
RISK FACTORS

An [REDACTED] in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our Shares could decline, and you may lose all or part of your [REDACTED].

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The laws, regulations and official guidance relating to our business are complex, evolving and may be subject to further changes. Non-compliance with any existing or new regulation may result in penalties, limitations and prohibitions on our business activities, and we may need to modify our business operations in response to changes in laws and regulations.

The PRC government has closely regulated the online audio platforms in the past and may continue to tighten the regulation and control on those platforms. In accordance with the Notice on Further Regulating the Transmission Order of Internet Audio-visual Program (《關於進一步規範網絡視聽節目傳播秩序的通知》), which was issued by the SAPPRFT (currently known as the NRTA) and became effective on March 16, 2018, online program service providers are forbidden to illegally seize, edit and adapt audio-visual programs, and online program service providers shall enhance management of certain audio-visual programs and naming and sponsorship of programs on their platforms. The provincial press, publication, radio and television administrative authorities shall supervise the local audio-visual program websites to further improve the program content monitoring system and ensure the online program service providers to fully implement relevant requirements.

In August 2018, the Office of the National “Anti-pornography and Anti-illegal” Working Group, the MIIT, the Ministry of Public Security, the MCT, the NRTA and the CAC jointly issued the Notice on Strengthen the Management of Live Streaming Service (《關於加強網絡直播服務管理工作的通知》), which required a real-name registration system for users to be put in place by live streaming service providers. Under this real-name registration system, we validate the identity information of the registered users primarily based on their mobile numbers. However, the PRC government may further tighten the real-name registration requirements or require us to implement a more thorough real-name registration system for users on our platform, potential users may be deterred from registering with our platform,

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which may in turn negatively affect the growth of our user base and prospect. We may also experience decrease in the level of activity of our existing users and our platform, which may lead to declines in our active user base, paying user base, as well as listening time on our platform. As a result, our revenues from all monetization channels may be materially and adversely affected, and our results of operations and financial condition may be adversely affected accordingly. Furthermore, on June 1, 2021, the PRC Minors Protection Law (2020 Revision) (《中華人民共和國未成年人保護法(2020修訂)》) came into effect, which provides that, among others, live streaming service providers are not allowed to provide minors under age 16 with an online live streaming host account registration service, and must obtain the consent from parents or other guardians and verify the identity of the minors before allowing minors aged 16 or above to register live streaming host accounts. As of the Latest Practicable Date, we have not been subject to any penalties in connection with protection of minors. However, if the PRC government imposes further tightened requirements for minors, we may be required to upgrade our system and incur additional costs to purchase services and devices from third parties to comply with such requirements.

In June 2019, the CAC launched a campaign against illegal activities and inappropriate content on online audio platforms and undertook restrictive measures against certain online audio platforms, including our Ximalaya flagship app. The campaign was an industry-wide action initiated by the CAC to scrutinize the overall online audio industry and enhance the self-discipline awareness of all online audio platforms. During the campaign, certain inappropriate content were identified on our platform. As a result, our Ximalaya flagship mobile app, along with a number of other online audio platforms, was temporarily removed from Apple’s and Android’s App Stores for a period of 30 days from June to July 2019. During this period, we were allowed to maintain normal operations of our Ximalaya flagship app that have been already installed by our existing users on their mobile devices and were required to adopt enhanced measures to improve our content monitoring system. Subsequent to such campaign, we took and implemented a variety of measures to enforce a more comprehensive training mechanism for our content monitoring team, enhancing our content monitoring technologies and applying more stringent compliance training and management programs to our content creators. For example, we conducted a content screening and removed approximately 48,700 free albums and 80 paid albums that might contain inappropriate content from our platform. Approximately 11.3% of our mobile MAUs in June 2019 listened to those albums in the same month, contributing to 4.9% of our total listening time in June 2019 and 0.2% of the revenues generated from paid on-demand listening services in June 2019. We also established and implemented internal scrutiny and alert mechanism to maintain timely and effective communication with the applicable regulatory authorities, keep all relevant departments informed about the compliance requirements and assess their performance. Moreover, we later started to utilize our technological capabilities to enhance our audio content monitoring. Once a user uploads content to our platform, we utilize automatic text and audio analytical tools, supported by ASR and NLP technologies, to identify illegal, inappropriate and potentially infringing content contained in audio pieces and texts uploaded to our platform. Once a risk is identified, our system will send the underlying content to our content monitoring team for additional manual review. In addition to monitoring the day-to-day activities on our platform, we also deploy proprietary and third-party software with risk rating and ASR

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technology to screen and eliminate inappropriate, illegal or infringing content stored on our platform. Our AI technologies are also optimized to detect inappropriate or illegal content stored on our servers. If any improper or illegal content is detected, we will remove such content from our platform. See “— Our content monitoring system may not be effective in preventing misconduct on our platform, and we may be held liable for information or content displayed on, retrieved from or linked to our platform. If any content on our platform is deemed to violate PRC laws or regulations, or if improper or fraudulent activities are conducted on our platform, PRC authorities may impose legal sanctions on us and our reputation may be damaged.” During the 30-day suspension, we did not receive any further inquiry from the CAC or other competent regulatory authorities with respect to our rectification nor did we receive any notification of extension of our 30-day suspension. Therefore, upon the expiration of the 30-day suspension, the suspension on downloading services of our Ximalaya flagship app was lifted. Due to such temporary suspension, the growth of our user base and user spending as well as our revenues and results of operations were adversely affected to certain extent. Our average DAUs and MAUs of July 2019 experienced a decrease of 5.8% and 9.2%, respectively, as compared to those of June 2019, while the impact to our revenues in July 2019 was immaterial. In August 2019, our average DAUs and MAUs recovered from the temporary suspension and resumed to normal level. During the Track Record Period and up to the Latest Practicable Date, our platform or our mobile apps were not subject to any suspension imposed by regulatory authorities that is similar to this incident. Government standards and interpretations as to what constitutes illicit online content or behavior are subject to interpretation and may change. In addition, the CAC launched rectification programs on June 15, 2021 to combat inappropriate behaviors in online fans clubs, which were intended to rectify chaos in online fan groups for celebrities, specifically, in features such as celebrity rankings, hot topics, fan communities, and fans interactive functions, so as to curb verbal abuse, stigmatization, instigation, confrontation, insults, slander, rumors, malicious marketing and the spread of other harmful information. Even though our business operation does not engage in the features stipulated under the rectification programs, we have adopted internal control procedures to prevent those inappropriate behaviors under the rectification programs from appearing on our platform. Additionally, we do not allow malicious repeated purchases on our platform. Therefore, we do not believe that our business operations have been affected by the rectification programs and we will keep monitoring our business to ensure ongoing compliance. However, if the PRC government launches similar campaign against the industry we operate in, or if the PRC government undertakes further actions against our platform, our business, financial condition, and results of operations may be adversely affected.

We may be summoned by PRC regulatory authorities and social organizations for meetings and communication with respect to a variety of matters from time to time. For example, in April 2020, we participated in a meeting with Zhejiang Consumer Council (浙江省消費者權益保護委員會) primarily relating to the protection of the consumers’ interests in various aspects, including but not limited to automatic renewal membership fee charges without prior notification and consent, ambiguous and unclear description of membership privileges that caused confusion, advertisement presentation, etc. Subsequent to such meeting, we proactively took rectification measures to optimize user experience and information transparency by, including but not limited to, amending the membership service agreements to

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provide a clear and accurate description of membership privileges and making it easier for users to exercise their discretion and rights. In a return visit paid by Zhejiang Consumer Council in November 2021, the issues that were identified previously on our platform were acknowledged by Zhejiang Consumer Council to be fully rectified. In addition, we, among other internet companies, were also invited by relevant PRC regulatory authorities in March 2021 to discuss, communicate and present the requirements that the regulatory authorities intend to establish in the event that any company would like to launch audio-based social app products with certain unique features in China, setting forth the general guidance and suggestions. In addition to the existing regulatory landscape, meetings and communication with PRC regulatory authorities and social organizations serve as key channels for us to operate our business in a compliant and permissible manner. If we fail to address that properly, our business may be materially and adversely affected, which in turn may lead to material adverse impacts to our results of operations, financial condition and business prospects.

We also do not have full control over the behaviors of our content creators and users and the content generated by them, therefore cannot assure you that our platform would not be misused by others to engage in illegal or inappropriate activities. Due to the uncertainty of the evolving regulatory regime in China, we may be subject to tightened implementation of applicable regulations in the future and additional restrictive measures may be imposed upon our platform. Such evolving changes in regulatory regime may adversely affect our results of operations. Accordingly, we may be required to change our business strategies, substantially change the functions of our products, impose restrictions on user behaviors and content creation, or adjust our monetization model. Any of these occurrences may slow down our revenue growth and impede our ability to achieve profitability. We may be required to cease certain product and service offerings, leading to decrease in our revenues. Also, as we adjust our business operations accordingly, we may experience significant fluctuations and substantial uncertainties in our results of operations, especially in our revenues, cost of revenues and operating expenses. Also, we cannot assure you that our new products or features will meet the requirements of governmental authorities in China in a timely manner, or at all.

If we fail to obtain or maintain the required regulatory licenses and approvals or if we fail to comply with laws and regulations applicable to our industry, our business, financial condition and results of operations may be materially and adversely affected.

The internet industry in China is highly regulated, which requires certain regulatory licenses, permits, filings and approvals to conduct and develop business. Currently, we have obtained several regulatory licenses and permits relevant to our business, including Value-added Telecommunications Business Operating License, Publication Operation License, Radio and Television Production Operation License, Audio-visual Program Online Transmission License (“**Audio-visual License**”) and Internet Cultural Business License through our VIEs or their subsidiaries.

As the existing and future regulations are subject to interpretation and may evolve from time to time, the regulatory licenses we held may not be sufficient to meet regulatory requirements, which may restrain our ability to expand our business scope and may subject us

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to fines or other regulatory actions by regulators if our practice is deemed as violating the applicable laws and regulations. As we further develop and expand our business scope, we may need to obtain additional qualifications, permits, filings, approvals or licenses. Moreover, we may be required to obtain additional licenses or approvals if the PRC government adopts more stringent policies or regulations for our industry.

According to the Administrative Provisions on Internet Audio-visual Programs Services (《互聯網視聽節目服務管理規定》) jointly promulgated by the SARFT, the predecessor of the NRTA, and the MII, the predecessor of the MIIT, effective on January 31, 2008 and amended on August 28, 2015, an Audio-visual License is required to engage in the business of online transmitting audio-visual programs. Historically, we operated our business without an Audio-visual License, and Shanghai Ximalaya, one of our variable interest entities, received administrative penalties and a fine of RMB8,000 for engaging in the audio-visual program online transmission business without an Audio-visual License and its violation of content requirements. While Shanghai Ximalaya had been registered in the National Internet Audio-visual Programs Registration and Management System since September 2020, subject to the same regulation and supervision as an Audio-visual License holder, Shanghai Ximalaya did not hold an Audio-visual License until March 2024. Even though Shanghai Ximalaya currently holds the Audio-visual License, we cannot assure you that we will be able to renew such license in the future as requested by the regulatory authorities in a timely manner, or at all. If we fail to renew such license in the future, relevant PRC government authorities may issue warnings, order us to rectify our audio-visual program related operations and impose fines on us. In the case of serious violations as determined by relevant authorities at their discretion, they may ban our audio-visual related operations, confiscate our equipment, impose a fine, issue a warning, confiscate illicit gains or even revoke our Audio-visual License. As a result, our business, financial conditions and results of operations may be materially and adversely affected.

