew their agreements with us or renew on terms less favorable to us, our revenue may decline.

Moreover, with the full launch of the “Golden Tax System (Phase IV)” in China, new competitors have been entering the market continuously, and existing competitors are increasing their investments. Please see “Business — Overview — Our Industry Opportunities” for details of “Golden Tax System (Phase IV).” We expect competition in the SMB finance and taxation solution industry in China to intensify in the future. There can be no assurance that we will be able to compete successfully against our current and future competitors and retain our customers, which may adversely affect our future operating results.

**The development of finance and taxation solutions presents a unique challenge due to rigid development timetable and unpredictable and potentially late development in the tax laws and systems in China. Failure or delay to address the changes in laws and regulations relevant to finance and taxation business in the upgrades of our SATP system could subject us to penalties.**

We are subject to a variety of laws and regulations relevant to our finance and taxation business and the general internet industry, including but not limited to agency bookkeeping, tax-filing, value-added telecommunications, cybersecurity, data privacy and protection, intellectual property, competition, consumer protection, taxation, employment and social security. These laws and regulations are constantly evolving, and the interpretation and implementations of such laws and regulations may vary from different cities, provinces, municipalities and autonomous regions in China.

Our system development cycle for tax preparation and filing module is challenging due to the need to incorporate unpredictable amendments to tax regulations and modify or enhance integration with local government’s electronic tax filing systems as these systems often change how information could be fetched over time. Our customers expect high levels of accuracy and a timely launch is critical to prepare and file their taxes by the tax filing deadline. We cannot predict how complex the regulatory changes will be or the frequency of such changes. When we encounter problems, we may be required to upgrade our system, communicate with affected customers, assist customers with amendments, and clarify with local tax authorities. Any misinterpretation in the regulatory changes by us or delayed release of the upgraded system enhancements reflecting the latest regulatory and industrial policy development may lead to loss of customers and revenue, negative publicity, customer dissatisfaction, and increased operating expenses. Further, as we develop our solutions to connect customers with accounting professionals, we face the risk that these professionals may provide advice that is erroneous, ineffective or otherwise unsuitable. Any such deficiency in the advice given by these professionals may cause harm to our customers, a loss of customer confidence in our services or harm to our reputation or financial results.

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**Our brand and brand names are integral to our success. Our continued success depends on our ability to maintain and enhance our brand awareness and reputation.**

The brand awareness and trust that we have established among SMBs across our nationwide service network have significantly contributed to our historical achievements. We believe that maintaining and enhancing our reputation is critical to our relationships with our existing customers and our ability to attract new customers. The successful promotion of our brand attributes will depend on a number of factors, including our marketing efforts, our ability to continue to deliver high-quality solutions and our ability to successfully differentiate our services from competitive products and/or services. The promotion of our brand requires us to make substantial expenditures, and we anticipate that the expenditures will increase as our market becomes more competitive, as we expand into new markets and as more sales are generated. To the extent that these activities yield increased revenue, our revenue may not offset the increased expenses we incur. If we do not successfully maintain and enhance our brand, our business may not grow, we may have weaker pricing power than competitors, and we could lose customers or fail to attract potential customers, all of which would adversely affect our business, results of operations and financial condition.

**If we fail to operate our front offices under the Direct-to-Business Model effectively and competitively, our business, prospects, results of operations and financial condition could be materially and adversely affected.**

As of the Latest Practicable Date, we had 92 front offices covering 46 cities in China. In 2020, 2021 and 2022, the revenue generated from our Direct-to-Business Model amounted to RMB185.7 million, RMB243.0 million and RMB393.7 million, respectively, accounted for 67.4%, 70.1% and 76.3% of our total revenue for the same years, respectively. We benefit from our front offices to precisely observe customer demands and develop close and tight relationships with our customers. With years of solution offerings in proximity to our customers, we have deep insights into customers’ preferences and local social and economic environment. We have also established wide acceptance of our solutions and accumulated local customer base. Nevertheless, we cannot assure you that we will always operate such front offices effectively and competitively. If our front offices fail to provide satisfactory customer services to our customers, our business, prospects, results of operations and financial condition may be materially and adversely affected.

Furthermore, we may face multiple risks in expanding the coverage of our front offices and optimizing the synergies among our service network, including, among others: (i) difficulties in managing operations in new regions in a cost-efficient manner; (ii) difficulties in meeting the approval or licensing requirements; (iii) difficulties in recruiting sufficient qualified employees; (iv) challenges in maintaining brand image in local market and remaining competitive; and (v) limited protection for intellectual property rights. If we cannot effectively avoid or mitigate these risks, we may not be able to expand our front offices into new regions or maintain such front offices in new regions. As a result, our business, prospects, results of operations and financial condition could be materially and adversely affected.

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**We face risks under the Licensing Model. If our regional partners fail to perform their contractual obligations pursuant to our licensing agreements or fail to meet the demands of their customers by virtue of our SATP system and our services, our reputation, results of operations and financial condition could be adversely affected.**

Under the Licensing Model, we license our brand and SATP system to qualified third-party bookkeeping agencies across China. As of December 31, 2022, we had 409 regional partners with revenue contribution. In 2020, 2021 and 2022, the revenue contribution from the Licensing Model amounted to RMB64.7 million, RMB65.6 million and RMB58.9 million, respectively, representing 23.5%, 18.9% and 11.4% of our total revenue for the same years, respectively. For more details, please see “Business — Our Regional Partners.” Our license to regional partners subjects us to several risks, each of which may impact our ability to collect fees from them, may harm the goodwill associated with our brand, and may adversely impact our business and results of operations.

Pursuant to our licensing agreements with regional partners, we are responsible for claims related to the inaccuracies directly caused by the malfunctions of our SATP system. We are generally not liable for other claims against our regional partners which are not directly or indirectly attributed to defects of our SATP system or defaults of our contractual obligations to regional partners, as pursuant to our licensing agreements with them. Our regional partners may have disputes with us directly. Such direct or indirect litigation risks could in turn adversely affect our business and results of operations and may have a negative impact on our brand image and distract our management attention. Furthermore, our regional partners may subject to claims with their customers, labor disputes with their employees, environmental claims and other litigation risks. We are not responsible for such claims or disputes between our regional partners and their employees and/or their customers. However, each of such claims or disputes may increase the costs and expenses of our regional partners and adversely affect their profitability, and may therefore limit the funds available for them to pay us and further develop their business operations, or may limit their willingness or ability to renew their licensing agreements with us.

In addition, we cannot control the actions of regional partners. If our regional partners do not perform their contractual obligations, including but not limited to obtaining the relevant operating permits or complying with the applicable laws and regulations, or become inconsistent with our brand images and values, our reputation among existing and prospective customers could be harmed, which in turn could adversely affect our business and results of operations. Moreover, we prohibit our regional partners from using our trade name in any unauthorized manner. There can be no assurance that they will comply with such restrictions. Any unauthorized use of our trade name by our regional partners may result in legal disputes and liabilities and cause damages to our brand name and market reputation. Any fraud or other misconducts by our regional partners or any material disputes between them and their customers may severely damage our reputation, thereby adversely affecting our business and results of operations.



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In order to prevent malignant price competition and protect our brand image, we generally provide price guidance for regional partners’ solutions based on our SATP system. As such guidance is not mandatory and has not been included in our licensing agreements with such regional partners, they may fail to comply with such price guidance and our brand image and reputation may be adversely affected.

Our revenue generated under Licensing Model is partly dependent on regional partners’ customer acquisition capabilities. Pursuant to our licensing agreements, the revenue contribution of our regional partners mainly consists of initial service fees and license fees based on a percentage of the contractual amount paid by the customers served by regional partners utilizing our SATP system. The business expansion of regional partners also depends on their willingness to recruit enough sales employees and invest in marketing and promotional activities, which may be capital-intensive and generally beneficial in the long term. There is no assurance that they will take necessary actions on promotional activities. If our regional partners do not effectively conduct marketing and promotional activities, or fail to grow their customer base, we may face reductions in the license fees we are entitled to receive from such regional partners. As a result, our revenue could be adversely affected. Unpredictable variations in the mix between our revenue attributable to Licensing Model and revenue attributable to our Direct-to-Business Model may result in fluctuations in our operating results. In case the financial performance of such regional partners is severely deteriorated due to lack of customers, our regional partners may experience closures or bankruptcy, which in turn may cause negative impacts on our brand image.

**If the SMB finance and taxation solution industry in China does not continue to develop as we anticipate, our revenue, profitability and prospects may be adversely affected.**

We operate in a rapidly evolving industry focused on modernizing financial and taxation operations for SMBs in China. Our solutions are relatively new and have been developed to respond to an increasingly complex business environment with more rigorous regulatory standards. If SMBs do not increasingly allocate their budgets to finance and taxation solutions as we expect or if we do not succeed in convincing potential customers that our solutions should be an integral part of their overall approach to their business operations, our sales may not grow as quickly as anticipated, or at all. Our business is substantially dependent on SMBs recognizing that accounting errors and inefficiencies are pervasive and are not effectively addressed by conventional approach of solution offering. Future deterioration in general economic conditions may also cause our customers to cut their overall information technology spending, and such cuts may disproportionately affect SaaS-based solutions like ours to the extent customers view our solutions as discretionary. If our revenue does not increase for any of these reasons, or any other reason, our business, financial condition and results of operations may be materially adversely affected.

Moreover, development of the SMB finance and taxation solution industry in China may be affected by certain factors that are beyond our control, including: (i) increasing and changing government regulations and oversight related to the finance and taxation solution industry; (ii) developing regulations related to the provision of online services to address data privacy, cybersecurity, the collection, processing, storage, transfer and use of data, and the application of AI; and (iii) modernization of the national tax system and the implementation of “Golden Tax System (Phase IV)” in China.

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In our efforts to meet the various changes, we have made and continue to make operational changes to our business practices. However, there can be no assurance that we will be able to deal with the uncertainties regarding the SMB finance and taxation solution industry in China successfully, and failure to address the challenges may have an adverse effect on our business, financial condition and results of operations.

**We may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such transactions. Amortization of acquired intangible assets and impairment charges may cause significant fluctuation in our net income.**

We expect to evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products, and other assets in the future. We also may enter into relationships with other businesses to expand our services, including but not limited to solution delivery cooperation or discount pricing.