According to the Measures for Online Publication Service Administration (《網絡出版服務管理規定》), which was jointly promulgated by the SAPPRFT and the MIIT, which came into effect on March 10, 2016, an Online Publishing Service License is required for the provision of online publishing services. Currently, certain content uploaded to our platform may be considered as "internet publications." As of the Latest Practicable Date, we have not obtained an Online Publishing Service License. If the relevant PRC government authority determines that we are operating without the proper license, we may be subject to penalties such as shutting down our platform, deletion of all relevant online publications, confiscation of income and major equipment and special tools relating to audio content operation, fines or other penalties. Further, according to the Regulations on Internet-based News Information Services (《互聯網新聞信息服務管理規定》) and the Implementation Rules for the Administration of the Licensing for Internet-based News Information Services (《互聯網新聞信息服務許可管理實施細則》), an Internet-based News Information Service License is required for the provision of internet news information services, such as dissemination of news information as a platform through internet. We have not obtained the Internet-based News Information Service License as of the Latest Practicable Date. Although we do not consider ourselves as providing internet news information service, as all the news-related content available on our platform is produced and provided by licensed news agencies, we cannot

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assure you that relevant PRC government authorities may take the same view, and we may be ordered to cease relevant services and be imposed a fine up to RMB30,000, or face other penalties if we are deemed as carrying out internet news information service activities without a license. As the internet industry in China continues evolving, new laws and regulations may be adopted from time to time to address new issues that come to the authorities' attention. The interpretation and implementation of existing and future laws and regulations governing our business activities are still evolving and subject to changes. We cannot assure you that we will not be found in violation of any future laws and regulations or any of the laws or regulations currently in effect due to changes in relevant authorities' interpretation of these laws and regulations.

The existing and future regulations governing online education businesses in China are subject to interpretation and may evolve from time to time. For example, on April 7, 2021, the State Council published the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (2021 Revision) (《中華人民共和國民辦教育促進法實施條例(2021修訂)》), which became effective on September 1, 2021. It remains uncertain whether and how local governments would promulgate rules related to the licensing requirement applicable to online education services. Furthermore, on July 24, 2021, the General Office of the Central Committee of the Chinese Communist Party and the General Office of the State Council jointly promulgated the Opinions on Further Reducing Homework and Off-Campus Training Burden for Students in Compulsory Education Stage (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》). Pursuant to these opinions, a series of restrictions have been imposed on training institutions providing subject-based after-school tutoring for students during compulsory education stage, or the disciplinary training institutions, including but not limited to (i) the existing disciplinary training institutions shall be registered as non-profit institutions in a unified manner; (ii) no disciplinary training institution may raise funds by listing on the stock market, and it shall be strictly prohibited from capitalization operation; (iii) a system for record-filing and supervision of training contents is imperative to be established; and (iv) non-disciplinary training institutions are strictly prohibited from engaging in disciplinary training or providing overseas education courses. Although we do not expect the audio content provided on our platform, such as certain audioized picture books or vocational training programs, to fall under these regulatory requirements, there remains uncertainty as to how the new regulation will be implemented. In addition, we used to provide certain disciplinary training content which we have suspended subsequent to the regulatory shift. If we were to be required to effect further operational adjustment by regulatory authorities for compliance reasons, our results of operations could be harmed. We may be found in violation of any future laws and regulations or the laws and regulations currently in effect due to changes in relevant authorities' interpretation of these laws and regulations. Failure to comply with these regulatory requirements or promptly complete filings or obtain the regulatory licenses may subject us to fines, regulatory orders to suspend our relevant operations or other regulatory and disciplinary sanctions. Any such penalties or changes in policies, regulations or enforcement by government authorities, may disrupt our operations and materially and adversely affect our business, financial condition and results of operations.

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In addition, to expand our business scope and explore innovative business models, we have adopted and will continue to adopt various operating strategies and measures. However, we cannot guarantee that such strategies and measures will not be challenged under PRC laws and regulations and if so, relevant PRC government authorities may issue warnings, order us to rectify our violating operations and impose fines on us. In the case of serious violations as determined by the regulatory authorities at their discretion, our violating operations may be suspended, our equipment in connection with such operations may be confiscated, and we may be subject to fines or revocation of license, which may materially and adversely affect our business.

As of the Latest Practicable Date, we have not been subject to any material penalties from the government authorities for failure to obtain any regulatory licenses or filings for our business operations in the past. We cannot assure you, however, that we will not be subject to any material penalties in the future. In addition, we may be required to obtain additional license or permits or filings, and we cannot assure you that we will be able to obtain, maintain or renew all the required licenses or permits or make all the necessary filings in the future in a timely manner, or at all. If we fail to obtain, hold or maintain any of the required licenses or permits or make the necessary filings on time or at all, we may be subject to various penalties, such as confiscation of the net revenues that were generated through the unlicensed activities, the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

If we are not able to continue to attract and retain users, convert non-paying users into paying users, and increase spending of paying users on our products and services, our business and prospects may be materially and adversely affected.

Our ability to attract and retain our users, drive user engagement and deliver a superior online audio user experience depends largely on our ability to continue to offer, recommend and distribute attractive content, including audiobooks, audio entertainment, podcasts, premium knowledge sharing, audio live streaming and others. Online audio content that was once well-received by our users may become less attractive if user preferences evolve. The success of our business relies on our ability to anticipate changes in user preferences and industry dynamics, respond to such changes in a timely, appropriate and cost-effective manner, and to recommend and distribute content to targeted users precisely and effectively. If we fail to cater to the tastes and preferences of our users or fail to deliver superior user experiences, we may suffer from reduced user traffic and engagement, and our business, financial condition and results of operations may be materially and adversely affected.

As we generate revenues primarily from users paying for our products and services, failure to address the abovementioned risks and challenges could in turn materially and adversely affect our ability to convert our non-paying users into paying users or increase their spending on our services and products. Although we have been able to develop a large paying user base, to continue to expand our paying user base, we must implement our monetization strategy effectively and further explore monetization potential. Our ability to do so is affected

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by a number of factors, such as our ability to cultivate users' willingness to pay for online audio content and our ability to integrate more monetization models into the overall user experience on our platform. Monetization of our user base is also affected by our ability to optimize our pricing strategy and fee models. Currently, we have not generated meaningful revenues from our IoT and other platform MAUs, which accounted for a majority of our total MAUs in 2021, 2022 and 2023. If we fail to implement our plan to gradually experiment and offer paid products and services to our IoT and other platform MAUs, we may not be able to directly monetize a significant portion of our user base. Failure to implement our monetization strategy effectively may materially and adversely affect our business prospects, results of operations and financial condition.

We strive to generate creative ideas for content acquisition and to source high-quality content, including both popular, mainstream content and long-tail content. Sourcing attractive content may be challenging, expensive and time consuming. We have invested and intend to continue to invest substantial resources in content acquisition and production. However, we may not be able to successfully source or produce attractive content or to recover our investments in content. Any deterioration in our content quality, failure to anticipate user preferences, inability to acquire attractive content, or any negative feedback of users to our existing content offerings may materially and adversely affect our user retention and acquisition. Also, as a result, we cannot assure you that our users will consider to pay for our products and services or increase their spending with us. If we fail to address those risks and challenges, our users may not be willing to pay for our products and services and existing paying users may cease to pay for our services and products and discontinue using them, which could materially and adversely affect our business, results of operations and prospects.

We may fail to attract, retain and cultivate talented and popular content creators, which may materially and adversely affect our overall content ecosystem and our business and operations.

The size and engagement level of our user base as well as the quality of the audio content offered on our platform are critical to our success and are closely linked to our content creators. Our content creators include celebrities and performing artists, professional audiobook narrators and radio drama performers, established experts and professionals from a variety of industries, and people from all walks of life who come to our platform to share their interests and life stories.

Retaining and incentivizing content creators to continue producing attractive content is the cornerstone of our ecosystem, and we strive to build long-term, trusted relationships with content creators. Although we have entered into multi-year cooperation agreements with some of the top content creators on our platform, if any of these content creators decides to terminate the agreement or chooses not to continue the cooperation with us once the term of the agreement expires, the popularity of our platform may decline and the number of our users may decrease, which could materially and adversely affect our results of operations and financial condition. We must continue to attract, retain and cultivate talented, popular and productive content creators in order to maintain and increase our content offerings and ensure the

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sustainable growth of our community. We must identify and acquire potential talented content creators and provide them with sufficient resources. We cooperate with talent agencies to recruit, manage, train and support our content creators, especially live streaming hosts. However, we cannot assure you that we can continue to maintain the same level of attractiveness to our content creators and talent agencies. The cost to discover, train and develop popular content creators may increase as the competition intensifies. If our content creators become too costly, we will not be able to procure and offer high-quality content at commercially acceptable costs. If our competitors' platforms offer more attractive compensation package with an intent to attract our popular content creators, costs to retain such content creators may increase. Furthermore, as our business and user base further expands, we may have to devote more resources in encouraging and incentivizing our content creators to produce content that meets the evolving interests of a diverse user base, which would increase the costs of content on our platform.

Content creators on our platform, including those who have entered into long-term agreements with us, may leave us for other platforms which may offer better services and terms than we do. Furthermore, we may lose content creators if the talent agencies that manage them are unable to reach or maintain satisfactory cooperation arrangements with such content creators. In addition, if talented and popular content creators cease to contribute content to our platform, or their audio content fails to attract users, we may experience a decline in user traffic and user engagement, which may have a material and adverse impact on our results of operations and financial conditions.

If we fail to source requisite intellectual property rights from third-party IP partners upon terms acceptable to us, our business may be materially and adversely affected.

Our ability to provide our users with high-quality, popular content depends in part on our ability to procure requisite intellectual property rights relating to certain copyrighted works from third-party IP partners. For example, we produce PGC in collaboration with selected third-party IP partners. We typically enter into license and sub-license agreements with third-party IP partners. The license periods and the terms and conditions of such licenses vary. If the third-party IP partners are no longer willing or able to license intellectual property rights to us upon terms acceptable to us, or if it turns out that the third-party IP partners that we collaborate with do not have the requisite intellectual property rights at all or there are defects in their intellectual property rights, our ability to offer content to our users will be adversely affected. In the case where we obtained the right to distribute content through sub-license agreements, if the licensors lose their right to sub-license such intellectual property rights to us, we may incur additional cost and resources to procure requisite license to the underlying copyrighted works, which in turn would also adversely affect our ability to offer content to our users. For intellectual property rights sub-licensed to us, we may be forced to remove related content as a result of our licensor's disputes with the original intellectual property rights owners, which may result in loss of user traffic and revenues. If we fail to remove such content in a timely manner, we may become the subject of adverse legal actions from the original intellectual property rights owners. As competition intensifies, we may see the cost of intellectual property rights licensing increase. As we seek to differentiate our service, we are

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increasingly focused on securing rights other than merely distribution and online streaming rights. We also acquire other forms of copyright such as rights to adapt the original content into other formats. We focus on offering an overall mix of content that appeals to our users in a cost efficient manner. If we do not maintain a compelling mix of content, our user acquisition and retention may be adversely affected.

Additionally, we have minimum control over our third-party IP partners in collaboration with us. Even though our strategy is to enter into long-term license agreements with them, we cannot guarantee that these parties will always choose to license the underlying intellectual property rights to us. Certain intellectual property rights in connection with our most popular audio content are owned by a number of major third-party IP partners. Our business may be adversely affected if our access to such intellectual property rights is limited or delayed because of deterioration in our relationships with one or more of these third-party IP partners or if they choose not to license to us for any other reasons. Third-party IP partners also may attempt to take advantage of their market power to seek onerous financial terms from us, which could have a material adverse effect on our financial condition and results of operations. To the extent that we are unable to license a large amount of content or the content of certain popular content creators, our business, results of operations and financial condition could be materially and adversely affected.

Potential issues in the adoption and use of artificial intelligence in our product and service offerings may result in reputational harm or liability.

We are integrating AI into many of our product and service offerings. Although many innovations are achieved by AI, AI still presents risks and challenges that could affect its adoption, and, therefore, our business. AI algorithms may be flawed. Datasets may be insufficient or contain biased information. Inappropriate or controversial data practices by us or others could impair the acceptance of our AI solutions. The use of AI capabilities or tools may result in copyright and other legal issues and our AI-related offerings may not be able to compete against that of our competitors. These deficiencies could undermine the capabilities, decisions, predictions or analysis that AI produces, subjecting us to legal liability, and brand or reputational harm. In addition, some AI scenarios present ethical issues. If we offer AI-related products that are controversial because of their impacts on human rights, privacy, employment or other social issues, we may experience reputational harm or be exposed to liability.

The regulatory and legal framework on AI is evolving rapidly and may not sufficiently cover all aspects of the research, development and application of AI in mainland China. Before the year of 2022, the regulations related to AI were also provided in other regulations and rules of internet information services dispersedly. However, PRC government authorities have gradually accelerated the pace of legislation for AI-related technologies including algorithm recommendation and deep synthesis recently. For example, since the end of 2021, PRC government authorities released the Administration Provisions on Algorithmic Recommendation of Internet Information Services (《互聯網信息服務算法推薦管理規定》) and the Administrative Provisions on Deep Synthesis of Internet Information Services (《互聯

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網信息服務深度合成管理規定》) successively. On July 10, 2023, the CAC and six other regulatory bodies jointly issued the Interim Administrative Measures of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》), effective on August 15, 2023. These measures apply to the use of algorithmic recommendation services, deep synthesis services, or generative AI services that is offered to the public within the territory of China. Providers of such services are required to, among others, adopt measures to eliminate it or otherwise address it where any unlawful content is discovered, carry out a security assessment and perform internet information services algorithm filing procedures in accordance with relevant regulations for offering a service with characteristics of public opinions or capable of social mobilization to the public at large. A provider of relevant services that violates the requirements under these measures will be penalized in accordance with relevant regulations, or receive warnings, be ordered to take corrective actions, suspend services, or pay fines, or be held criminally liable. See “Regulatory Overview — Regulations on Internet Information Security and Privacy Protection — Regulations relating to Internet Information Security.” However, since these laws and regulations are still relatively new and the interpretation and implementation of these laws and regulations may further evolve and develop, we cannot assure whether we will be able to comply with the requirements of such laws and regulations, to the extent applicable, in a timely manner, or at all. If we are unable to obtain the necessary approvals or complete necessary regulatory procedures or if we have any dispute with any third party relating to intellectual property or data security, our business operation may be adversely affected.

Impairment of our intangible assets could negatively affect our financial condition and results of operations.

We recorded intangible assets of RMB1,154.4 million as of December 31, 2021, RMB1,151.2 million as of December 31, 2022 and RMB920.1 million as of December 31, 2023. Our intangible assets consist mainly of licensed copyrights, content libraries and other intangible assets. Licensed copyrights refer to various types of licensed copyrights that we purchased from copyright owners or licensors. Content libraries refer to the content library of the licensors to which we obtain rights by entering into license agreements with licensors. Content libraries generally contain vast number of books that we could produce audio content from. Other intangible assets include broadcasting license and software purchased from third parties. Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Intangible assets that have a definite life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. If we fail to achieve our desired objectives or if any unforeseeable circumstances

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decrease the expected cash flows from acquired assets, the recoverable amount can be lower than the carrying amount on our financial statements with respect to such intangible assets. Under such circumstances, we may need to recognize the impairments losses to intangible assets in our financial statements, which may reduce our assets and adversely affect our financial position.

We incurred loss for the year and had net cash outflow in the past, and we may not be able to maintain profitable or continue to generate net cash inflow in the future.

We incurred loss for the year since our inception, including loss for the year in the amount of RMB5,106.0 million in 2021. We generated profit for the years of RMB3,699.6 million and RMB3,736.3 million in 2022 and 2023, respectively. Our adjusted loss for the year (non-IFRS measure) was RMB717.8 million and RMB295.9 million in 2021 and 2022, respectively. We had adjusted profit for the year (non-IFRS measure) of RMB223.7 million in 2023. For more details of our non-IFRS measure, see “Financial Information — Major Components of Our Results of Operations — Non-IFRS Measure.” We also had net cash outflow from operating activities of RMB330.5 million in 2021 and net cash inflow from operating activities of RMB72.5 million and RMB752.5 million in 2022 and 2023, respectively.

Our ability to maintain profitability is affected by various factors. For example, our revenues depend on our ability to expand user base and enhance user engagement, our ability to enrich our content library and cultivate and retain content creators, and our ability to maximize monetization potential. In addition, the production and procurement of content accounted for a considerable portion of our cost of revenues historically. Moreover, our profitability is also subject to our ability to improve operating efficiency and economies of scale. It is possible that we may incur net losses again in the future due to various reasons, such as our continued investments in content, technology, selling and marketing initiatives and other aspects of our business, changes in the macroeconomic and regulatory environment as well as competitive dynamics. Accordingly, we cannot assure you that our Company will maintain profitable or continue to generate net cash inflow from operating activities in the future.

We recorded net liabilities and net current liabilities during the Track Record Period.

We recorded net liabilities of RMB15,541.0 million, RMB13,793.6 million and RMB10,186.4 million as of December 31, 2021, 2022 and 2023, respectively. Our net liabilities position as of December 31, 2021, 2022 and 2023 was primarily attributable to the convertible redeemable preferred shares we issued in connection with Pre-[REDACTED] Investments in our Company. Additionally, we also recorded net current liabilities of RMB204.7 million, RMB570.6 million and RMB11,853.3 million as of December 31, 2021, 2022 and 2023, respectively. Our net current liabilities positions as of December 31, 2021 and 2022 were primarily attributable to the balances of trade payables and contract liabilities. Our net current liabilities position as of December 31, 2023 was primarily attributable to the convertible redeemable preferred shares we issued in connection with Pre-[REDACTED] Investments in our Company classified as current liabilities and contract liabilities not resulting in cash payment in the future. All the convertible redeemable preferred shares which were accounted

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as liabilities will be converted into ordinary shares of our Company immediately prior to the completion of the [REDACTED], and such liabilities would be derecognized and accounted as an increase in equity then. However, there can be no assurance that we will not experience liquidity problems in the future.

Our operating metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may harm our reputation and our business.

We regularly review MAUs, number of paying users and other key metrics to evaluate growth trends, measure our performance and make strategic decisions. These metrics are calculated using our internal data and have not been validated by an independent third party. While these numbers are based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring how our services are used across large populations in China. For example, an individual may have multiple mobile devices that launched our mobile apps during a given day or a given month. If an individual launches our mobile apps using multiple mobile devices, such individual will be counted more than once. An individual may also be counted multiple times in different MAU categories if he/she not only launches our mobile apps but also accesses our platform through different access points. Even though we require our registered users to register on a real-name basis based on mobile phone numbers, unregistered users are allowed to get access to audio content on our platform that is available for them without providing personally identifiable information. As a result, we are unable to quantify or eliminate duplicates. We are also subject to the risk associated with artificial manipulation of data. Any errors or inaccuracies in these metrics could result in less informed business decisions and operational inefficiencies. For example, if our user base is overstated by the MAU data we track, we may fail to make the right strategic choices needed to expand our user base and achieve our growth strategies.

We may be exposed to credit risk due to customer defaults.

Our trading terms with some of our advertising services customers are on credit. We generally allow a credit period of 30 to 180 days to those customers. We had trade receivables of RMB452.7 million as of December 31, 2021, RMB502.3 million as of December 31, 2022 and RMB495.9 million as of December 31, 2023. We made provision for impairment of trade receivables of RMB31.9 million as of December 31, 2021, RMB35.4 million as of December 31, 2022 and RMB53.2 million as of December 31, 2023. We apply the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before December 31, 2021, 2022 and 2023, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of our customers to settle the receivables. Details of the loss allowance for trade receivables are disclosed in note 4.1 to the Accountant’s Report in Appendix I to this document. We cannot assure you that all

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of our customers will not default on their obligation to us in the future, despite our efforts to conduct credit assessment on them. Such customer defaults may expose us to significant credit risk and result in material losses, which may adversely affect our results of operations, liquidity and financial position.

Failure to fulfill our obligations in respect of contract liabilities could materially and adversely affect our results of operations, liquidity and financial position.

A contract liability represents our obligation to transfer goods or services to a customer for which we have received consideration from the customer. The contract liabilities are recognized as revenue when the services are rendered or goods are transferred to customers. Our contract liabilities primarily consist of payment received for membership subscription, unsatisfied performance obligation related to paid on-demand listening services and virtual currency or redemption code for which the corresponding services have not been provided to customers. We had contract liabilities of RMB899.4 million as of December 31, 2021, RMB692.3 million as of December 31, 2022 and RMB709.0 million as of December 31, 2023. If we are unable to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue, and we may have to return the advance payment made by our customers or provide alternative compensation. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

Our content monitoring system may not be effective in preventing misconduct on our platform, and we may be held liable for information or content displayed on, retrieved from or linked to our platform. If any content on our platform is deemed to violate PRC laws or regulations, or if improper or fraudulent activities are conducted on our platform, PRC authorities may impose legal sanctions on us and our reputation may be damaged.

Our platform provides a one-stop online destination that allows people to talk and listen to each other whenever, wherever. We bring together a community of people who are connected with one another over billions of minutes of audio content. Because we may not have timely or sufficient control over the activities conducted by our users, content creators and the content generated by them, our platform may be misused by others to engage in illegal or inappropriate activities, or other activities that require permits, license or approval from the governmental authorities. If any illegal, inappropriate or unauthorized content is found on or linked to our platform, we as the service provider may be held liable for infringement of the rights of our content creators, users or other parties or violation of relevant PRC laws and regulations. The government may impose other legal sanctions against us, including, in serious cases, suspending or revoking the licenses needed to operate our platform.

We have deployed and are continuing to implement a variety of technologies and measures to monitor content for any illegal, fraudulent or inappropriate content or activities on our platform, primarily consisting of automatic content filtering tools supplemented by manual review, content creator real-name registration, user undertakings, regular review of content empowered by proprietary and third-party software with risk rating and ASR technologies. See “Business — Content Management and Regulation.” If our technologies and measures fail to interpret true and improper meaning of certain content, or if our monitoring team draws incorrect decision as to legality of certain content, illegal or unauthorized content may become

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accessible to our users via our platform and expose us to various risks which may materially and adversely impact our business, financial condition and results of operations. Despite our efforts to monitor content on our platform and the actions of the content creators and users, our platform was previously subject to restrictive measures taken by the government authority in the past for insufficient monitoring system. As a result of such incidents, we have adopted a more stringent content monitoring system to meet the tightened regulatory standards and to screen and remove inappropriate content stored on our platform. See “— The laws, regulations and official guidance relating to our business are complex, evolving and may be subject to further changes. Non-compliance with any existing or new regulation may result in penalties, limitations and prohibitions on our business activities, and we may need to modify our business operations in response to changes in laws and regulations.” However, we cannot assure you that our content monitoring system is sufficient to detect all improper or illegal content or activities in the future. We can neither assure you that we will not be subject to fines and other penalties in the future for improper or illegal content or activities on our platform.

We may also face tortious liabilities to third party for infringement of their rights. See “— If content creators who create and upload content on our platform have not obtained all necessary copyright licenses in connection with such uploaded content, we may be subject to potential disputes and liabilities” and “— If we are unable to obtain accurate and comprehensive information necessary to identify the copyright ownership of the audio content offered on our platform, our ability to obtain necessary or commercially viable licenses from the copyright owners may be adversely affected, which may result in us having to remove such content from our platform, and may subject us to potential copyright infringement claims and difficulties in controlling content-related costs.”

Our license agreements are complex, and numerous restrictions and obligations affecting our business operations are contemplated under these agreements. Any breach of such agreements could adversely affect our business, results of operations and financial condition.

We enter into intellectual property license agreements with third-party IP partners and our strategy is generally to secure rights to high-quality and popular content. We have strong and long-term partnership with a wide range of online literature platforms and publishers.