For the acquired businesses, we are subject to risks and uncertainties, including but not limited to: (i) inability to successfully assimilate or integrate the acquired businesses, contracts, technologies, talents and personnel, customer relations and operations into our service network and maintain uniform standards, policies and procedures; (ii) failure to retain the key employees, customers and other business partners of the acquired businesses; (iii) failure to effectively operate in new geographic regions and manage the operating efficiency of the newly acquired businesses; and (iv) inability to realize synergies or anticipated benefits expected to result from the acquired businesses within the expected time frame or at all; (v) disruption of our ongoing business and distraction of management; (vi) failure to align the inconsistencies between the internal control system of the acquired businesses and our standards; and (vii) failure to successfully further develop the acquired businesses and any resulting amortization and impairment of acquired technologies and other acquired intangible assets.

Negotiating these transactions can be time-consuming, difficult and costly, and our ability to complete these transactions may often be subject to approvals or conditions that are beyond our control. Consequently, these transactions, even if announced, may not be completed. For one or more of those transactions, we may (i) issue additional equity securities that would dilute our existing shareholders; (ii) use cash that we may need in the future to operate our business; (iii) incur large charges or substantial liabilities; (iv) incur debt on terms unfavorable to us or that we are unable to repay; and (v) become subject to adverse tax consequences, substantial depreciation and amortization or deferred compensation charges.

Our failure to address these uncertainties and risks may have a material adverse effect on our business, results of operations and financial condition. If we fail to achieve our expected returns or effects on such acquisitions in the future, our business, results of operations and financial condition may be materially and adversely affected.



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**Our contract acquisition costs may be subject to impairment losses.**

We recorded contract acquisition costs of RMB56.1 million, RMB81.8 million and RMB97.4 million as of December 31, 2020, 2021 and 2022, respectively. Our contract acquisition costs relate to the sales commissions payable by us to our sales personnel for sales of our SaaS-based solutions to customers, which may be subject to impairment loss under the applicable accounting policies. There is no assurance that all the costs incurred in connection with sales of our SaaS-based solutions to customers under a particular service agreement with our customers will not exceed the proceeds received from the relevant customer, which may subject our contract acquisition costs to impairment losses in the future.

**If our SATP system contains material errors, defects or security issues, we may fail to honor our obligations regarding our contract liabilities and regulatory liabilities, which may incur significant remedial costs and materially and adversely affect our financial condition and reputation.**

Due to the nature of software development and operations, our SATP system is generally vulnerable to technological errors, defects and security issues that are difficult to detect and rectify, particularly when the system is first introduced or when new versions or upgrades are implemented. Despite repeated internal testing and data validation, our SATP system may contain errors, defects and security issues, which we may not be able to rectify in a timely manner or at all. We may incur significant expenses in rectifying any material system error or defect and compensating our customers who are affected by such error or defect. In addition, if we fail to provide the prescribed solutions to our customers in time or at all due to such material system errors, defects and security issues, we may not be able to honor our obligations in respect of our contract liabilities, which totaled RMB283.0 million, RMB438.0 million and RMB519.7 million as of December 31, 2020, 2021 and 2022, respectively.

Any malfunction or service interruption in our SATP system could result in delay or errors in our SaaS-based solutions, which could cause significant losses to our customers. Our customers may seek damages from us for any losses they incur due to such system errors or refuse to renew their subscriptions. Our reputation and brand image may also be subject to material adverse impacts if we cannot timely rectify the system errors or defects and solve customers’ complaints or claims relevant to such errors or defects. As a result, our business and results of operations could be materially and adversely affected.

**We use third-party cloud-based infrastructure to support our business operations. Any disruption in the operations of these third-party suppliers, limitations on capacity or interference with our use could adversely affect our business, financial condition and results of operations.**

Our SATP system is operated and maintained by the cloud servers in custody with third-party cloud infrastructure to support certain aspects of our business operations, such as information system security protection and data backup. For more details, please see “Business — Information Technology Infrastructure.” We do not control, or in some cases have limited control over, the operation of the facilities or technologies from the third-party suppliers. Due to the nature of our

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business, our customers expect to access our services at any time, without interruption or degradation of performance. Any limitation on the capacity of the cloud infrastructure we use from third-party suppliers could impede our ability to serve existing customers or attract new customers, which could adversely affect our business, financial condition and results of operations.

In addition, any unpredictable incident beyond our control, such as cyberattacks, natural disasters, fire, flood, severe storm, earthquake, power loss, outbreaks of contagious diseases, telecommunications failures, terrorist or other attacks, or other events, could materially and adversely affect the cloud infrastructure and in turn could severely interrupt our business operations. A prolonged service disruption for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation among existing and potential customers, harm our business and expose us to liability.

We may incur significant costs and expenses for deploying alternative cloud-based infrastructure. In the event that our service agreements relating to our third-party cloud infrastructure are terminated, or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider connectivity or damage to such facilities, we could experience interruptions in access to our systems. We may also experience significant delays and additional expenses in arranging and transferring to new facilities or re-architecting our system for deploying an alternative cloud-based infrastructure service provider, which could adversely affect our business, financial condition and results of operations.

### **The use of open-source frameworks could subject us to possible litigation.**

We utilize open-source frameworks during our daily operations. Companies that incorporated open-source framework into their systems may, from time to time, face claims challenging the ownership of open-source framework and compliance with open-source license terms. As a result, we could be subject to suits by parties claiming the ownership of what we believe to be open-source framework or non-compliance with open-source licensing terms. Some open-source framework licenses require users who incorporate open-source frameworks into their systems to publicly disclose all or part of the source code they incorporated and make available any derivative works of the open-source code on unfavorable terms or at no cost. Any requirement to disclose our source code or indemnification for breach of contract could be harmful to our business, financial condition and results of operations.

### **We use third-party online payment platforms for online payment processing, which may subject us to payment processing-related risks.**

Our customers generally settle their payments in cash, electronic transfer using bank cards or online payments via third-party online payment platforms, such as UnionPay (銀聯), WeChat Pay (微信支付) or Alipay (支付寶). Any decline in the quality, usability, convenience or attractiveness of these online payment platforms, or any change to the pattern of using relevant payment services for any reason could cause inconvenience to our customers or delay in our customers' payment to us. Moreover, we are susceptible to fraud, user data leakage and other illegal activities in connection with online payment. We do not have control over the data security measures of such

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third-party online payment platforms. Any security breaches of such online payment platforms could expose us to complaints, litigation, and potential liability for failing to secure confidential customer information, which could damage our reputation.

In addition, we pay interchange and other fees for certain payment channels, which may increase our operating costs and thus reduce our profitability. We are also subject to other general regulatory requirements governing electronic fund transfer, which may be subject to changes from time to time. Failure to comply with these regulatory requirements could subject us to fines, higher transaction fees, or even restrictions to process electronic fund transfers, any of which could materially and adversely affect our business, financial condition and results of operations. Moreover, we cannot predict whether the third-party online payment platforms that our customers choose to use may be subject to the supervision of the PBOC. PBOC may from time to time publish rules, guidelines and interpretations regulating the operations of financial institutions and online payment platforms, which may in turn affect how they provide payment services. If required by PBOC or other relevant government authorities in the future, we may need to adjust or suspend our cooperation model with such third-party online payment platforms, and may be subject to additional fees.

**We may have limited control over the outsourced staff assigned by third-party human resource service providers and may be subject to potential liabilities associated with our outsourcing arrangement.**

In line with the industry practice, we outsourced certain of our repetitive and non-technical-intensive activities in our operations to third-party human resource service providers during the Track Record Period. Please see “Business — Employees — Labor Outsourcing Arrangement.” Pursuant to our agreements with third-party human resource service providers, such human resource service providers designate qualified staff with necessary working skills to complete the outsourced works. We do not have any employment relationships with the outsourced staff designated by third-party human resource service providers. Therefore, our control over such outsourced staff is limited as compared to that over our own employees. If any third-party human resource service providers fail to make the outsourced staff to perform their duties in accordance with our specifications and standards, our business, brand image, reputation and results of operations could be materially and adversely affected. In addition, even we do not have any employment relationship with these outsourced staff, if the third-party human resource service providers violate any relevant requirements under the applicable laws, regulations or their agreements with the outsourced staff, such outsourced staff may file a claim against us as they provide services to us. As a result, we may assume legal liability, and our market reputation, brand image and our business and financial condition and results of operations could be materially and adversely affected.

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**We incurred net loss in the past, and we may not be able to achieve profitability in the future.**

In 2020, 2021 and 2022, we incurred net loss of RMB299.0 million, RMB683.0 million and RMB505.8 million, respectively. See “Financial Information — Year to Year Comparison of Results of Operations” for details of our net loss during the Track Record Period. We may continue to incur net loss in the future.

We expect our costs and expenses may continue to increase in the following major aspects: (i) expanding or upgrading our research and development team; (ii) investing in the development and application of the latest technologies, such as machine learning and generative AI, to improve our SATP system and innovate our service offerings; (iii) investing in expanding our national service network; (iv) retaining experienced accounting and tax professionals as well as necessary spending on legal and accounting; (v) marketing and promotional activities for our solutions; (vi) covering expenses relating to cybersecurity and data privacy; and (vii) strategic acquisitions in the future. Our revenue may not grow at the rate we expect, and it may not increase sufficiently to offset the increase in costs and expenses. We may continue to incur net loss in the future and we cannot assure you that we will eventually achieve our intended profitability. If we are unable to achieve and sustain profitability, the value of our business and Shares may significantly decrease in the future.

**We recorded net operating cash outflows, net current liabilities and net liabilities during the Track Record Period and we cannot assure you that we will not record the same in the future.**

In 2020, 2021 and 2022, we incurred net cash outflow from operating activities of RMB35.5 million, RMB216.5 million and RMB218.1 million, respectively. See “Financial Information — Liquidity and Capital Resources — Cash Flow Analysis — Net Cash Outflow from Operating Activities” for details of our net cash outflow from operating activities. We cannot assure you that our prospective business activities and/or other matters beyond our control, such as uncertainties of the macroeconomic and social environment and evolving regulatory environment for the application of big data analytics and AI technologies, will not adversely affect our operating cash flow and lead to net operating cash outflows in the future. If we encounter long-term and continuous net operating cash outflow in the future, we may not have sufficient working capital to meet capital demands of daily operations, the implementation of our business strategies may be interrupted. As a result, our business prospects, financial position and results of operations may be materially and adversely affected.