Those license agreements may subject us to numerous restrictions and obligations. We typically pay these third-party IP partners based on revenue-sharing schemes. In some cases, we also pay a minimum guarantee in addition to the shared revenues. Under such fee arrangements, the amounts of fixed licensing fees and revenue-sharing incentives primarily depend on factors such as the type of content, the popularity of the content in its original form, and our relationships with the licensors. Some of our license agreements impose numerous obligations on us, including obligations to, among other things:

- make minimum guarantee payment to the rights owner based on pre-determined timeline or upon satisfaction of certain conditions in connection with the online audio content;

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- calculate and make revenue-sharing payments based on the revenue-sharing schemes, which requires tracking sales volume that may have inaccurate or incomplete metadata necessary for such calculation;
- provide those rights owners access to the latest status and relevant data in connection with the sales volume;
- preserve reputation, goodwill, brand image of the third-party IP partners;
- seek additional consent or license for other intellectual property rights if the existing license is limited to specific rights or content;
- comply with certain marketing and advertising restrictions; and
- comply with certain security and technical specifications.

If we materially breach any of these obligations or any other obligations set forth in any of our license agreements, or if we use content in ways that are found to exceed the scope of such agreements, we could be subject to damages and penalties and our rights under such license agreements could be terminated, either of which could have a material adverse effect on our business, results of operations and financial condition.

If content creators who create and upload content on our platform have not obtained all necessary copyright licenses in connection with such uploaded content, we may be subject to potential disputes and liabilities.

We allow content creators to upload their content or live stream on our platform, which exposes us to potential disputes and liabilities in connection with third-party copyright. Historically, we have allowed content creators to upload audio content anonymously, and our platform has, over the years, accumulated content for which content creators may not have obtained proper and complete copyright licenses. Given the large volume of such content available on our platform, it is challenging for us to accurately identify and verify the individual users or content creators that uploaded such content, the copyright status of such content, and the appropriate copyright owners from whom copyright licenses should be obtained.

Under PRC laws and regulations, online service providers, which provide storage space for users to upload works or links to other services or content, may be held liable for copyright infringement under various circumstances, including situations where the online service provider knows or should reasonably have known that relevant content uploaded or linked to on its platform infringes upon the copyright of others. Furthermore, online service providers are subject to liability if they fail to take necessary measures, such as deletion, blocking or disconnection, after being duly notified by the legal right holders.

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As an online service provider, we have adopted measures to reduce the likelihood of using, developing or making available any content without the proper licenses or necessary consents. Such measures include (i) requiring content creators and users to acknowledge and agree that they will not upload or perform content which may infringe upon others' copyright; (ii) putting in place procedures to block users on our blacklists from uploading content; and (iii) implementing "notice and takedown" policies to be eligible for the safe harbor exemption under the PRC laws, which is a defense available for internet service provider to be exempted from liability if there is no evidence indicating that an internet service provider clearly knows or should know the facts of infringement, or the internet service provider has taken necessary measures to disconnect or remove relevant content after receiving notification from the intellectual property right holder without delay, for user-generated content. However, these measures may not be effective in preventing the unauthorized posting and use of third parties' copyrighted content or the infringement of other third-party intellectual property rights. Specifically, it is possible that such acknowledgments and agreements by users may not be enforceable against third parties who file claims against us. Furthermore, a plaintiff may not be able to locate users who generate content that infringes on the plaintiff's copyright and may choose to sue us instead. In addition, individual users who upload infringing content on our platform may not have sufficient resources to fully indemnify us, if at all, for any such claims. Also, such measures may fail or be considered insufficient by courts or other relevant governmental authorities. Furthermore, there can be no guarantee that we are able to raise the safe harbor exemption defense successfully. If we are not eligible for the safe harbor exemption, we may be subject to joint infringement liability with the users, and we may have to change our policies or adopt new measures to become eligible and retain eligibility for the safe harbor exemption, which could be expensive and reduce the attractiveness of our platform to users.

If we are unable to obtain accurate and comprehensive information necessary to identify the copyright ownership of the audio content offered on our platform, our ability to obtain necessary or commercially viable licenses from the copyright owners may be adversely affected, which may result in us having to remove such content from our platform, and may subject us to potential copyright infringement claims and difficulties in controlling content-related costs.

Comprehensive and accurate copyright owner information for certain portion of our online audio content is sometimes unavailable to us or difficult or, in some cases, impossible for us to obtain. For example, it may be difficult for us to identify the underlying copyrighted work in the audio content available on our platform, especially with regards to user-generated content. If we are unable to identify comprehensive and accurate copyright owner information for the audio content offered on our platform, such as identifying which party owns, administers, licenses or sublicenses the copyrighted works, or if we are unable to determine which copyrighted works correspond to specific audio content, it may be difficult for us (i) to identify the appropriate copyright owners from whom to obtain a license, or (ii) ascertain whether the scope of a license we have obtained covers specific audio recording. This also may make it difficult to comply with the obligations of any agreements with those rights holders.

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If we are unable to obtain necessary and commercially viable licenses from copyright owners, whether due to the inability to identify or verify the appropriate copyright owners or for any other reasons, we may be found to have infringed upon the copyright of others, potentially resulting in claims for monetary damages, government fines and penalties, or a reduction of content available to users on our platform, which would adversely affect our ability to retain and expand our user base, attract paying users for our online audio services and generate revenues from our content library. Even though we are able to identify related third-party IP partners for certain content, such third-party IP partners may not have the requisite rights to the underlying copyrighted works or may not be authorized to sub-license such content to us. See also “— If we fail to source requisite intellectual property rights from third-party IP partners upon terms acceptable to us, our business may be materially and adversely affected.” We cannot assure you that we are able to obtain knowledge that whether our third-party IP partners all have necessary intellectual property rights or licensing power to collaborate with us. Any such inability may also involve us in expensive and protracted copyright disputes.

We operate in a fast-evolving industry and our monetization model continues to evolve. We cannot guarantee that our monetization strategies will be successfully implemented or generate sustainable revenues and profit.

We operate in a fast-evolving industry and our monetization model continues to evolve. We have built a multi-faceted monetization model that is seamlessly integrated with our products and services. We generate revenues primarily from subscriptions, including membership subscription and paid on-demand listening services, advertising, live streaming and other innovative services and products. We cannot assure you that we can successfully implement the existing monetization model to generate sustainable revenues, especially with respect to our recent attempts in broadening monetization with limited track records, or that we will be able to develop new monetization strategies to grow our revenues. If we fail to maintain the implementation of our existing business model or develop new monetization venues, we may not be able to maintain or increase our revenues or effectively manage any associated costs. In addition, we may introduce new products and services for which we have little or no prior development or operating experience. If these new products or services fail to meet our expectations or are unable to attract or engage users, content creators, business partners or other platform participants, as the case may be, we may fail to diversify our revenue streams or generate sufficient revenues to justify our investments and costs, and our business and operating results may suffer as a result.

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Our business heavily relies on selling and marketing efforts. Our selling and marketing expenses may exceed the budget if we are not able to improve selling and marketing efficiency. Also, we cannot guarantee that our large investments in research and development will achieve the intended goals.

Selling and marketing is critical to our business as we need to strengthen our brand awareness and enlarge our user base. Our selling and marketing expenses have become a significant majority of our total operating expenses. Our ability to lower such expenses as a percentage of our revenues depends on our ability to improve selling and marketing efficiency, such as acquiring users in a cost-effective manner and leveraging existing brand value and word-of-mouth promotions. There have been some changes in our expenditures on channel promotion expenses and branding and advertising expenses during the Track Record Period as we strategically adjusted our selling and marketing spending focus. Nevertheless, our selling and marketing expenses may still exceed the budget if we are not able to improve selling and marketing efficiency. In addition, we maintain large investments in research and development as we strategically devoted more resources in upgrading our AI infrastructure and capabilities. However, these investments may turn out to be inefficient and eventually fail to achieve the intended goals. As there can be no assurance that our strategy and specific measures will be implemented successfully or yield anticipated results, we may not be able to improve our financial condition and achieve profitability if we fail to address those risks and challenges. As a result, the sustainability of our business operations may be materially and adversely affected.

If we fail to develop effective advertising products and systems, retain existing or attract new advertisers, or maintain and improve our attractiveness to advertisers, our results of operations and financial condition may be materially and adversely affected.

Our advertising revenues depend on the overall growth of the online advertising industry in China and advertisers’ willingness to deploy online advertising on our platform as part of their advertising spending. In addition, advertisers may choose more established Chinese internet portals or search engines over on our platform. If the online advertising market does not continue to grow, or if we are unable to capture and retain a sufficient share of that market, our ability to grow our advertising revenues may be materially and adversely affected.

Furthermore, our key and long-term priority of optimizing user experience and satisfaction may limit our ability to significantly grow our advertising revenues. For example, in order to provide our users with an uninterrupted online audio experience, we limit the amount of advertising for paying users during streaming. While this may adversely affect our operating results in the short-term, we believe it enables us to provide a superior user experience which will enable us to expand current user base and strengthen our monetization potential in the long-term. To address that, we are also working with advertisers and content creators to enable soft product placement that incorporates the advertised product into the audio content in order to facilitate a more natural and targeted advertisement experience. However, such efforts may not result in the benefits that we expect, in which case the success of our business, financial condition and results of operations could be materially and adversely.

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We cannot assure you that we will be able to attract or retain direct advertisers or advertising agencies. If we fail to demonstrate the effectiveness of deploying advertising spending on our platform or to retain and enhance our business relationships with these advertisers or third-party advertising agencies, we may suffer from a loss of advertisers and our business and results of operations may be materially and adversely affected. If we fail to retain existing advertisers and advertising agencies or attract new direct advertisers and advertising agencies or any of our current advertising methods or promotion activities becomes less effective, our business, financial condition and results of operations may be materially and adversely affected. Furthermore, as demand-side platforms primarily track and automatically devote more resources to platforms with larger user base and increasing user engagement, our attractiveness and competitiveness in such market also depends on our user base, scale of platform and level of user engagement, primarily demonstrated by the number of our average MAUs and total listening time on our platform. As a result, if we fail to maintain or improve our attractiveness and competitiveness by enhancing our operating performance, our business prospects, financial condition and results of operations may be materially and adversely affected.

Advertisements on our platform may subject us to penalties and other administration actions.

Under PRC advertising laws and regulations, we are obligated to monitor the advertising content shown on our platform to ensure that such content is true and consistent with supporting documents and in compliance with applicable laws and regulations. In addition, where a special government review is required for specific types of advertisements prior to internet posting, such as advertisements relating to pharmaceuticals, medical instruments, agrochemicals and veterinary pharmaceuticals, we are obligated to confirm that such review has been performed and approval has been obtained. The Chinese government may promulgate new advertising laws and regulations from time to time that may potentially impose additional restrictions on online advertising services, and these restrictions may relate to, among other attributes, the content, placement and appearance of advertisements such as pop-ups advertisements, open screen advertisements and others. Violation of these laws and regulations may subject us to penalties, including imposition of fines, confiscation of our advertising income, orders to cease dissemination of the advertisements and orders to publish an announcement correcting the misleading information. In circumstances involving serious violations by us, PRC governmental authorities may force us to terminate our advertising operations or revoke our licenses.

We have implemented internal control measures to mitigate the risk of violation, including (i) any advertisement product must go through the comprehensive assessment by our product department, the risk control department and the security department before it is launched; and (ii) to the extent necessary, the specifics of the advertisement product will be submitted to the regulatory authorities concurrently, and we will maintain close communications with the regulatory authorities and will keep modifying the product accordingly as requested by the regulatory authorities. While we have made significant efforts to ensure that the advertisements shown on our platform are in full compliance with applicable

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PRC laws and regulations, we cannot assure you that all the content contained in such advertisements is true and accurate as required by the advertising laws and regulations and the format of such advertisements are fully compliant with applicable laws and regulations, especially given the uncertainty in the interpretation of these PRC laws and regulations.

In addition, our advertising practices may be questioned by social organizations from time to time. For example, in December 2021, Jiangsu Consumer Council (江蘇省消費者權益保護委員會) issued an article criticizing certain interactive advertising features contained in several mobile apps. We historically launched such interactive advertising features and proactively initiated conversations with Jiangsu Consumer Council after the media article was published. Based on the communications with Jiangsu Consumer Council and competent governmental authority, we improved our advertising practices accordingly and such incident did not result in any penalties or inquiries by regulatory authorities.