As of December 31, 2020, 2021 and 2022, we recorded net current liabilities of RMB366.2 million, RMB513.7 million and RMB319.0 million, respectively. As of December 31, 2020, 2021 and 2022, we recorded net liabilities of RMB1,595.3 million, RMB2,431.3 million and RMB2,568.3 million, respectively. See “Financial Information — Discussion of Certain Key Items of Statements of Financial Position” for details of our net current liabilities and net liabilities during the Track Record Period. The net current liabilities and/or net liabilities position would

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expose us to liquidity risk which could restrict our ability to make necessary capital expenditures or develop business opportunities, and our business, results of operations and financial condition could be materially and adversely affected.

There can be no assurance that we will not have net current liabilities or net liabilities in the future. We cannot assure you that we will always be able to raise necessary funding to finance our current liabilities and other debt obligations. Our ability to arrange financing and the cost of such financing is dependent on the global and the PRC economic conditions, capital and debt market conditions, lending policies of the PRC government and banks, and other factors. In the event we are unable to obtain adequate financing to meet our working capital requirements, we may be forced to delay, adjust, reduce or abandon our business strategies. Our business, prospects and financial condition may be materially and adversely affected if our cash flow and capital resources are insufficient to finance our debt obligations.

**We are exposed to fair value changes in our redeemable convertible preferred shares and valuation uncertainty due to the use of unobservable inputs that require judgement and assumptions which are inherently uncertain.**

Fair value loss of redeemable convertible preferred shares represents the changes in fair value of the various rights associated with our redeemable convertible preferred shares. Our fair value loss of redeemable convertible preferred shares amounted to RMB156.2 million, RMB252.3 million and RMB169.3 million, respectively, in 2020, 2021 and 2022. Fair value loss of our redeemable convertible preferred shares affected our financial position. We applied discounted cash flow method to determine the underlying equity value of our Company and adopted option pricing method and equity allocation model to determine the fair value of the redeemable convertible preferred shares. Such approach is subject to uncertainty and might materially differ from the actual results. Although our redeemable convertible preferred shares will be automatically converted into ordinary shares of our Company and no fair value change will be recorded upon completion of the [REDACTED], to the extent we need to revalue the redeemable convertible preferred shares prior to the completion of the [REDACTED], any change in fair value of these redeemable convertible preferred shares could materially affect our financial position and results of operations.

**We collect a large amount of customer data and have access to certain accounts of customers during our operations. Any breach of our security measures or any unauthorized access to our customers’ data could significantly affect our reputation, our business and results of operations.**

During our daily operations, we primarily have access to the following categories of data from our customers: (i) customers’ basic information, such as enterprise name, major business, contact person and contact information; (ii) documents necessary for bookkeeping and accounting, customers’ registration information and tax filing records in government’s electronic tax filing systems, customers’ business registration materials or license application materials, depending on the type of solutions that customers purchase from us; and (iii) customers’ account information, such as tax filing account, social insurance account and housing provident fund account, etc. In addition, we also have access to the personal information of our customers’ employees, such as employees’ salaries, identification numbers, names and contact information, to the extent necessary

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for us to provide tax filing services. Due to the nature of our business, we process the abovementioned proprietary information of our customers. Such data may contain personal information regarding our customers’ employees and sensitive business information. We aware and acknowledge that unauthorized access or use of these data could expose us to negative publicity and legal proceedings, which could result in indemnity obligations and severe damage to our brand image. We may face loss of customers and market share. Our customers may no longer regard our solutions as secure and reliable.

We cannot assure you that the measures taken by us to maintain data security and identify potential risks of data leakage or misuse are always effective as we expected. Our security measures may be breached due to third-party action, including intentional misconduct by computer hackers, employee error, malfeasance. We aware and acknowledge that, if in that way, customers may lose trust in our operating capabilities and elect to terminate or not renew their subscriptions, and our reputation could be severely affected. The customers may require us to refund the prepaid but unused subscription services or compensate our customers for certain losses. We may even face lawsuits, regulatory fines, or other action or liabilities, which could materially and adversely affect our business operations and financial performance.

In addition, third parties may challenge our right on the processing of the proprietary information of our customers and even bring lawsuits against us relating to data privacy and data protection. Lawsuits or administrative inquiries could be costly and divert management attention, and the outcome of such lawsuits or inquiries may bring uncertainty or even harm our business.

**Failure to comply with laws and regulations on cybersecurity and data protection could result in claims and penalties imposed by relevant government authorities, which could harm our brand and reputation, and materially and adversely affect our business operations and financial performance.**

There have been several regulatory changes and development in relation to cybersecurity and data privacy and protection in recent years. On June 10, 2021, the *Data Security Law* (《數據安全法》) was adopted by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) and became effective on September 1, 2021. On August 20, 2021, the *Personal Information Protection Law* (《個人信息保護法》) (the “PIPL”) was adopted by the Standing Committee of the National People’s Congress and became effective on November 1, 2021. In addition to other rules and principles of personal information processing, the PIPL specifically provides rules for processing sensitive personal information. Sensitive personal information refers to personal information that, once leaked or illegally used, could easily lead to the infringement of human dignity or harm to the personal or property safety of an individual. Only where there is a specific purpose and sufficient necessity, and under circumstances where strict protection measures are taken, may personal information processors process sensitive personal information. A personal information processor shall inform the individual of the necessity of processing such sensitive personal information and the impact thereof on the individual’s rights and interests, and obtain data subjects’ separate consent. We may store and process personal information of customers’ employees when they subscribe for our services, such as tax filing services. As uncertainties remain regarding the interpretation and implementation of the PIPL, we cannot assure you that we will comply with the PIPL in all respects and regulatory authorities may order us to rectify or



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terminate our current practice of processing sensitive personal information. We may also become subject to fines and/or other penalties which may adversely affect our business, operations and financial condition.

On December 28, 2021, the CAC, together with certain other PRC government authorities, promulgated the revised *Measures for Cybersecurity Review* (《網絡安全審查辦法》), which became effective on February 15, 2022.

On July 7, 2022, the CAC promulgated the *Measures on Security Assessment of Cross-border Data Transfer* (《數據出境安全評估辦法》) (the “**Data Export Measures**”) which became effective on September 1, 2022. The Data Export Measures require that any data processor which exports personal information or sensitive personal information exceeding a certain volume threshold prescribed under such measures shall apply for security assessment conducted by the CAC before transferring any personal information abroad. The security assessment requirement also applies to any transfer of important data outside of China or transfer of personal information by an operator of critical infrastructure information or a data processor processing the personal information of more than one million individuals. We do not transfer any data abroad during our business. As there remain uncertainties regarding to what extent we would be subject to such measures, we cannot assure you that we will be able to comply with such regulations in all respects, and we may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities.

As of the Latest Practicable Date, we had not been subject to any material administrative penalties, fines, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, nor had there been material cybersecurity and data protection incidents or infringement upon any third parties, or other legal proceedings, administrative or government proceedings, pending or, to the best of our knowledge, threatened against or relating to us.

The above regulatory development relevant to cybersecurity and data privacy and protection could cause legal and economic uncertainties in the general internet industry and in particular, the SMB finance and taxation solution industry in China where we operate. The interpretation and enforcement of these laws and regulations could affect how we design, market and sell our services, how we operate our business, and how we process and use data from SMBs, which may adversely affect our business operations and future business growth. We may incur substantial costs to comply with such laws and regulations, to communicate with our customers and address their concerns in cybersecurity and data privacy and protection, and to improve our information technology system. We may from time to time be required to rectify or further improve our internal measures regarding cybersecurity and data privacy and protection. Any failure or perceived failure by us to comply with all applicable laws and regulations regarding cybersecurity and data privacy and protection, or any failure or perceived failure of our regional partners and other business partners to do so, or any failure or perceived failure of our employees to comply with relevant laws and regulations, may result in negative publicity and legal proceedings or regulatory actions against us, and could result in fines, revocation of licenses, suspension of relevant operations or other legal or administrative penalties, which may in turn damage our reputation among our existing and potential customers and subject us to fines and damages, which could have a material adverse effect on our business and results of operations.

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**Any cybersecurity breach, such as unauthorized access, computer viruses and hacking, or other disruptions may adversely impact our business and reputation.**

Techniques used in computer viruses, hackers or other unauthorized sabotage activities are rapidly and frequently changing and generally cannot be identified until they are launched against a target, which could pose threat to our information technology systems and database. We process massive data during providing our solutions. We cannot assure you that the measures we have taken to protect our information technology systems and database are always effective as we expected. We may fail to identify and anticipate the latest trend in cybersecurity attacks, such as the technologies and objectives of the attacks. As a result, we may fail to timely implement adequate preventative measures against such attacks.

In addition, any accidental or willful security breaches or other unauthorized access to our major information technology systems supporting the business activities could cause data leakage and misuse of data, exposing us to lawsuits and negative publicity. Any of the foregoing events may adversely affect our business operations, financial performance and reputation.

**The proper functioning of our information technology infrastructure and information technology systems is essential to our business operations. Any technological failure on major systems supporting our business activities may materially and adversely impact our business and profitability.**

We rely on our information technology infrastructure and information technology systems to operate and monitor substantially all aspects of our business. Our information technology systems primarily comprise operating systems, including SATP system and CRM system, and our internal finance and human resource management and office automatic online systems. Any technological failure associated with our information technology infrastructure and information technology systems, including those caused by power disruption or loss, natural disasters, network failures or other failures caused by hidden errors, may cause interruptions in our solutions and our business operations. In particular, hidden errors or other design defects within our SATP system, may result in inaccurate or delayed responses to customers or even adversely impact the accuracy of our bookkeeping and tax filing results, which in turn could affect our service quality and the business decisions of our customers, and ruin the satisfaction of our customers. Any occurrence of the above may severely damage our publicity and profitability. In addition, improper functioning of our major systems supporting our business activities may also cause data leakage, or damage to our intellectual property.

In addition, as of the Latest Practicable Date, Beijing Gongjin Technology was providing online terminal operation services to us by operating WeChat public account, WeChat mini-program, WeChat Channels and corporate website, through which we popularize the basic knowledge of business registration and taxation to promote our solutions among potential customers. See “Connected Transactions — Fully-Exempt Continuing Connected Transaction — Data Processing Agreement” for details. If Beijing Gongjin Technology does not perform its contractual obligations pursuant to our data processing agreement with it, the effectiveness of our online marketing and promotional activities could be harmed, which in turn could adversely affect our business and results of operations.

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Meanwhile, any interruption or failure of our regional partners’ office facilities or hardware equipment may affect their usage of our SATP system and in turn affect their service offerings to end customers, which could adversely affect our brand image.

**Our business operations had been, and may in the future continue to be, adversely affected by the COVID-19 pandemic.**

The outbreak of COVID-19 had materially and adversely affected the global economy since late 2019. In light of the epidemic brought by COVID-19, government authorities in China imposed measures, such as regional lockdowns, closure of workplaces and restrictions on travel to contain the spread of the virus.

During the Track Record Period, our business operations had been affected by the COVID-19 pandemic. In particular, most of our front offices temporarily suspended operations due to the spread of COVID-19 during the Track Record Period. Subscription for our solutions was affected due to the budget control imposed by customers, customers’ deregistration, or customers’ postponed business activities during the pandemic. In early 2022, the highly transmissible Delta and Omicron variants of the COVID-19 caused many government authorities to reimpose measures to contain the spread of the pandemic. Since early December 2022, the government authorities in China announced new measures for dealing with COVID-19 pandemic, which eased the travel restrictions and quarantine requirements previously imposed to contain the spread of the pandemic. The subsequent surge in the infected population in China in late 2022 caused impacts on our business operations and the business operations of our customers. For more details, please see “Business — Outbreak and Spread of COVID-19.”

We will continue to monitor the COVID-19 situation closely. The ultimate impact of the COVID-19 pandemic or a similar health epidemic remains uncertain and subject to frequent changes. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also heighten other risks described in this “Risk Factors” section.

**Any future occurrence of force majeure events, natural disasters or further spread of contagious diseases in the PRC could have a material adverse effect on our business operations, financial condition and results of operations.**

Our business could be materially and adversely affected by natural disasters, such as the outbreak and continuous spread of a widespread health epidemic, such as COVID-19, SARS, H5N1 or H7N9 flu, H1N1 flu, swine influenza, avian influenza and MERS, or the outbreak of snowstorms, earthquakes, fires or floods, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of a disaster or a prolonged spread of an epidemic illness or other adverse public health events could materially disrupt our business and operations.

Any future occurrence of force majeure events, natural disasters or further spread of contagious diseases could significantly impact our industry and cause a temporary suspension of our business travels and offline business operations, which would disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. In addition,

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our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or other outbreak harms the PRC and global economy in general. Our customers may also be affected by natural disasters, health epidemics or other outbreaks, which may cause negative impact on their spending power and our operations could be severely disrupted.

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

We have established an internal control and risk management system to monitor and reduce the impact of risks which are relevant to our business operations, improve our corporate governance and ensure compliance with the applicable laws and regulations. For further information, please see “Business — Internal Control and Risk Management.” The effect of our internal control and risk management depends on the daily implementation by our management and employees. The operations of our front offices covered 46 cities in the PRC as of the Latest Practicable Date. There can be no assurance that such implementation will not involve any misinterpretation of measures and inconsistencies among different front offices, which may materially and adversely affect our business and results of operations. As we will continue expanding our customer base and the range of our offerings, the expansion of our service network and diversification of our solutions will require us to further enhance our internal control and risk management capabilities. If we fail to timely identify new risks and uncertainties during daily operations or fail to adapt our risk management policies and procedures to address the concerns of new risks and uncertainties, our business, results of operations and financial condition could be materially and adversely affected.

**Competition for our key employees is intense and we may not be able to attract, cultivate and retain the highly skilled employees to support our strategic objectives.**

Our future success depends substantially on our ability to recruit, retain and motivate experienced research and development employees, accounting and tax professionals and other qualified personnel, especially those employees with deep insights in both information technology and finance and taxation solutions. The development of our technological capabilities depends on the expertise and motivation of our research and development employees. Experienced accounting and tax professionals enable us to provide comprehensive managerial accounting analysis for customers in different business scenarios. Competition for these key talents in China’s SMB finance and taxation solution industry is becoming intense in recent years. Any loss of our experienced accounting and tax professionals may adversely affect our existing customer base and the renewal of subscriptions by our customers. Attracting, cultivating and retaining enough talents are essential for maintaining our competitive strengths and realizing our future business growth. In addition, the leadership of our senior management team is critical to our business operations and growth prospects. Members of our senior management team have substantial experience and expertise in the industry where we operate and have made significant contributions to our business growth and success. The unexpected loss of services of one or more of these individuals could also have a material adverse effect on us.

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The overall increase in the labor costs in China further drives up our employee benefit expenses for the key employees. We will continue to provide competitive compensation to retain our existing key employees and attract more talents to join us. As a result, our employee benefit expenses, both as an absolute amount and as a percentage of our total revenue, may continue to rise. We may invest significant attention and expenses to attract and retain such employees.

If we fail to retain qualified employees, we could incur additional expenses in hiring and training new employees, which could distract the attention of our management and cause a material adverse effect on our business and profitability. Moreover, the departure of any of our employees could have an adverse effect on our reputation and results of operations. We may face labor arbitrations or litigation proceedings after the employees’ departure, which could distract the attention of our management. The adverse determinations by the labor arbitration tribunals or the PRC courts could subject us to liabilities to prior employees and materially and adversely affect our reputation, business operations and financial performance.

**We may not be able to source new suppliers should we fail to maintain our relationships with our major suppliers.**

During the Track Record Period, our purchases from our major suppliers continued to increase in line with our business expansion. For each of the years ended December 31, 2020, 2021 and 2022, our purchases from the five largest suppliers accounted for 32.9%, 27.4% and 68.0% of our total purchases, respectively, and our purchases from the largest supplier accounted for 10.3%, 11.3% and 37.5% of our total purchases, respectively. We generally do not enter into long-term agreements with our suppliers. We do not have substantial reliance on any single supplier. However, if we are unable to maintain our business relationships with those major suppliers, or if there are any unfavorable changes to the terms of our existing arrangements with them, our operations and profitability may be adversely affected. To the extent our major suppliers cease to cooperate with us, we will have to source new suppliers. However, we cannot assure you that we will be able to source alternative suppliers in a timely manner and/or at commercially reasonable terms, or at all. If we fail to do so, our business, financial condition and results of operations could be materially and adversely affected.

**Our Controlling Shareholders have substantial control over our Company and the interests of our Controlling Shareholders may not be aligned with the interests of the other Shareholders.**

Prior to and immediately following the completion of the [REDACTED], our Controlling Shareholders will retain substantial control over our Company. Subject to our Articles of Association and the Cayman Companies Act, the Controlling Shareholders will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of our Controlling Shareholders may differ from the interests of other Shareholders and they are free (other than on any matters that they are required to abstain from voting) to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders may be disadvantaged and harmed.

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**If we fail to timely renew any existing licenses, permits or certificates, or if we fail to obtain requisite licenses, permits or certificates for our newly commenced business, or if we fail to conduct periodic reports on any existing licenses, permits or certificates under applicable laws and regulations, our business and results of operations may be materially and adversely affected.**

The regulatory environment of the SMB finance and taxation solution industry in China is evolving. If any government authorities promulgate new laws and regulations that require additional licenses, permits or certificates, or require additional conditions, qualifications to maintain or renew the relevant licenses, permits or certificates, or impose additional requirement on the operations of any part of our business, we may face fines, income confiscation, revocation of business licenses, and restriction or discontinuation of relevant business, any of which may have a material adverse effect on our business and results of operations.

Our business operations are subject to periodic license or permit renewal or report requirements by relevant government authorities. For more details, please see “Business — Licenses, Permits and Certificates.” The interpretation and implementation of license or permit renewal or report requirements may vary among different cities, provinces, municipalities and autonomous regions in China and may be subject to uncertainties. We cannot assure you that we can always meet the relevant local requirements timely. If we fail to timely renew or conduct reports on any major license, permit, certificate or approval for us or any of our subsidiaries, our business, financial condition and results of operations may be materially affected. Moreover, if any of our regional partners fail to timely renew or conduct reports on any major license, permit, certificate or approval necessary for their business operations and become subject to regulatory penalties, the license fees that we receive from such regional partners may decline and our reputation could be adversely harmed.

In addition, we are required to obtain a series of licenses, permits, certificates or approvals for our new businesses. If we explore new business operations in the future, any failure to obtain the requisite licenses, permits, certificates or approvals may subject us to suspension of operations under the worst-case scenario and other corresponding administrative penalties.

**We rely on a combination of intellectual property laws and contractual arrangements, including confidentiality agreements and non-compete agreements to protect our proprietary rights. We may be unable to effectively protect our intellectual property rights or enforce our contractual rights in all jurisdictions.**

During our years of operations, we have accumulated several intellectual properties. See “Business — Intellectual Property” for details of intellectual properties that are material to our business. We rely on a combination of intellectual property laws and contractual arrangements, including confidentiality agreements and non-compete agreements with our employees and others to protect our proprietary rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated. We may have to initiate legal proceedings to defend the ownership of our intellectual property rights against any infringement by third parties, which may be costly and time-consuming. We might be required to devote substantial management time and resources in an attempt to achieve a favorable outcome for the legal



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proceedings. There can be no assurance that we will prevail in the relevant legal proceedings. In addition, if the counterparties breach the confidentiality, invention assignment and non-compete agreements, there may not be adequate remedies available to us for any such breach. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

As of the Latest Practicable Date, we were in the process of transferring eight software copyrights regarding our business operations from Beijing Gongjin Technology to us. As confirmed by our PRC Legal Advisors, there is no substantive legal obstacles for transferring such software copyrights as long as we take all necessary steps and submit the documents and materials required by competent government authorities. Nevertheless, we cannot assure you that such transfer of intellectual property rights can be finished as scheduled, which could distract the attention of our management and adversely affect our operations.

**We may be subject to intellectual property infringement claims, which may be costly to defend and may cause material and adverse impacts on our reputation, our business and results of operations.**

The application and interpretation of intellectual property right laws and regulations, as well as the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights are evolving and may be uncertain. Despite the prudence and measures that we have taken, we cannot assure you that any aspects of our business do not or will not infringe upon or otherwise violate copyrights, trademarks, patents, know-how or other intellectual property rights held by third parties in various jurisdictions. During our operations, we may be exposed to intellectual property rights infringement or misappropriation claims by third parties. If any third-party infringement claims are brought against us, we may be forced to allocate financial and personnel resources to defend against these claims, which may distract the attention of our management. There can be no assurance that the courts or regulatory authorities agree with our analysis and let us prevail in the legal proceedings. An adverse determination in any such legal proceedings could subject us to liabilities to third parties, require us to seek consents or licenses from third parties, pay ongoing fees or royalties, or subject us to injunctions prohibiting the provision of relevant services or be forced to develop alternatives of our own. As a result, our reputation, business operations, and financial performance may be materially and adversely affected.