If we are found to be in violation of applicable PRC advertising laws and regulations or our advertising practices are questioned by social organizations, we may be subject to penalties and our reputation may be harmed, which may have a material and adverse effect on our business, financial condition, results of operations and prospects. Meanwhile, in order to ensure compliance with various applicable laws and regulations, we may be required to alter the format, frequency and other aspects of our advertisement placement, which may in turn affect the pricing and monetization prospects of our advertising services, hence affecting our results of operations.

We cannot guarantee that our innovations in products or services or new business initiatives, such as IoT products and services, will be successfully implemented or generate sustainable revenues or profit.

From time to time, we may implement new innovations in products or services or new business initiatives within our existing business. For example, we built and continue to upgrade our platform to allow users to access our rich audio content anytime and anywhere through IoT devices made by ourselves or third-party partners, including smart portable story-telling devices, smart speakers, smart watch phones and cars. However, there can be no assurance that our innovations in products or services or new business initiatives could be successfully implemented or generate sustainable revenues or profit, as we anticipate. With respect to such new business initiatives, we face significant challenges, uncertainties and risks, including, among others, with respect to our ability to:

- establish and expand user base for those new business initiatives;
- manage the resources and attention of management between our current core business and new business initiatives;
- navigate an evolving and complex regulatory environment, such as licensing and compliance requirements;

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- establish and maintain business collaboration with new business partners in other fields; and
- improve and maintain our operational efficiency for those new business initiatives.

If our innovations in products or services or new business initiatives are not well received by our users, it may disrupt the general user experience we provide to our users, leading to unexpected dissatisfactory experience of our users against us in general. If that occurs, we may not be able to further implement our innovations or new business initiatives. Additionally, we also face challenges relating to the monetization of our innovations in products and services and new business initiatives. For example, our IoT and other innovative services have made some progress among our users, expanding touchpoints to our content from mobile devices to in-car and household smart devices. However, there can be no assurance that we could successfully and effectively develop or implement our monetization strategy in this regard or fully explore and utilize their monetization potentials as anticipated.

If we fail to address the above, we may not be able to achieve the expected goal or implement our strategies and our investment in such new business initiatives may be futile. As a result, our business prospects, results of operations and financial condition may be materially and adversely affected.

Failure to protect our intellectual properties could substantially harm our business, results of operations and financial condition.

We believe that trademarks, trade secrets, copyright, and other intellectual properties we use are critical to our business. We rely on a combination of trademark, copyright and trade secret protection laws in China and other jurisdictions, as well as confidentiality procedures and contractual provisions to protect our intellectual properties and our brand. However, given that the laws and regulations governing intellectual property rights are evolving and may change from time to time, we cannot assure you that we will be able to adequately protect our intellectual property rights at all times, which could adversely affect our revenues and competitive position.

We have completed registration of trademarks for logos that are material to our business and daily operation in various trademark categories in terms of their use, especially in Category 9 (includes instruments for audio-visual and information technology equipment) and Category 38 (includes the service for radio broadcasting or television programs). However, we cannot assure you that our applications for trademark registration will not be rejected. Furthermore, any application for trademark registration based on a combination or variation of the logos that are rejected before is likely to be rejected again. We may continue to apply for registration of trademarks for other logos from time to time for our current or future business operation. However, there can be no assurance that any of such applications will be completed successfully.

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If we fail to register any of such logos under the trademark category relevant to our business operations successfully, third parties would be able to use such logos and we may be subject to claims by such third parties for infringement by using those logos. In addition, any unauthorized use of our intellectual property by third parties may adversely affect our revenues and our reputation. In particular, our members may abuse their membership privilege and illegally distribute paid content exclusively available to paid members, which could have a material and adverse effect on our financial condition, results of operations and prospects. Further, we may have difficulty addressing the threats to our business associated with piracy of our copyrighted content, particularly our original content. Our content and online audio services may be subject to unauthorized consumer copying and illegal digital dissemination without an economic return to us. We adopt a variety of measures to mitigate risks associated with piracy, including by litigation and through technology measures. We cannot assure that such measures will be effective.

In addition, while we typically require our employees and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing or enforcing such an agreement with each party who in fact develops intellectual property that we regard as our own. In addition, such agreements may be breached. Accordingly, we may be forced to bring claims against third parties, or defend claims that they may bring against us related to the ownership of such intellectual property.

Furthermore, policing unauthorized use of proprietary technology is difficult and expensive, and we may need to resort to litigation to enforce or defend intellectual property or to determine the enforceability, scope and validity of our proprietary rights or those of others. Such litigation and an adverse determination in any such litigation could result in substantial costs and diversion of resources and management attention.

We have been, and may continue to be, subject to claims for infringement, misappropriation or other violation of third-party intellectual property rights. Assertions or allegations that we have infringed upon or violated intellectual property rights could harm our business and reputation.

Our success depends, in large part, on our ability to operate our business without infringing, misappropriating or otherwise violating third-party rights, including third-party intellectual property rights. Companies in the internet, technology and media industries own, and are seeking to obtain, a large number of patents, copyrights, trademarks and trade secrets, and they are frequently involved in litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights or other related legal rights. There may be patents issued or pending that are held by others that cover significant aspects of our technologies, products, or services, and such third parties may attempt to enforce such rights against us. In addition, we may not have obtained licenses for all content we offer and the scope, type and term of the licenses we obtained for certain content may not be broad enough to cover all manners we currently employ or may employ in the future. In addition, if any purported licensor does not actually have sufficient authorization relating to the content or

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right to license content to us, or if such purported licensor had lost its authorization to sub-license content that we are distributing on our platform, and do not timely inform us of such loss of authorization, we may be subject to claims of intellectual property infringement from third parties.

Although we have set up certain procedures to enable copyright owners to provide us with notice of alleged infringement, given the volume of content available on our platform, it is not possible to identify and remove or disable all potentially infringing content that may exist. As a result, third parties may take action and file claims against us if they believe that certain content available on our platform violates their copyrights or other intellectual property rights. We have been, and may in the future be, subject to such claims filed in China and other jurisdictions. We have been involved in, and may continue to be involved in from time to time, litigation based on allegations of infringement of third-party copyright due to the content available on our platform. Even though some of the litigations may be without merit, there can be no assurance that those litigations will be rejected by relevant PRC courts, withdrawn by the plaintiffs or settled by the parties. We also cannot assure you that we will prevail in those litigations. For the years ended December 31, 2021, 2022 and 2023, we incurred loss of RMB1.0 million, RMB6.2 million and RMB2.5 million, respectively, due to the legal proceedings primarily relating to allegations of copyright infringement. We recorded accrued legal provision of RMB1.2 million, RMB2.4 million and RMB1.7 million as of December 31, 2021, 2022 and 2023, respectively.

Additionally, we may be subject to copyright laws or legal proceedings initiated by third parties in other jurisdictions outside of China, such as the United States, as a result of the ability of users to access our audio content in the United States and other jurisdictions, the extraterritorial application of foreign law by foreign courts, the fact that we sub-licensed content from licensors who in turn obtained their authorizations from original intellectual property rights owners in the United States and other jurisdictions or otherwise. There can be no assurance that we will not be subject to similar claims or incur settlement fees and/or damages in the future. In addition, as we will become a [REDACTED] company after this [REDACTED], we may be exposed to increased risk of litigation. If a claim of infringement brought against us in the United States or other jurisdictions is successful, we may be required to, upon enforcement, (i) pay substantial statutory or other damages and fines, (ii) remove relevant content from our platform or (iii) enter into royalty or license agreements which may not be available on commercially reasonable terms or at all.

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We cooperate with various talent agencies to manage and recruit our content creators and any adverse change in our relationships could materially and adversely impact our business.

We cooperate with talent agencies to manage, organize and recruit content creators, such as live streaming hosts, on our platform. As we are a platform that welcomes all content creators to register on our platform, cooperation with talent agencies substantially increases our operation efficiency in terms of discovering, supporting and managing content creators in a more organized and structured manner, and turning amateur content creators to full-time ones.

We share a portion of the revenues generated from the audio content attributed to the content creators, such as the virtual gifts attributed to the hosts' live streams, with the content creators and the talent agencies who manage them. If we cannot balance the interests between us, content creators and the talent agencies and offer a revenue-sharing mechanism that is attractive to content creators and talent agencies, we may not be able to retain their services. If other platforms offer better revenue sharing incentives to talent agencies, such talent agencies may choose to devote more of their resources to content creators who collaborate with such other platforms, or encourage their content creators to use or even enter into exclusive agreements with such other platforms, all of which could materially and adversely affect our business, financial condition and results of operations. Also, the talent agencies that we cooperate with may be acquired by our competitors. In the event of that, we will lose content creators, especially live streaming hosts, on our platform, which may in turn lead to decrease in attractiveness of our platform to users as well as declines in our user base and revenues. As a result, our results of operations and business prospects may be materially and adversely affected.

Privacy concerns or security breaches relating to our platform could result in economic loss, damage our reputation, deter users from using our products, and expose us to legal penalties and liability.

We collect, process and store significant amounts of data concerning our users, business partners and employees, including personal and transaction data involving our users. While we have taken reasonable steps to protect such data, there is no guarantee that such steps will be successful. Techniques used to gain unauthorized access to data and systems, disable or degrade service, or sabotage systems, are constantly evolving, and we may be unable to anticipate, deter, or prevent such techniques or otherwise implement adequate preventative measures to avoid unauthorized access to such data or our systems.

Like all internet services, our service is vulnerable to software bugs, computer viruses, internet worms, break-ins, phishing attacks, attempts to overload servers with denial-of-service, and similar attacks and disruptions from the unauthorized use of our and third-party computer systems, any of which could lead to system interruptions, delays, or shutdowns and cause the loss of critical data or the unauthorized access to our data or our users' data. Computer malware, viruses, and computer hacking and phishing attacks have become more

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prevalent in our industry. Any functions that we use to facilitate interactivity with other internet platforms have the potential to increase the scope of access that hackers may have to our user accounts. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, our failure to maintain performance, reliability, security and availability of our products and technical infrastructure to the satisfaction of our users may harm our reputation and ability to retain existing users and attract new users. Although we have in place systems and processes that are designed to protect our data and our users’ data, prevent data loss, disable undesirable accounts and activities on our platform, and prevent or detect security breaches, we cannot assure you that such measures will provide absolute security. We may incur significant costs in protecting against cyberattacks, and if an actual or perceived breach of security occurs to our systems or a third party’s systems, we could be required to expend significant resources to mitigate the breach of security and to address matters related to any such breach, including notifying users or regulators.

Our services involve collecting, processing and storage significant amounts of data concerning our users, business partners and employees and may be subject to complex and evolving laws and regulations regarding privacy and data protection. If we fail to comply with privacy and data protection laws and regulations, our business, results of operations and financial condition may be adversely affected.

We are subject to a variety of laws and other obligations relating to the security and privacy of data, including restrictions on the collection, use and storage of personal information and requirements to take steps to prevent personal data from being divulged, stolen, or tampered with. In light of the constantly evolving and potentially more stringent regulatory requirements of cybersecurity and data privacy and the possible variation of regulations and interpretations, it remains unclear how and to what extent such regulatory requirements will apply to us. For example, on June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), effective from September 1, 2021. The PRC Data Security Law provides that data processing activities that may affect national security shall be subject to a data security review procedure. On July 6, 2021, the General Office of the Central Committee of the Chinese Communist Party and the General Office of the State Council jointly promulgated the Opinions on Strictly Combatting Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》), which called for the enhanced cross-border regulatory cooperation and administration and supervision of overseas-listed China-based companies, and the laws and regulations regarding data security, cross-border data flow and management of confidential information are expected to undergo further changes, which may require increased information security responsibilities and stronger cross-border information management mechanism and process. Furthermore, on August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which became effective on November 1, 2021, setting forth detailed rules for handling sensitive personal information. For details of the regulatory requirements regarding internet information security and privacy protection that may apply to us, see “Regulatory Overview — Regulations on Internet Information Security and Privacy Protection.”