**We may not have sufficient insurance coverage to cover our potential liabilities or losses.**

We maintain limited insurance policies covering certain potential liabilities. See “Business — Insurance” for details of insurances we maintained as of the Latest Practicable Date. Due to the business nature and in line with the industry norm, we generally do not maintain certain types of insurance, such as property insurance, business interruption insurance or key person insurance. There can be no assurance that our insurance coverage will be available or sufficient to cover all of our risk exposures. In addition, we do not maintain insurance to cover the risks relating to the Contractual Arrangements and the transactions contemplated thereunder and we have no intention

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to purchase any insurance in this regard. If any risk arises from the Contractual Arrangements in the future, such as those affecting the enforceability of the Contractual Arrangement, our financial condition may be adversely affected.

Moreover, our existing insurance contains exclusions and limitations on coverage. If our insurance coverage is unavailable or insufficient to cover any risk exposures, we may incur substantial costs and diversion of our resources, which could materially and adversely affect our business, financial condition and results of operations.

**Our business operations are subject to seasonality, which could cause our results of operations to fluctuate.**

We have experienced, and expect to continue to experience, mild seasonal fluctuations in our revenue and results of operations. We have historically generated lower revenue around January and February, mainly due to (i) slower and postponed service demands from our customers before and during the Chinese New Year; and (ii) the reduction in marketing and promotional activities during the Chinese New Year. In contrast, we have historically generated higher revenue around November and December, mainly due to the increase in our marketing and promotional efforts during the same period. As a result, our revenue and cash flows may vary from quarter to quarter. We believe the historical seasonal fluctuations in our results of operations and financial condition are likely to continue to fluctuate due to the same factors in the future. You may not be able to predict our annual results of operations based on a quarter-to-quarter comparison of our results of operations.

**We may be involved in legal or other proceedings arising from our business operations.**

We may occasionally be involved in disputes with various parties involved in our business operations, including our customers, competitors, or by government entities in legal proceedings. These disputes and proceedings are both costly and time-consuming, and could significantly distract the attention of our management and affect the allocation of our financial and personnel resources. In addition, we may encounter compliance issues in the course of our business operations, which may lead to administrative proceedings, and may materially and adversely affect our reputation, business, financial condition and results of operations.

We provide finance and taxation solutions under the applicable accounting guidance and tax laws and regulations and are not directly responsible for any liability arising from the customers' failure to provide true and accurate, legal, complete and valid information. However, due to the business nature of our finance and taxation solutions, we may receive the legal documentation from government authorities or PRC courts and be involved in the investigation due to our customers' own non-compliance issues relating to finance and taxation. Such investigation may distract the attention of our management and adversely affect our reputation.

We cannot assure you that we will not be involved in legal or other proceedings in the future, any negative outcome of such proceedings may expose us to negative publicity and materially and adversely affect our brand image, business, financial condition and results of operations.

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**Negative publicity and allegations involving us, our shareholders, directors, officers, employees, associates and regional partners may affect our reputation and, as a result, our business, financial condition, and results of operations may be adversely affected.**

We, our shareholders, directors, officers, employees, associates and regional partners may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could materially damage our reputation and brand image established over years of operations and reduce our bargaining power. In addition, to the extent our employees and regional partners are found or alleged to have violated any laws or regulations, we may also suffer negative publicity. As a result, the time and attention of our management may be distracted and we may be required to spend substantial costs in response to allegations and negative publicity, and our business, financial condition, and results of operations may be adversely affected.

**Failure to pay the social insurance premium and housing provident funds for and on behalf of our employees in accordance with the Labor Contract Law or comply with other related regulations of the PRC may subject us to penalties and have an adverse impact on our financial conditions and results of operations.**

PRC laws and regulations require us to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, maternity insurance, work-related injury insurance and the housing provident fund. According to the applicable PRC laws and regulations, employers must open social insurance registration accounts and housing provident fund accounts and pay social insurance premiums and housing provident fund contributions in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to the maximum amounts specified by the local governments.

During the Track Record Period, we failed to (i) open housing provident funds registration account for certain of our subsidiaries, and (ii) make full social insurance and housing provident fund contributions for certain of our employees, as required by relevant laws and regulations, primarily due to (i) inconsistent implementation of relevant laws and regulations in terms of social insurance and housing provident fund contributions by local authorities; (ii) the relevant personnel who did not fully understand the relevant regulatory requirements; and (iii) unwillingness of employees to make contributions of social insurance and housing provident fund in full for personal reasons, mainly considering the increase in their financial burden. For the years ended December 31, 2020, 2021 and 2022, we made provision for social insurance and housing provident fund contributions of RMB33.5 million, RMB32.1 million and RMB18.3 million in the combined statements of comprehensive loss, respectively. As of the Latest Practicable Date, we had made social insurance and housing provident fund contributions for all employees.

As advised by our PRC Legal Advisors, according to the relevant PRC laws and regulations: (i) with respect to social insurance, the relevant government authorities may order us to pay the outstanding amounts within the prescribed time period with a late charge at the daily rate of 0.05% on the outstanding amounts, and if and only if we fail to do so, they may impose a fine or penalty ranging from one to three times the outstanding amounts; and (ii) with respect to housing provident funds, the relevant government authorities may order us to pay the outstanding amounts within the prescribed time period, and they may apply to a competent court for enforcement of the

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outstanding amounts if we fail to do so. During the Track Record Period and up to the Latest Practicable Date, we were not imposed any administrative penalties as a result of our non-compliance with social insurance and housing provident fund related PRC laws and regulations. We cannot assure you that the relevant government authorities will not impose new requirements on us according to laws, regulations or local policies published by the relevant government authorities from time to time in the future, such as ordering us to make supplemental social insurance and housing provident fund contributions, imposing late fees or fines on us or ordering us to take other measures, any of which may materially and adversely affect our business, financial condition and results of operations.

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

As of the Latest Practicable Date, we leased 138 properties with an aggregate GFA of approximately 37,148.93 sq.m., which were mainly used as office premises. We cannot assure you that we will be able to renew such leases on commercially reasonable terms acceptable to us upon their expiration. If we fail to renew them upon expiration, we may be forced to relocate and incur additional costs associated therewith, and our business, financial condition and results of operations may be adversely affected. Moreover, we may not be able to locate desirable alternative sites for our leased properties, which could materially and adversely affect our business, financial condition, results of operations, and prospects.

**We face legal defects regarding some of our leased properties.**

As of the Latest Practicable Date, for 47 of our leased properties, we either had not been provided by the lessors with the relevant title certificates or relevant authorization documents evidencing their rights to lease the properties to us. Third parties could seek to assert ownership rights against the landlords, and we may not be able to continue to use and lease relevant properties if any of these leased properties are challenged by the relevant government authorities. As of the Latest Practicable Date, for three of our leased properties on collectively-owned land, we had not been provided by the lessors with consent from not less than two-thirds of the members of villager assembly or the representatives of the villagers. Our use of such leased properties may be challenged, and we may be required to vacate these properties. We may have to identify alternative land and incur additional costs in doing so. As of the Latest Practicable Date, our use of 31 properties primarily as office premises was inconsistent with the designated usages specified in the Property Ownership Certificates of such properties, most of which are for residential purposes. The relevant PRC government authorities have the rights to order the property owner to surrender the relevant land and impose a fine on such owner. This could refrain us from using such properties. As of the Latest Practicable Date, we had not registered certain of our lease agreements with the relevant PRC government authorities. If we fail to complete or timely complete such lease registration upon the housing authorities' request, we may face fines on each unregistered lease agreement. For details of the legal defects of our leased properties, see "Business — Properties." In addition, as of the Latest Practicable Date, three of our leased properties were also subject to mortgage at the time the lease agreements were entered into. Such lease may 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.

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We are not aware of any material claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to our leasehold interests in or use of such properties. However, we cannot assure you that our use of such leased properties will not be challenged in the future. In the event that our use of properties is successfully challenged, we may be forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We cannot assure you that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liabilities resulting from third parties’ challenges on our leasehold interests. As a result, our business, financial condition and results of operations may be materially and adversely affected.

**Any non-compliance with applicable anti-bribery and anti-corruption laws and other forms of illegal acts and misconduct by our employees or our regional partners may materially and adversely affect our reputation and business operations.**

Our business operations are subject to anti-bribery and anti-corruption laws and regulations in China, which prohibit companies and their intermediaries from making improper payments or other benefits to government or other parties for the purpose of obtaining or retaining business. We cannot assure you that our internal control and risk management measures relevant to compliance with anti-bribery and anti-corruption laws, regulations and policies will always effectively prevent relevant non-compliance. We cannot assure you that we could be exculpated from the penalties or liabilities that may be imposed by the relevant government authorities due to violations by our employees, customers and suppliers. If any of our employees, customers or suppliers are found or alleged to have violated anti-bribery or anti-corruption laws and regulations, we may face relevant investigation activities or be involved in fines, lawsuits, which may cause damage to our reputation, business operations and financial condition and may distract the attention of our management.

### RISKS RELATING TO THE CONTRACTUAL ARRANGEMENTS

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

Foreign ownership of certain businesses in the PRC is subject to restrictions under current PRC laws and regulations. For example, foreign investors are not allowed to hold more than 50% equity interest in an enterprise conducting “value-added telecommunications services” business (excluding e-commerce, domestic multiparty communication services, store-and-forward services and call center services). Therefore, the Contractual Arrangements have been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are subject to the aforementioned restrictions.

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As advised by our PRC Legal Advisors, our Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under applicable PRC laws and regulations. See “Contractual Arrangements — Legality of the Contractual Arrangements” for more details. However, our PRC Legal Advisors have also advised us that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. In addition, certain PRC court rulings and arbitral decisions invalidated certain contractual agreements which were considered to be entered into with the intention of circumventing foreign investment restrictions in the PRC in contravention of PRC laws. Thus, we cannot assure you that the PRC government will not ultimately take a view contrary to the opinion of our PRC Legal Advisors. On March 15, 2019, the 2nd meeting of the 13th Standing Committee of the National People’s Congress approved the *Foreign Investment Law of the People’s Republic of China* (《中華人民共和國外商投資法》) (the “FIL”) which became effective on January 1, 2020. The FIL and its current implementation and interpretation rules do not explicitly clarify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign-invested enterprises if they are ultimately “controlled” by foreign investors.