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On November 14, 2021, the CAC published Draft Regulations on Network Data Security Management (《網絡數據安全管理條例(徵求意見稿)》), which stipulates that data processing entities seeking a listing in Hong Kong that have or could have influence on the national security or the other data processing activities that have or could have influence on the national security should apply for the cybersecurity review. However, the criteria for determining “have or could have influence on the national security” as stipulated in the Draft Regulations on Network Data Security Management, remain unclear, and is still subject to further explanation and elaboration by the CAC. Given the substantial uncertainty with respect to the enactment timetable, final content, and interpretation and application of the Draft Regulations on Network Data Security Management, there can be no assurance that our [REDACTED] in Hong Kong will not be deemed to “have or could have influence on the national security” under the Draft Regulations on Network Data Security Management, if promulgated in its proposed form. In the event that our proposed [REDACTED] were deemed to “have or could have influence on the national security,” we will be subject to the requirements of the Draft Regulations on Network Data Security Management and will be subject to warnings, be imposed an administrative penalty ranging from RMB50,000 to RMB500,000, and be required to take rectification actions, if we do not apply for conduct cybersecurity review in accordance with relevant laws and regulations. Furthermore, if such violation causes serious consequences such as endangering data security, we may be subject to more severe penalties, such as an administrative penalty ranging from RMB500,000 to RMB2 million, suspension of our business or revocation of relevant business licenses and permits, which could materially and adversely impact our business operation as well as financial performance. Also, directly responsible supervisors and other responsible persons may be held personally liable for administrative penalties.

On December 28, 2021, the CAC and twelve other PRC regulatory authorities jointly revised and promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which came into effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators who purchase network products and services and network platform operators who carry out data processing activities shall apply for cybersecurity review if their activities have or could have influence on the national security. Specifically, a critical information infrastructure operator who intends to purchase network products and services shall anticipate the potential risks to national security that may arise after the products and services are put into use, and shall apply with the Cybersecurity Review Office for cybersecurity review if their activities have or could have influence on the national security. In addition, network platform operators holding personal information of more than one million users must apply to the Cybersecurity Review Office for cybersecurity review before they are listed in a foreign country. Notwithstanding the above, regulatory authorities may initiate cybersecurity review if they determine that our network products and services or data processing activities have or could have influence on the national security. However, the Cybersecurity Review Measures provides no further explanation or interpretation for the criteria on determining the risks that “have or could have influence on the national security.”

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We have been monitoring and assessing the rulemaking process closely. Any failure, or perceived failure to maintain the security of our user data or to comply with applicable PRC or foreign privacy, data security and personal information protection laws and obligations may result in civil or regulatory liability, including governmental or data protection authority enforcement actions and investigations, fines, penalties, enforcement orders requiring us to cease operating in a certain way, litigation, or adverse publicity, and may require us to expend significant resources in responding to and defending allegations and claims.

In addition, although we currently do not operate in Europe, we launched our app in App Stores in overseas markets, which may subject us to the General Data Protection Regulation. We may be required to notify European Data Protection Authorities within strict time periods about any personal data breaches, unless the personal data breach is unlikely to result in a risk to the rights and freedoms of affected individuals. We may also be required to notify affected individuals of the personal data breach where there is a high risk to their rights and freedoms. If we suffer a personal data breach, or otherwise violate the General Data Protection Regulation, we could be fined up to EUR20 million or 4% of worldwide annual turnover of the preceding financial year, whichever is greater. Furthermore, any data breach by service providers that are acting as data processors (i.e., processing personal data on our behalf) could also mean that we are subject to these fines and are required to comply with the notification obligations described above. Complying with the General Data Protection Regulation and other applicable regulatory requirements may cause us to incur substantial expenses or require us to alter or change our practices in a manner that could harm our business.

Regulatory requirements regarding the protection of data are constantly evolving and can be subject to differing interpretations or significant changes, making the extent of our responsibilities in that regard uncertain. We have certain level of presence in the United States. The state of California enacted the California Consumer Privacy Act, which came into effect on January 1, 2020 and imposes heightened obligations with respect to data privacy, including the ability for individuals in California to object to the sale of their personal data in certain instances. If other states in the United States adopt similar laws, or if a comprehensive federal data privacy law is enacted, we may be required to expend considerable resources to meet the applicable requirements to the extent our operations are expanded into the United States.

Any failure, or perceived failure, by us, or by our third-party business partners, to maintain the security of our user data or to comply with applicable privacy or data security laws, regulations, policies, contractual provisions, industry standards, and other requirements, may result in civil or regulatory liability, including governmental or data protection authority enforcement actions and investigations, fines, penalties, enforcement orders requiring us to cease operating in a certain way, litigation, or adverse publicity, and may require us to expend significant resources in responding to and defending allegations and claims. Moreover, claims or allegations that we have failed to adequately protect our users' data, or otherwise violated applicable privacy and data security laws, regulations, policies, contractual provisions, industry standards, or other requirements, may result in damage to our reputation and a loss of confidence in us by our users or our business partners, potentially causing us to lose users, advertisers, content creators, other business partners, which could have a material and adverse effect on our business, financial condition and results of operations.

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Our business depends on our strong brand. Our business, financial condition, results of operations and prospects may be adversely affected as a result of our failure to protect or promote our brand and reputation, or negative media coverage of our Company, our industry or our Shareholders.

We have developed a strong brand that we believe has contributed significantly to the success of our business. Maintaining, protecting, and enhancing the "Ximalaya" brand is critical to expand our user base, and will depend largely on our ability to continue to develop and provide an innovative and high-quality experience for our users and to attract content creators, third-party IP partners, advertisers and other business partners to work with us, which we may not do successfully. If we do not successfully maintain a strong brand, our business could be harmed.

Our brand may be impaired by a number of other factors, including any failure to keep pace with technological advances, a decline in the quality or breadth of our online audio content offerings, any failure to protect our intellectual property rights, or alleged violations by us of law and regulations or public policy. Additionally, if our content creators fail to maintain high standards, our brands could be adversely affected.

Our business and reputation may be harmed by the misconduct or errors of our employees, content creators or business partners, or their failure to perform their duties.

Misconduct, including illegal, fraudulent or collusive activities, unauthorized business conducts and behavior, misuse of corporate authorization, or errors by our employees, content creators or other business partners or their failure to perform their duties could subject us to legal liability and negative publicity. Our employees may conduct fraudulent activities to bypass our internal system and to complete shadow transactions and/or transactions outside our official or authorized manner, such as kickbacks, self-dealing, misappropriation of corporate funds and resources, disclosing users' information to competitors or other third parties for personal gains, or applying for fake reimbursement. They may conduct activities in violation of unfair competition law, which may expose us to unfair competition allegations and risks or conduct activities that may damage our reputation, corporate culture or internal working environment, such as sexual harassment. We have experienced such incidents in the past and may continue to experience or be subject to incidents of similar nature in the future. We terminated employment with the involved employees for serious misconducts and recovered our losses from those employees in certain cases. While we have further strengthened our code of conduct and related internal policies, we cannot assure you that such incidents will not occur in the future. It is not always possible to identify and deter such misconduct, and the precautions we take to detect and prevent these activities may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to prevent such misconduct. Such misconduct could damage our brand and reputation, which could adversely affect our business and results of operations.

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We do not have full control over how users use our platform, whether through live streaming, commenting or other forms of sharing or communication. We face the risk that our platform may be misused or abused by content creators or users. We have a robust content monitoring system in place to review and monitor the audio content, live streams and other forms of social interactions among our users and content creators and will shut down streams that are illegal or inappropriate. However, we may not be able to identify all such streams and content, or prevent all such content from being posted. Moreover, we have limited control over the real-time behavior of our live streaming performers and users. To the extent such behavior is associated with our platform, our ability to protect our brand image and reputation may be limited. Our business and public perception of our brand may be materially and adversely affected by the misuse of our platform. In addition, in response to allegations of illegal or inappropriate activities conducted through our platform or any negative media coverage about us, PRC government authorities may intervene and hold us liable for non-compliance with PRC laws and regulations concerning the dissemination of information on the internet and subject us to administrative penalties, including confiscation of income and fines or other sanctions, such as requiring us to restrict or discontinue certain features and services. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We have been in the past and may continue to be subject to complaints, claims, controversies, regulatory actions and legal proceedings, which could have a material adverse effect on our results of operations, financial condition, liquidity, cash flows and reputation.

We have been and may continue to be subject to or involved in various complaints, claims, controversies, regulatory actions, arbitrations and legal proceedings. Complaints, claims, arbitration, lawsuits, and litigations are subject to inherent uncertainties, and we are uncertain whether existing or new claims against us would develop into lawsuits or regulatory penalties and other disciplinary actions. Lawsuits, litigations, arbitration and regulatory actions may cause us to incur substantial costs or fines, utilize a significant portion of our resources and divert management's attention from our day-to-day operations, or materially modify or suspend our business operations, any of which could materially and adversely affect our financial condition, results of operations and business prospects.

Defending litigations or other claims against us is costly and can impose a significant burden on our management and employees, and there can be no assurances that favorable final outcomes will be obtained in all cases. For example, we have been subject to various legal proceedings in connection with certain intellectual property infringement and have paid damages for some of those legal proceedings. See also "— We have been, and may continue to be, subject to claims for infringement, misappropriation or other violation of third-party intellectual property rights. Assertions or allegations that we have infringed or violated intellectual property rights could harm our business and reputation." In addition, there can be no assurance that we will be successful in the claims we pursue against other parties. Any resulting liability, losses or expenses, or changes required to our businesses to reduce the risk of future liability, may have a material adverse effect on our business, financial condition and

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prospects. There remain uncertainties in the interpretation of PRC laws in different jurisdictions, and an adverse outcome of a single claim against us in one jurisdiction regarding our business practices may result in significant negative publicity and heightened scrutiny by regulators and courts of our business and operations across the country, or potential penalties or other regulatory actions against us. Any of such outcomes may cause significant disruptions to our operations and materially and adversely affect our results of operations and financial condition.

If we fail to keep up with industry trends or technological developments, our business, results of operations and financial condition may be materially and adversely affected.

The online audio industry is rapidly evolving and subject to continuous technological changes. Our success will depend on our ability to keep up with the changes in technology and user behavior resulting from new developments and innovations. For example, as we provide our product and service offerings across a variety of mobile systems and devices, we are dependent on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Android and iOS. If any changes in such mobile operating systems or devices degrade the functionality of our services or give preferential treatment to competitive services, the usage of our services could be adversely affected.

Technological innovations may also require substantial capital expenditures in product development as well as in modification of products, services or infrastructure. We cannot assure you that we can obtain financing to cover such expenditure. See “— We may not be able to obtain additional capital when desired, on favorable or acceptable terms or at all.” If we fail to adapt our products and services to such changes in an effective and timely manner, we may suffer from decreased user traffic and user base, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

We have a limited operating history and our historical operating and financial results may not be indicative of future performance, which makes it difficult to predict our future business prospects and financial performance.

We have a limited operating history, which makes it difficult to evaluate our future prospects and ability to make profit. We commenced our operations in China in August 2012 and have grown since then. We expect to continue to grow our business and explore new market opportunities. However, due to our limited operating history, our past revenues and historical growth rate may not be indicative of our future performance. We cannot assure you that we will be able to achieve similar results or grow at the same rate as we had in the past or at all. Rather than relying on our historical operating and financial results to evaluate us, you should consider our business prospects in light of the risks and difficulties we may encounter as a company operating in a new, evolving and competitive market, including, among other things, our ability to expand our user base and convert non-paying users into paying users, provide high-quality content, enhance our technology capabilities, build our reputation and promote our brand, improve our operational efficiency, attract, retain and motivate talented employees,

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and anticipate and adapt to changing market conditions. We may not be able to successfully address these risks and difficulties, which could significantly harm our business, results of operations and financial condition.

We operate in a relatively new and evolving market and have experienced significant rapid growth and expansion. If we fail to effectively manage our growth, our business, results of operations, and financial condition may suffer.

The online audio market in China has experienced rapid growth in recent years. According to CIC, the China's online audio market in terms of revenues grew from RMB4.0 billion in 2018 to RMB25.0 billion in 2023. However, the growth rate may decrease due to uncertainties with respect to the acceptance of online audio content offerings, user experience, development and application of voice technologies and other factors. Furthermore, the online audio market in China is at its early stage and will continue to evolve, and the penetration of online audio services remains relatively low. There can be no assurance that the penetration of online audio services will further deepen, or that the online audio market will grow at a pace that we expect.

We continue to experience growth in our business, which will continue to place significant demands on our management, operational and financial resources. We may encounter difficulties as we execute our strategies and expand our operations. We expect our expenses to continue to increase in the future as we acquire more users, procure more popular content and develop new technology. Continued growth could also strain our ability to maintain the quality and reliability of our platform, develop and improve our operational, financial, legal and management controls, and enhance our reporting systems and procedures. Our expenses may grow faster than our revenues, and our expenses may be greater than we anticipate. We may expand into geographic areas where we do not have experience with local regulations or regulators or where local market conditions are unfavorable for our business model. Managing our growth will require significant expenditures and allocation of valuable management resources. If we fail to achieve the necessary level of efficiency in our organization as it grows, our business, results of operations and financial condition could be harmed.

We operate in a competitive industry and face intense competition for user traffic, user engagement and content from other major internet companies. If we are unable to compete successfully, we may lose market share to our competitors.

We operate in a competitive industry. We face competition for users and their time and spending primarily from the online audio content provided by other online audio content providers in China. We also face competition from online offerings of other forms of content, including music, literature, games and video provided by other platforms. In particular, we are increasingly facing competition from offerings of other emerging forms of content which have been growing in popularity rapidly in recent years, such as live streaming and user-generated short videos.

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We compete with our competitors based on a number of factors, such as the diversity and quality of content, product features, social interaction features, quality of user experience, brand awareness and reputation, and our ability to continuously attract, incentivize and retain content creators and IP partners. Some of our competitors may be able to respond more quickly to technological innovations or changes in user demands and preferences, acquire more attractive and diverse content, and act more effectively in the development, promotion and sale of products than we can. Also, they may enter into more favorable relationships with content creators and provide their users with content that competes with our offerings. If any of our competitors achieves greater market acceptance or is able to provide more attractive content offerings than we do, our user traffic and market share may decrease, which may result in a loss of users and a material and adverse effect on our business, financial condition and results of operations.

We rely on our mobile application to provide a significant amount of our products and services to users which, if inaccessible, may have material adverse impact on our business, financial condition and results of operations.

We rely on third-party mobile application distribution channels such as Apple's App Store, various Android's App Stores and other channels to distribute our mobile application to users. We expect a substantial number of downloads of our mobile apps will continue to be derived from these distribution channels. As such, the promotion, distribution and operation of our applications are subject to such distribution platforms' standard terms and policies for application developers, which are subject to the interpretation of, and frequent changes by, these distribution channels. If Apple's App Store or any other major distribution channels interpret or change their standard terms and conditions in a manner that is detrimental to us, or terminate their existing relationship with us, our business, financial condition and results of operations may be materially and adversely affected. Our Ximalaya flagship mobile app was temporarily removed from Apple's and Android's App Stores for 30 days from June to July 2019. During this period, we were allowed to maintain normal operations of our Ximalaya flagship app that have been already installed by our existing users on their mobile devices and were required to adopt enhanced measures to improve our content monitoring system. Subsequent to such campaign, we took and implemented a variety of measures to enforce a more comprehensive training mechanism for our content monitoring team, enhancing our content monitoring technologies and applying more stringent compliance training and management programs to our content creators. For example, we conducted a content screening and removed approximately 48,700 free albums and 80 paid albums that might contain inappropriate content from our platform. Approximately 11.3% of our mobile MAUs in June 2019 listened to those albums in the same month, contributing to 4.9% of our total listening time in June 2019 and 0.2% of the revenues generated from paid on-demand listening services in June 2019. Historically, our mobile app was removed from App Store due to other reasons. We cannot assure you that our app will not be removed again by a third-party mobile application distribution channel in future and our business operation, reputation and financial conditions may be negatively affected.

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The technologies we use or leverage are complex and may contain undetected errors or may not operate properly, which could adversely affect our business, results of operation and financial condition.

We use and leverage various proprietary technologies for our business operations, including but not limited to AI-enabled content discovery and recommendation system, text-to-speech (TTS) technologies and automatic speech recognition voice technology. If any part of those technologies that we use or leverage contains material defects, not only the corresponding portion of our audio content and certain features would be impaired, but also the overall function of products and services. We may incur significant expenses to remediate such defects, or may not be able to correct them at all. We have not experienced any material defects to date, but there can be no assurance that our technologies, consisting of certain programs and algorithms, are flawless. If any incidents of material defects took place, our user experience would be significantly harmed, and users may lose confidence and trust in us. As a result, we may incur significant reputational damage and market share loss.

The proper functioning of our technology platform is essential to our business. Any failure to maintain the satisfactory performance of our platform could materially and adversely affect our business and reputation.

The proper functioning of our platform is essential to our business. The satisfactory performance, reliability and availability of our IT systems are critical to our success and our ability to provide content to attract and retain users.

Our technology or infrastructure may not function properly at all times. Any system interruptions caused by telecommunications failures, computer viruses, hacking or other attempts to harm our systems could result in the unavailability or slowdown of our platform and the attractiveness of content provided on our platform. Our servers may also be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to system interruptions, website or mobile app slowdown or unavailability or loss of data. Any of such occurrences could cause severe disruption to our daily operations. As a result, our reputation may be materially and adversely affected, our market share could decline and we could be subject to liability claims.

Some of our products and services contain open source software, which may pose particular risk to our proprietary software, products and services in a manner that negatively affects our business.

We use open source software in some of our products and services and will continue to use open source software in the future. There is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we may face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we developed using such software. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources, and we may not be able to complete it successfully.

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We face risks associated with our international expansion.

We are continuing to expand our operations into additional international markets. However, offering our products and service in a new geographical area involves numerous risks and challenges. For example, the licensing terms offered by organizations and individual copyright owners in countries around the world are currently expensive. Addressing licensing structure and royalty rate issues in any new geographic market requires us to make very substantial investments of time, capital, and other resources, and our business may be adversely affected if such investments do not succeed. There can be no assurance that we will succeed or achieve any return on these investments.

In addition to the above, continued expansion around the world exposes us to other risks such as:

- lack of well-functioning copyright collective management organizations that are able to grant us content licenses and distribute royalties in markets;
- fragmentation of rights ownership in various markets causing lack of transparency of rights coverage and overpayment or underpayment to copyright owners;
- difficulties in obtaining license rights to local audio content;
- difficulties in achieving market acceptance of our products and services in different geographic markets with different tastes and interests;
- difficulties in achieving viral marketing growth in certain other countries where we commit fewer selling and marketing resources;
- difficulties in managing operations due to language barriers, distance, staffing, user behavior and spending capability, cultural differences, business infrastructure constraints, and laws regulating corporations that operate internationally;
- application of different laws and regulations of other jurisdictions, including privacy, censorship and liability standards and regulations, as well as intellectual property laws;
- potential adverse tax consequences associated with foreign operations and revenues;
- complex foreign exchange fluctuation and associated issues;
- increased competition from local websites and music content providers, some with financial power and resources to undercut the market or enter into exclusive deals with local content providers to decrease competition;
- credit risk and higher levels of payment fraud;

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- political and economic instability in some countries, such as the recent conflict between Ukraine and Russia;
- restrictions on international monetary flows; and
- reduced or ineffective protection of our intellectual property rights in some countries.

As a result of these obstacles, we may find it impossible or prohibitively expensive to enter additional markets, or entry into foreign markets could be delayed, which could hinder our ability to grow our business.

We depend on our senior management and highly skilled personnel. If we are unable to attract, retain and motivate a sufficient number of them, our ability to grow our business could be harmed.

We believe that our future success depends significantly on our continuing ability to attract, develop, motivate and retain our senior management and a sufficient number of experienced and skilled employees. Qualified individuals are in high demand, particularly in the online audio industry, and we may have to incur significant costs to attract and retain them. Additionally, we use share-based awards to attract talented employees, and if our Shares decline in value, we may have difficulties recruiting and retaining qualified employees.

In particular, we cannot ensure that we will be able to retain the services of our senior management and key executive officers. The loss of any key management or executive could be highly disruptive and adversely affect our business operations and future growth. Moreover, if any of these individuals joins a competitor or forms a competing business, we may lose crucial business secrets, technological know-how and other valuable resources. Although our senior management and executive officers have non-compete agreements with us, we cannot assure you that they will comply with such agreements or that we will be able to effectively enforce such agreements.

Compliance with the laws or regulations governing virtual currency may result in us having to obtain additional approvals or licenses or change our current business model.

The issuance and use of “virtual currency” in China have been regulated since 2007 in response to the growth of the online games industry in China. In 2009, the Circular on Strengthening the Administration of Online Game Virtual Currency (《關於加強網絡遊戲虛擬貨幣管理工作的通知》), jointly issued by the Ministry of Culture and the MOFCOM, broadly defined online game virtual currency as a type of virtual exchange instrument issued by internet game operation enterprises, purchased directly or indirectly by the game users by exchanging legal currency at a certain exchange rate, saved outside the game programs, stored in servers provided by the internet game operation enterprises in electronic record format and represented by specific numeric units. In 2012, the Administrative Measures for Single-purpose Commercial Prepaid Cards (《單用途商業預付卡管理辦法(試行)》) was issued by the MOFCOM, which further requires enterprise that engages in the retail, accommodation,

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catering or resident service industries shall go through record-filing procedures within 30 days after they start single-purpose commercial prepaid card business. Although we issue different virtual currencies to users on our platform for them to purchase various items to be used on our platform, our service does not constitute online game virtual currency transaction services or single-purpose commercial prepaid card because our virtual currencies are not issued by internet game operation enterprises, users cannot transfer or trade these currencies among themselves and our virtual currencies are not used in for the retail, accommodation, catering or resident service. However, we cannot assure you that the PRC regulatory authorities will not take a view contrary to ours or any other aspects of our business operations involving virtual currencies be subject to the PRC regulatory regime on online games or single-purpose commercial prepaid card, in which case we may be required to obtain additional approvals or licenses or filings or change our current business model and may be subject to fines or other penalties, which could adversely affect our business. Furthermore, we cannot assure you that we will not be found in violation of any laws and regulations currently in effect or in the future due to the regulatory authorities' interpretation of these laws and regulations, as well as the view or interpretation taken by such authorities on the nature and operation of our virtual currency and relevant business activities.

If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.

Our success depends on our ability to effectively utilize our standardized management system, information systems, resources and internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business. Our efforts in improving our internal control system may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business may be affected.

We may not be able to obtain additional capital when desired, on favorable or acceptable terms or at all.

We may make investments from time to time in technologies, facilities, equipment, hardware, software and other projects to remain competitive. Due to the unpredictable nature of the capital markets and our industry, there can be no assurance that we will be able to raise additional capital on terms favorable to us, or at all, if and when required, especially if we experience disappointing results of operations. If adequate capital is not available to us as required, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our infrastructure or respond to competitive pressures could be significantly limited. If we do raise additional funds through the issuance of equity or convertible debt securities, the ownership interests of our Shareholders could be significantly diluted. These newly issued securities may have rights, preferences or privileges senior to those of existing Shareholders.

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Negative publicity may materially and adversely affect our brand, reputation, business and growth prospects.