The FIL does not introduce the concept of “control” in determining whether a company would be considered as a foreign-invested enterprise. As relevant government authorities may promulgate more laws, regulations or rules on the interpretation and implementation of the FIL, the possibility cannot be ruled out that contractual arrangements are deemed as a form of foreign investment. Therefore, we cannot assure you that the Contractual Arrangements will not be deemed as a form of foreign investment under laws, regulations or provisions prescribed by the State Council in the future, as a result of which, it will be uncertain whether the Contractual Arrangements will be deemed to violate the foreign investment access requirements and the impact on the Contractual Arrangements. If Beijing Zhongmou was deemed as a foreign-invested enterprise under any of such future laws, regulations and rules, further actions will be required to be taken by us under such laws, regulations and rules and may materially and adversely affect our business and financial condition. Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by parties with respect to Contractual Arrangements, failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations. If our ownership structure, Contractual Arrangements and business or that of Boyue Wenchang or Beijing Zhongmou are found to violate any existing or future PRC laws or regulations, or we fail to obtain or maintain any of the required permits or approvals, the relevant government authorities would have broad discretion in dealing with such violations, including but not limited to (i) levying fines on us; (ii) confiscating our income or the income of Boyue Wenchang or Beijing Zhongmou; (iii) revoking our business licenses and/or operating licenses; (iv) shutting down our institutions; (v) discontinuing or placing restrictions or onerous conditions on our operations, requiring us to undergo a costly and disruptive restructuring; (vi) restricting or prohibiting our use of [REDACTED] from the [REDACTED] or other of our financing activities to finance our business and operations in the PRC; and (vii) taking other regulatory or enforcement actions that could be harmful to our business. In addition, if any equity interest in Beijing Zhongmou held by its remaining registered shareholder, Mr. Zhang, is held in the court custody in connection with their litigation, arbitration or other judicial or dispute resolution proceedings, we cannot assure you that the equity interest will be disposed of to us in such proceedings in accordance with the Contractual Arrangements. Moreover, interim remedies or



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enforcement order granted by overseas courts may not be recognizable or enforceable in the PRC. The occurrence of any of these events could adversely affect our business, financial condition and results of operations.

**Our Contractual Arrangements may result in adverse tax consequences to us.**

Under the 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 were not made on an arm’s length basis and adjust Beijing Zhongmou’s income for PRC tax purposes by requiring a transfer pricing adjustment. A transfer pricing adjustment could materially and adversely affect us by (i) increasing the tax liabilities of Beijing Zhongmou without reduction of expense deductions, which could further result in late payment fees and other penalties to Beijing Zhongmou for underpaid taxes; or (ii) limiting the ability of Beijing Zhongmou to obtain or maintain preferential tax treatments and other financial incentives.

**Mr. Zhang may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.**

Our control over Beijing Zhongmou is based upon the Contractual Arrangements with, among others, Beijing Zhongmou and its remaining registered shareholder, Mr. Zhang. Mr. Zhang may potentially have a conflict of interest with us, and may breach his agreements with us or if he otherwise act in bad faith, if he believes the Contractual Arrangements would adversely affect his own interests. We cannot assure you that when conflicts of interest arise between us and Mr. Zhang, such shareholder will act completely in our interests or that the conflicts of interest will be resolved in our favor. If Mr. Zhang cannot act completely in our interests or the conflicts of interest between us and such shareholder are not resolved in our favor, our business and financial condition may be materially and adversely affected. Currently, we do not have arrangements to address the potential conflicts of interest faced by Mr. Zhang. In addition, Mr. Zhang may breach or refuse to renew, or cause Beijing Zhongmou to breach or refuse to renew, the Contractual Arrangements with us. If any such shareholder breaches his agreements with us or otherwise has disputes with us, we may have to initiate arbitration or other legal proceedings. Such disputes and proceedings may significantly distract our management’s attention, adversely affect our ability to control Beijing Zhongmou and otherwise result in negative publicity and adversely affect the reputation of Beijing Zhongmou. We cannot assure you that the outcome of any such dispute or proceeding will be in our favor.

**Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. Beijing Zhongmou and its remaining registered shareholder, Mr. Zhang, may fail to perform their obligations under our Contractual Arrangements.**

Our Contractual Arrangements may not be as effective in providing us with control over Beijing Zhongmou as direct ownership. If Beijing Zhongmou or Mr. Zhang fails to perform their respective obligations under the Contractual Arrangements, we may incur substantial costs and expend substantial resources to enforce our rights. All of these Contractual Arrangements are governed by and interpreted in accordance with the PRC laws, and disputes arising from these

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Contractual Arrangements will be resolved through arbitration or litigation in the PRC. There remain significant uncertainties regarding the outcome of arbitration or litigation. Under the PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong may not be recognizable or enforceable in the PRC. In the event we are unable to enforce these Contractual Arrangements or we experience significant delays or other obstacles in the process of enforcing these Contractual Arrangements, we may not be able to exert effective control over Beijing Zhongmou or obtain the full economic benefits of the same. Our ability to conduct our business may be negatively affected.

**We may lose control over Beijing Zhongmou and may not enjoy the full economic benefits if Beijing Zhongmou declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.**

Our Contractual Arrangements contain terms that provide that Beijing Zhongmou may not be voluntarily liquidated without the written consent of Boyue Wenchang. However, if Mr. Zhang breaches this obligation and voluntarily liquidates Beijing Zhongmou or if Beijing Zhongmou declares bankruptcy, all or part of its assets may become subject to liens or rights of third-party creditors and we may be unable to continue to control Beijing Zhongmou and may not enjoy the full economic benefits of the same, which could adversely affect our business, financial condition and results of operations. In addition, under the Contractual Arrangements, Beijing Zhongmou does not have the right to issue dividends to its shareholders without our prior written consent. In the event that Beijing Zhongmou distributes dividends without our prior written consent, we may need to resort to legal proceedings to enforce the terms of the Contractual Arrangements. Any such legal proceeding 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 will be uncertain.

**If we exercise the option to acquire equity ownership of Beijing Zhongmou, the ownership transfer may subject us to certain limitations and substantial costs.**

Pursuant to the Contractual Arrangements, we have the exclusive right to purchase all or any part of the equity interest in Beijing Zhongmou for RMB100, or the lowest amount permissible under the applicable PRC laws and regulations. The equity transfer may be subject to approvals from and filings with the relevant authorities. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authority. Mr. Zhang will pay the remaining amount to Boyue Wenchang under the Contractual Arrangements. The amount to be received by Boyue Wenchang may also be subject to enterprise income tax. Such tax amounts could be substantial and as a result, our financial condition may be adversely affected.

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### RISKS RELATING TO DOING BUSINESS IN THE PRC

**Changes in PRC’s economic, political and social conditions as well as government policies could adversely affect our business and prospects.**

We generate all of our revenue from the PRC. Substantially all of our businesses, assets, operations are located in the PRC. As a result, our business, financial condition and results of operations are subject, to a significant degree, to the economic, political, social and regulatory environment in the PRC.

The Chinese economy differs from the economies of the most developed countries in many respects, including the amount of government involvement, level of development, growth rate and control of foreign exchange, among other factors. The PRC government regulates the economy and the industries by imposing industrial policies and regulating the macro economy through fiscal and monetary policies.

Our performance has been and will continue to be affected by the Chinese economy, which in turn is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to impact the economic growth in the PRC. While the Chinese economy has experienced significant growth over the past decades, the growth has been uneven across different regions and sectors. The global economic slowdown and the turmoil in the global financial markets, continued weakness in the U.S. economy and the sovereign debt crisis in Europe have collectively added downward pressure to economic growth in the PRC.

We are unable to predict all the risks and uncertainties that we face as a result of current economic, political, social, and regulatory developments and many of these risks are beyond our control. All such factors may materially and adversely affect our business operations and financial performance.

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

COVID-19 had a negative impact on the Chinese and the global economy starting from the first quarter of 2020. Moreover, the Chinese and global macroeconomic environment is facing numerous other challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world’s leading economies, including China and the United States. In addition, the Russia-Ukraine tensions have negative impact on international relations, which are beyond the regional conflicts and may lead to significant global economic uncertainty. Also, the unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between China and the United States with respect to trade policies, treaties, government regulations and tariffs. The tensions between China and the U.S. and other countries

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have intensified. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China.

Majority of our customers are SMBs, which may be disproportionately affected by economic downturns. They frequently have limited budgets, and may choose to reduce their spending on our services, especially in times of economic uncertainty or recessions. If a noticeable number of our customers experience severe difficulties in their business or finance, or if they fail to survive in face of the macroeconomic uncertainties, our business, results of operations and financial condition could be materially and adversely affected.

### **Changes and developments in the PRC legal system and the interpretation and enforcement of PRC laws, rules and regulations may subject us to uncertainties.**

We conduct our business primarily through operating subsidiaries in the PRC, which are governed by the PRC laws and regulations. The PRC legal system is based on written statutes. The legal system in China evolves rapidly, some of the current laws and regulations are relatively new and may be amended from time to time and there are uncertainties in the interpretation and enforcement of the laws and regulations. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims. These uncertainties could also limit the legal protections available to it and may adversely affect the value of your investment.

Meanwhile, laws, regulations or enforcement policies in the PRC, including those regulating SMB finance and taxation solution industry in China, are evolving and subject to frequent changes. Therefore, prior enforcement activity, or lack of enforcement activity, is not predictive of future actions. Any enforcement actions against us could have a material adverse effect on us. Any litigation or enforcement proceedings in the PRC may be protracted and may result in substantial cost and diversion of resources and management attention, negative publicity, and damage to reputation. In addition, such changes may have a retroactive effect and thus subject our business and operations to increased uncertainties and risks.

Moreover, we cannot predict the effect of future developments in the PRC legal system and regulatory structure. Such unpredictability towards our contractual, property and procedural rights could adversely affect our business and impede our ability to continue our operations. In addition, the PRC legal system is based in part on government policies and administrative rules, which evolve relatively fast and some of which are not published on a timely basis, or at all. Some rules may have a retroactive effect. Hence, we are required to constantly keep ourselves up-to-date on the evolving policies and rules, and may not be aware of violation of these policies and rules until after such violation has occurred.

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**The M&A Rules and certain other PRC regulations may make it more difficult for us to pursue growth through acquisitions in the PRC.**

The *Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors* (《關於外國投資者併購境內企業的規定》), or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established procedures and requirements on the merger and acquisition activities by foreign investors, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the *Anti-Monopoly Law* (《反壟斷法》) requires that the relevant anti-monopoly authority shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the *Rules of Ministry of Commerce on Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors* (《商務部實施外國投資者併購境內企業安全審查制度的規定》) issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the abovementioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or other competent government authorities, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

**We may be deemed to be a PRC tax resident enterprise under the EIT Law, which could result in unfavorable tax consequences to us and our non-PRC shareholders.**

We are a company incorporated under the laws of the Cayman Islands. Under the EIT Law and its implementation rules, if an enterprise incorporated outside the PRC has its “de facto management bodies” within the PRC, such enterprise would generally be deemed as a “PRC resident enterprise” for tax purposes and be subject to an EIT rate of 25% on its global income. “De facto management bodies” is defined as the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. The STA has issued several circulars, as amended from time to time, to clarify certain criteria for the determination of the “de facto management bodies” for foreign enterprises controlled by the PRC enterprises. In particular, on April 22, 2009, the *Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies* (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (the “**Circular 82**”) promulgated by the STA and last amended on December 29, 2017 sets out the standards and procedures for determining whether the “de facto management body” of an enterprise incorporated outside the PRC and invested by PRC enterprises or PRC enterprise group as the major controlling shareholders located within the PRC. Moreover, STA issued the

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*Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (Trial Implementation)* (《境外註冊中資控股居民企業所得稅管理辦法(試行)》), which took effect on September 1, 2011 and last amended on June 15, 2018, to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such “Chinese-controlled offshore incorporated resident enterprises.” However, there have been no official implementation rules regarding the determination of the “de facto management bodies” for foreign enterprises not controlled by the PRC enterprises (including companies like ourselves). We believe that we should not be regarded as a PRC tax resident enterprise. Nevertheless, if we are regarded as a PRC tax resident enterprise by the PRC tax authorities, we would have to pay the EIT at a rate of 25% for our entire global income, which may materially and adversely affect our profits and hence our retained profit available for distribution to our Shareholders.

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

Under the EIT law and the relevant implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides otherwise, the PRC withholding tax at a rate of 10% is normally applicable to dividends from a PRC source paid to investors that are “non-resident enterprises,” which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but whose relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such is generally subject to a 10% PRC income tax if such gain is regarded as income derived from sources within the PRC.

Under the *PRC Individual Income Tax Law* (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempted under applicable tax treaties or similar arrangements.

If we are treated as a PRC resident enterprise as described under “— We may be deemed to be a PRC tax resident enterprise under the EIT Law, which could result in unfavorable tax consequences to us and our non-PRC shareholders,” dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within the PRC and as a result be subject to the PRC income taxes described above. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected.

**We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.**

On February 3, 2015, the STA issued the *Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises* (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the “**Circular 7**”), which abolished certain



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provisions in the *Notice on Strengthening the Administration of Enterprise Income Tax on Non-Resident Enterprises* (《關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (the "Circular 698"), which was previously issued by the STA on December 10, 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (the "PRC Taxable Assets"). Under Circular 7, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Except as provided in Circular 7, transfers of the PRC taxable property under the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to the PRC EIT: (i) more than 75% of the value of the overseas enterprise is directly or indirectly from the PRC taxable properties; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in the PRC at any time during the year prior to the indirect transfer of the PRC taxable property, or more than 90% of the income of the overseas enterprise is directly or indirectly from the PRC during the year prior to the indirect transfer of the PRC taxable property; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold the PRC taxable property and have registered with the relevant government authorities in the host countries or regions to meet the local legal requirements in relation to organization forms, yet prove to be inadequate in their ability to perform their intended functions and withstand risks as their alleged organization forms suggest; or (iv) the income tax from the indirect transfer of the PRC taxable property payable abroad is lower than the income tax in the PRC that may be imposed on the direct transfer of such PRC Taxable Assets.

Although Circular 7 contains certain exemptions (including, (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional PRC tax reporting obligations or tax liabilities.

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Provisions of Circular 7, which impose PRC tax liabilities and reporting obligations, do not apply to “a non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market” (the “**Public Market Safe Harbor**”), which is determined by whether the parties and number and price of the shares acquired and disposed are not previously agreed upon, but determined in accordance with general trading rules in the public securities markets, according to one implementing rule for Circular 698. In general, transfers of the Shares by Shareholders on the Stock Exchange or other public markets would not be subject to the PRC tax liabilities and reporting obligations imposed under the Circular 7 if the transfers fall under the Public Market Safe Harbor. Potential investors should consult their professional advisers if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and [REDACTED] in the Shares. Please see “Information about this Document and the [REDACTED].”

**Fluctuation in exchange rates could materially and adversely affect our results of operations and the value of your investment.**

The conversion of RMB into foreign currencies is subject to changes resulting from the PRC government’s policies and depends to a large extent on the domestic and international economic and political developments. 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. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policy goals.

During the Track Record Period, substantially all of our revenue, expenditures and financial assets were denominated in RMB. The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of the RMB against the Hong Kong dollar may result in the decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the RMB may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

**The PRC government’s control of foreign currency conversion may limit our foreign exchange transactions and affect the value of your investment.**

The PRC government imposes controls on the convertibility of the RMB into foreign currencies. We receive substantially all of our revenue in RMB. Under our current corporate structure, the company in the Cayman Islands relies on dividend payments from our PRC subsidiaries, to fund any cash and financing requirements we may have. 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. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation. However, approval from or

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registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

In light of the flood of capital outflows of China in 2016 due to the weakening of the RMB, the PRC government has imposed more restrictive foreign exchange policies and stepped-up scrutiny of major outbound capital movement. The PRC government may at its discretion further restrict access to foreign currencies in the future for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends and other distributions in foreign currencies to our shareholders.

**We rely on dividends paid by our subsidiaries for our cash needs, and limitations under the PRC laws on the ability of our PRC subsidiaries to distribute dividends to us could adversely affect our ability to utilize such funds.**

As a holding company, we conduct substantially all of our business through our subsidiaries incorporated in the PRC. We rely on dividends paid by these PRC subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our Shareholders. The payment of dividends by entities established in the PRC is subject to limitations. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in the PRC. Each of our PRC subsidiaries is required to set aside (i) at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves or statutory capital reserve funds until the aggregate amount of such reserves reaches 50% of its respective registered capital; and (ii) discretionary reserve funds as approved by its shareholders meeting. As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to us in the form of dividends, loans or advances. In addition, certain loan agreements signed or to be signed by our PRC subsidiaries may contain covenants that restrict their ability to pay out dividends. These limitations on the ability of our PRC subsidiaries to transfer funds to us limit our ability to receive and utilize such funds.

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

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant government authorities in the PRC.

According to the relevant PRC regulations on foreign-invested enterprises in the PRC, capital contributions by us to our PRC subsidiaries are subject to the requirement of making necessary filings in the Enterprise Registration System and registration with other government authorities in the PRC. In addition, any foreign loan provided by us to our PRC subsidiaries is required to be registered with the SAFE, or its local counterparts. We may not be able to complete such recording

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or registrations on a timely basis, or at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the [REDACTED] of this [REDACTED] and to capitalize 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, the SAFE promulgated the *Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises* (《關於改革外商投資企業外匯資金結匯管理方式的通知》) (the “SAFE Circular 19”), which took effect on June 1, 2015 and was partially abolished on December 30, 2019. SAFE 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 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 scopes. On June 9, 2016, the SAFE promulgated the *Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange* (《關於改革和規範資本項目結匯管理政策的通知》) (the “SAFE Circular 16”). SAFE Circular 19 and SAFE Circular 16 continue to prohibit 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 not for self-use. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to and use the [REDACTED] from this [REDACTED] in the PRC, which may materially and adversely affect our business, financial condition and results of operations.

**PRC regulations relating to offshore investment activities by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.**

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local counterparts of the SAFE in connection with their direct or indirect offshore investment activities.

The SAFE Circular 37 was promulgated by the SAFE in July 2014 and requires PRC residents or entities to register with SAFE or its local counterparts in connection with their establishment or control of an offshore entity, for the purpose of overseas investment or financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents or entities, referred to in SAFE Circular 37 as a “special purpose vehicle.” Further, on February 13, 2015, SAFE promulgated the SAFE Circular 13, which came into effect on June 1, 2015 and was partially abolished on December 30, 2019. SAFE Circular 13 cancels two administrative approval items, namely, foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment. Instead, banks shall directly examine and handle foreign exchange registration under both domestic direct investment and overseas direct investment. SAFE and its local counterparts shall indirectly regulate the

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foreign exchange registration of direct investment through banks. These regulations apply to our Shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local counterpart of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger or division.

If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including but not limited to (i) the requirement by the SAFE to return the foreign exchange remitted overseas or into the PRC within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into the PRC and deemed to have been evasive or illegal; and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We may not be fully informed of the identities of all our Shareholders or beneficial owners who are PRC residents, and therefore, we may not be able to identify all our Shareholders or beneficial owners who are PRC residents to ensure their compliance with SAFE Circular 37 or other outbound investment related rules. In addition, we cannot provide any assurance that all of our Shareholders or beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by the SAFE Circular 37 or other outbound investment related rules in a timely manner. Even if our Shareholders or beneficial owners who are PRC residents comply with such request, it cannot provide any assurance that they will successfully obtain or update any registration required by the SAFE Circular 37 or other outbound investment related rules in a timely manner due to many factors, including those beyond our and their control. Failure by any Shareholders or beneficial owners to comply with SAFE Circular 37, SAFE Circular 13 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas or cross-border investment activities, limit our subsidiaries’ ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could adversely affect our business and prospects.

As there is uncertainty concerning the reconciliation of these foreign exchange regulations with other approval requirements, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. We cannot predict how these regulations will affect our



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

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

In February 2012, the SAFE promulgated the *Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly Listed Company* (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the “SAFE Circular 7”), which replaced the earlier rules promulgated by the SAFE in March 2007 and January 2008. Under the SAFE Circular 7 and other relevant requirements and regulations, PRC residents who participate in stock incentive plans in an overseas publicly listed company are required to register with the SAFE or other branches and complete certain other procedures. The PRC resident participants of stock incentive plans are required to retain a qualified PRC agent, which could be the Chinese subsidiary of such overseas listing public company or other qualified institutions selected by the PRC subsidiary, to register with the SAFE and complete other procedures on behalf of such participants for stock incentive plans. The participants must also retain an overseas entrusted institution to complete matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

SAFE Circular 37 stipulates that the PRC residents who participate in a share incentive plan of an overseas non-publicly listed special purpose company may register with SAFE or its local branches before such PRC residents exercise the share options. Upon the completion of the [REDACTED], we and our PRC employees who have been granted share options will be subject to these regulations. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to distribute dividends to us, or otherwise materially adversely affect our business operations.



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**The filing or other administration requirements of the CSRC or other PRC government authorities may be required in connection with the [REDACTED] and our future financing activities. We cannot predict whether we will be able to meet such administration requirements in a timely manner, or at all.**

On February 17, 2023, the CSRC promulgated the *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 relevant five guidelines, which became effective on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to [REDACTED] securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provide that if the issuer meets both of the following criteria, the overseas securities [REDACTED] conducted by such issuer will be deemed as indirect overseas [REDACTED] by PRC domestic companies: (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 is accounted for by domestic companies; and (ii) the main parts of the issuer’s business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. Where an issuer submits an application for [REDACTED] to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. Our PRC Legal Advisors are of the view that we are required to complete the filing procedures with the CSRC in connection with this [REDACTED]. In addition, the Overseas Listing Trial Measures also provide that domestic companies must file with the CSRC within three business days for its follow-on [REDACTED] of securities after it is listed in an overseas market. Failure to complete such filing with the CSRC in a timely manner or at all, for this [REDACTED] or any future securities [REDACTED] or any other financing activities which are subject to the filing requirements under the Overseas Listing Trial Measures, may subject us to fines, penalties or other sanctions, which could in turn materially and adversely affect our operations and financial condition, as well as our ability to [REDACTED] or continue to [REDACTED] [REDACTED] to investors.

There still remain uncertainties regarding the interpretation and implementation of Overseas Listing Trial Measures. Furthermore, if the CSRC or other PRC government authorities further promulgate new implementation measures or explanations on filings, registrations, or other types of authorizations for this [REDACTED], we cannot assure you that we can obtain such authorizations, or complete the required procedures in a timely manner, or at all. Any uncertainties and/or negative publicity regarding regulatory requirements could have a material adverse effect on our reputation and prospects on this [REDACTED].

**You may experience difficulties in effecting service of the legal process and seeking recognition and enforcement of foreign judgments in the PRC.**

Substantially all of our assets and current operations are located or conducted in the PRC. In addition, substantially all of our current Directors and senior management members are nationals and residents of the PRC with substantially all of their assets located in the PRC. It may not be

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possible for investors to effect service of process upon us or those persons in the PRC for disputes brought in courts outside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 14, 2006, Hong Kong and the PRC 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* (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**Arrangement**”), pursuant to which a party with an enforceable final court judgment rendered by any designated PRC court or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant PRC court or Hong Kong court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against us, certain of our assets, our Directors and senior management members in the PRC to seek recognition and enforcement of foreign judgments in the PRC. On January 18, 2019, Hong Kong and the PRC entered into the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region* (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People’s Court of the PRC and the completion of the relevant legislative procedures in Hong Kong in the future. The New Arrangement will, upon its effectiveness, supersede the Arrangement. Therefore, before the New Arrangement becomes effective, it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

### RISKS RELATING TO THE [REDACTED]

**No public market currently exists for our Shares. The [REDACTED] of our Shares may be volatile and an active [REDACTED] market for our Shares may not develop.**

No public market currently exists for our Shares. The initial [REDACTED] for our Shares to the public will be the result of negotiations between our Company and [the [REDACTED] (for itself and on behalf of the [REDACTED])], and the [REDACTED] may differ significantly from the [REDACTED] of the Shares following the [REDACTED]. We [have applied] to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED] in, the Shares. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid

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[REDACTED] market for the Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the market price of the Shares will not decline following the [REDACTED].

The [REDACTED] price and [REDACTED] volume of the Shares may be subject to significant volatility in response to various factors. Some of these factors are beyond our control, including:

- variations in our results of operations;
- changes in financial estimates by securities analysts;
- announcements made by us or our competitors;
- regulatory developments in the PRC affecting us, our customers or our competitors;
- investors’ perception of us and the investment environment globally;
- developments in the markets we operate;
- changes in pricing made by us or our competitors;
- acquisitions by us or our competitors;
- the depth and liquidity of the market for our Shares;
- additions to or departures of, our executive officers and other members of our senior management;
- release or expiry of lock-up or other transfer restrictions on our Shares;
- sale or anticipated sale of additional Shares; and
- the general economy and other factors.

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

**Our Company was incorporated under the laws of the Cayman Islands and these could provide different protections to minority Shareholders than the laws of Hong Kong.**

Our corporate affairs are governed by our Memorandum and Articles of Association, and by the Cayman Companies Act and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders could differ from those established under statutes or judicial precedent in Hong Kong or other jurisdictions with which

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minority Shareholders are more familiar. Such differences could mean that minority Shareholders could have different protections than they would have under the laws of Hong Kong or other jurisdictions with which minority Shareholders are more familiar.

**You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares in the future.**

The [REDACTED] of the [REDACTED] is higher than the combined net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution. Our existing Shareholders will receive an increase in the pro forma combined net tangible asset value per Share of their Shares. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors’ claims.

To expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

**Future sales or perceived sales or conversion of substantial amounts of our securities in the public market could adversely affect the market price of our [REDACTED] and our ability to raise capital in the future, or may result in dilution of your shareholding.**

The market price of our [REDACTED] could decline as a result of future sales of substantial amounts of our [REDACTED] or other securities relating to our [REDACTED] in the public market, or the issuance of new [REDACTED] or other securities relating to our [REDACTED] or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future [REDACTED], could materially and adversely affect the prevailing market price of our [REDACTED] and our ability to raise capital in the future at a time and at a price which we deem appropriate. In addition, our Shareholders would experience a dilution in their holdings upon the issuance of additional securities for any purpose. If additional funds were raised through our issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders could be reduced and such new securities might confer rights and privileges that take priority over those conferred by the [REDACTED].

**There will be a gap of several days between the [REDACTED] and [REDACTED] of our Shares, and the price of our Shares when [REDACTED] begins could be lower than the [REDACTED].**

The initial [REDACTED] of our Shares [REDACTED] in the [REDACTED] is expected to be determined on the [REDACTED]. However, the Shares will not commence [REDACTED] on the Stock Exchange until the [REDACTED]. As a result, there will be a gap of several days between [REDACTED] and [REDACTED] of our Shares and investors may not be able to sell or otherwise [REDACTED] in the Shares during that period. Accordingly, holders of our Shares are

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subject to the risk that the price of the Shares when [REDACTED] begins could be lower than the [REDACTED] as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time [REDACTED] begins.

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

Our management may utilize the [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return to our Shareholders. We plan to use the [REDACTED] from the [REDACTED], including but not limited to: (i) expanding our operation, increase market penetration, and explore strategic partnerships with leading players across diverse industries; (ii) enhancing our finance and taxation solutions; (iii) research and development to enhance our technological capabilities; (iv) strategic investments and acquisitions. For more details, please see “Future Plans and Use of [REDACTED] — Use of [REDACTED].” However, our management will have discretion as to the actual application of our [REDACTED]. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the [REDACTED] from this [REDACTED].

**We may not pay any dividends on the Shares.**

We cannot guarantee when, if, or in what form, dividends will be paid on the Shares following the [REDACTED]. Our Directors have significant discretion as to whether to distribute dividends. A filing of dividends must be proposed by our Board and will be based on, and limited by, various factors, including our business and financial condition, capital and regulatory requirements and general business conditions. Furthermore, we may not have sufficient profits to make dividend distributions to Shareholders in the future, even if our financial statements prepared under IFRS indicate that our operations have been profitable. Even if the Directors decide to declare and pay dividends, the amounts of dividends actually distributed to the Shareholders, and the timing, amount and form of future dividends, if any, will depend on a variety of factors. Please see “Financial Information — Dividends” for more details on our dividend policy.

Therefore, the return on your [REDACTED] in our Shares will likely depend entirely upon any future price appreciation of our Shares, and there is no guarantee that our Shares will appreciate in value after the [REDACTED] or even maintain the price at which you [REDACTED] the Shares. You should not rely on an [REDACTED] in our Shares as a source for any future dividend income. You may not realize a return on your [REDACTED] in our Shares and you may even lose your entire [REDACTED] in our Shares.

**The future sale or perceived sale of our Shares in the public market by major Shareholders following the [REDACTED] could materially and adversely affect the price of our Shares.**

Prior to the [REDACTED], there has not been a [REDACTED] for our Shares. Future sale or perceived sale by our existing Shareholders, or issuance by us of significant amounts of our Shares after the [REDACTED], could result in a significant decrease in the prevailing market prices of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the [REDACTED] due to contractual and regulatory

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restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, the future sale of significant amounts of our Shares in the [REDACTED] or the perception that the sale may occur could significantly decrease the [REDACTED] price for our Shares and our ability to raise equity capital in the future.

**Facts, forecasts and statistics in this document relating to the Chinese economy and the industry where we operate are obtained from various government publications, market data providers and other independent third-party sources, including the industry expert reports. Such facts, forecasts and statistics may not be fully reliable.**

Facts, forecasts and statistics in this document relating to the PRC, the Chinese economy and China’s SMB finance and taxation solution industry are obtained from various sources including various government publications, market data providers and other independent third-party sources, including the industry expert reports. We believe official government publications are reliable. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources.

Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this document relating to the Chinese economy and the SMB finance and taxation solution industry in China may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries.

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

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



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**Our future results could differ materially from those expressed or implied by the forward-looking statements.**

The forward-looking statements included in this document are based on various assumptions. There are also risks, uncertainties and other unforeseen factors which may cause our actual performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Please see “Forward-looking Statements” for details of these statements and the associated risks.

**You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to place any reliance on any information contained in press articles or other media coverage regarding us, our Shares or the [REDACTED].**

We and our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information, including but not limited to projections, valuations or other forward-looking information, or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media coverage regarding our Group or our Shares. There had been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED] that does not appear in this document. We have not authorized the disclosure of any information concerning the [REDACTED] in the press or media. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them.

To make your [REDACTED] decision regarding our Shares, we strongly advise you to rely solely upon the information contained in this document, the [REDACTED] and any formal announcements made by us in Hong Kong. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the [REDACTED] or us. Prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our [REDACTED]. By applying to purchase our Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the [REDACTED].

**There is no assurance that the Shares will remain [REDACTED] on the Stock Exchange.**

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