Negative publicity involving us, our Shareholders, our management, our users, our content, our content creators, our platform or our business model may materially and adversely harm our brand and our business. Such negative publicity, whether or not we are at fault, including but not limited to those relating to our business, products and services, user experiences, employee relationships and welfare, compliance with law, financial conditions or prospects, directors’ and shareholders’ personal conducts, whether with or without merit, could impair our reputation and adversely affect our business and operating results. We cannot assure you that we will be able to defuse negative publicity about us, our Shareholders, our management and/or our services to the satisfaction of our [REDACTED], users, content creators or business partners. There has been negative publicity about our Shareholders, our platform and the misuse of our services by certain content creators and users. Such negative publicity may divert our management’s attention and materially and adversely impact our business, financial condition and results of operations. In particular, on September 1, 2019, the Pudong branch of Shanghai Municipal Public Security Bureau announced that one of our then Directors, Zhikang Dai, was said to have confessed to setting up illicit capital pools and embezzlement of funds through a pair of unlicensed peer-to-peer funds operated by his affiliated entities. The Pudong branch of the Shanghai Public Security Bureau initiated an investigation into his affiliated entities on suspicion of illegally accepting deposits from individual investors, and took criminal compulsory measures against 41 suspects and seized the relevant assets involved. Since one of our then Directors was involved, we were mentioned in a lot of negative publicity at that time even though an early investor of our Group, Shanghai Zendai Investment Development Co., Ltd., was not involved, investigated or penalized in relation to the illegal activities that this Director committed at all. Despite the fact that (i) this Director had never been involved in our day-to-day business operations or decision-making and immediately resigned as our Director after the occurrence of such incident, (ii) this Director currently holds no shareholding interest in our Group, nor did our Group had any transaction during the ordinary course of business or loan arrangement with his affiliated entities that were involved in the underlying illegal activities, (iii) Shanghai Zendai Investment Development Co., Ltd disposed of its shares in our Group out of commercial reason, and (iv) none of our Group, other Directors or senior management was involved in such incident, our reputation was still somewhat adversely affected by such incident and management’s attention was severely diverted.

We are subject to payment processing risks.

Our users pay for our membership subscription, the audio content offered on our platform and our other products and services through a variety of online payment solutions. We rely on third parties to process such payments. Acceptance and processing of these payment methods are subject to certain rules and regulations and require payment of interchange and other fees. To the extent there are increases in payment processing fees, material changes in the payment network, such as delays in receiving payments from processors and/or changes in the rules or regulations concerning payment processing, our ability to provide superior use experience,

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including convenient payment options, may be undermined, and our revenues, operating expenses and results of operation could be adversely impacted. In addition, in online payment transactions, secure transmission of user information, such as debit and credit card numbers and expiration dates, personal information and billing addresses, over public networks, is essential to user privacy protection and maintaining their confidence in our platform. We do not have control over the security measures of our third-party payment platforms, and their security measures may not be adequate at present or may not be adequate with the expected increased usage of online payment platforms. We cannot assure you that we will be successful in entering into and maintaining amicable relationships with these third-party service providers. Identifying, negotiating and maintaining relationships with these providers require significant time and resources. Our current agreements with these service providers also do not prohibit them from working with our competitors. They could choose to terminate their relationships with us or propose terms that we cannot accept. In addition, these service providers may not perform as expected under our agreements with them, and we may have disagreements or disputes with such payment service providers, any of which could adversely affect our brand.

Moreover, we cannot predict whether the service providers that we work with may be subject to the supervision of the People's Bank of China. The People's Bank of China may publish rules, guidelines and interpretations from time to time regulating the operation of financial institutions and payment service providers, which may in turn affect how they provide payment services to us. If required by the People's Bank of China or other governmental authorities in the future, we may need to adjust or suspend our cooperation model with such payment service providers, and be subject to fines and other sanctions.

We may be the subject of anti-competitive, harassing, or other detrimental conduct by third parties including complaints to regulatory agencies, negative social media postings, and the public dissemination of malicious assessments of our business that could harm our reputation and cause us to lose market share, users and revenues and adversely affect the price of our Shares.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. Our brand name and our business may be harmed by aggressive marketing and communications strategies of our competitors. PRC laws and regulations also prohibit agreements and activities which amount to unfair business competition and an abuse of a dominant market position. We cannot assure you that we will not, in the future, be subject to such unfair business competition or dominant market position abuse imposed by third parties. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted in internet chat-rooms or on social media or websites by anyone, whether or not related to us, on an anonymous basis. Users value readily available information and often act on such information without further investigation or authentication and without regard to its

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accuracy. The availability of information on social media platforms and devices is virtually immediate, as is its impact. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our financial performance, prospects or business. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, users and revenues and adversely affect the price of our Shares.

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

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

In addition, when appropriate opportunities arise, we may acquire additional assets, products, technologies or businesses that are complementary to our existing business. In addition to possible shareholders' approval, we may also have to obtain approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable PRC laws and regulations, which could result in increased delay and costs, and may derail our business strategy if we fail to do so. Furthermore, past and future acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant.

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We have granted and may continue to grant share options and other share-based awards in the future, which may result in increased share-based compensation expenses.

We adopted a Global Share Plan, as amended in April 2021, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. For further detailed information, please refer to “Appendix IV — Statutory and General Information — D. Equity Incentive Schemes.” For the years ended December 31, 2021, 2022 and 2023, we recorded share-based compensation expenses of RMB936.1 million, a reversal of share-based compensation expenses of RMB465.4 million and share-based compensation expenses of RMB122.5 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

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

Our labor costs are primarily incurred in China. The economy of China has been experiencing significant growth, leading to inflation and increased labor costs, particularly in the large cities, such as Shanghai. In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Significant additional government-imposed increases in the jurisdictions where we have operations may affect our results of operations and financial condition, unless we are able to pass on these costs to our users by increasing prices of our programs.

Our operations depend on the performance of the internet infrastructure and fixed telecommunications networks in China, as well as the effectiveness of mobile operating systems and networks.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the MIIT. Moreover, we primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China’s internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. Web traffic in China has experienced significant growth during the past few years. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the internet infrastructure and the fixed telecommunications networks in China will be able to support the demands associated with the continued growth in internet usage. If we cannot increase our capacity to deliver our online services, we may not be able to accommodate the increases in traffic from expanding user base, and the adoption of our services may be hindered, which could adversely impact our business.

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In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. Furthermore, if internet access fees or other charges to internet users increase, some users may be prevented from accessing the mobile internet and thus cause the growth of mobile internet users to decelerate. Such deceleration may adversely affect our ability to continue to expand our user base.

We have limited insurance coverage of our operations, which may expose us to significant costs and business disruption.

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies do in more developed economies. We do not have any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured occurrence may disrupt our business operations, require us to incur substantial costs and divert our resources, which could have an adverse effect on our results of operations and financial condition.

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

COVID-19 had a severe and negative impact on the Chinese and the global economy from 2020 through 2022, and the global macroeconomic environment faces numerous challenges. The growth rate of the Chinese economy has been slowing since 2010 and the Chinese population began to decline in 2022. The Federal Reserve and other central banks outside of China have raised interest rates. The Russia-Ukraine conflict, the Hamas-Israel conflict and attacks on shipping in the Red Sea have heightened geopolitical tensions across the world. The impact of the Russia-Ukraine conflict on Ukraine food exports has contributed to increases in food prices and thus to inflation more generally. There have also been concerns about the relationship between China and other countries which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to a wide range of issues including trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

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Our results of operations, financial conditions and prospects have been adversely affected by fair value changes of preferred shares. The valuation of our convertible redeemable preferred shares is uncertain due to the use of unobservable inputs.

During the Track Record Period, we had outstanding convertible redeemable preferred shares, which were designated as financial liabilities at fair value through profits or losses. The preferred shares issued by us are not traded in an active market and the respective fair value is determined by using valuation techniques. The discounted cash flow method was used to determine the total equity value of our Company and the equity allocation model was adopted to determine the fair value of the financial instruments. Please refer to note 4.3 to the Accountant’s Report included in Appendix I to this document for the key assumptions in determining the fair value of the convertible redeemable preferred shares. These valuation methodologies that we use involve a significant degree of management judgment and are inherently uncertain. Changes in these unobservable inputs and other estimates and judgments could materially affect the fair value of our convertible redeemable preferred shares, which in turn may adversely affect our results of operations. In 2021, we recognized net fair value losses of convertible redeemable preferred shares of RMB3,410.6 million. We recorded fair value gains of convertible redeemable preferred shares of RMB3,558.7 million and RMB3,650.5 million in 2022 and 2023, respectively. We expect continued fluctuation of the fair value of our preferred shares after December 31, 2023 till the completion of the [REDACTED], upon which all the preferred shares will automatically convert into our Shares. After the automatic conversion of the preferred shares into Shares upon the completion of the [REDACTED], we do not expect to recognize any further loss or gain on fair value changes from the preferred shares in the future.

Fluctuation of financial assets at fair value through profit or loss may affect our results of operations, financial and conditions. The valuation of our financial assets at fair value through profit or loss is uncertain due to the use of unobservable inputs.

We made investments in certain financial assets during the Track Record Period and recorded current financial assets at fair value through profit or loss of RMB753.6 million as of December 31, 2021, RMB471.3 million as of December 31, 2022 and RMB547.5 million as of December 31, 2023, and non-current financial assets at fair value through profit or loss of RMB746.9 million as of December 31, 2021, RMB749.3 million as of December 31, 2022 and RMB737.4 million as of December 31, 2023. Our current financial assets at fair value through profit or loss represented short-term wealth management products with maturity period within one year that we purchased from various reputable financial institutions in China without guaranteed returns. We cannot assure you that market conditions and regulatory environment will result in fair value gains on the wealth management products we invest in or we will not incur any fair value losses on our investments in wealth management products in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected. Our non-current financial assets at fair value through profit or loss consist of our equity investments in private companies and fund with limited life. We use significant unobservable inputs in valuing certain financial assets at fair value through profit or loss. These investments may earn yields substantially lower than anticipated, and the fair

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values of these financial assets may fluctuate significantly, which contribute to the uncertainties in valuation. Any failure to realize the benefits we expected from these financial assets may materially and adversely affect our business and financial results.

We are subject to anti-corruption, anti-bribery, sanctions and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses.

We are subject to anti-corruption, anti-bribery, sanctions and similar laws and regulations in various jurisdictions in which we conduct activities. We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. These interactions subject us to an increased level of compliance-related concerns. We have implemented policies and procedures designed to ensure compliance by us and our Directors, officers, employees, representatives, consultants and business partners with applicable anti-corruption and anti-bribery and similar laws and regulations. Historically, we identified a few rare incidents where our employees were engaged in improper conduct. For example, in early 2020, we conducted an internal investigation and discovered two incidents where one employee of our marketing department had received an unidentified bribe payment from a supplier while another employee of our sales department had been improperly profiting from introducing his own holding company as our agent. Upon the discovery of such incidents, we immediately terminated their employment with us. According to our internal investigation, the amount of the alleged bribe payment was relatively small and did not meet the criteria for building a criminal case and we did not suffer any material loss from those employees' misconducts. We strengthened our anti-corruption and anti-bribery efforts afterwards. For example, we implemented more stringent anti-corruption policies and procedures and provided comprehensive training to our employees on a regular basis to ensure strict compliance with our anti-corruption policies and procedures. For details of our anti-corruption and anti-bribery efforts, see “Business — Risk Management and Internal Control — Human Resources Risk Management.” However, we cannot assure you that our Directors, officers, employees, representatives, consultants, agents and business partners will not engage in improper conduct in the future for which we may be held responsible, subject us to financial loss and sanctions or penalties imposed by governmental authorities, or adversely affect our business operation and reputation.

Non-compliance with anti-corruption or anti-bribery laws and regulations could subject us to whistle-blower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses. If we or any of our associates fail to comply with economic sanctions or trade restrictions imposed by national or international authorities that are applicable to us or them, we may be exposed to potential legal liability and the costs associated with investigating potential misconduct, as well as potential reputational damage.

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Any export controls or any economic or trade restrictions applicable to our businesses could be complex and may change frequently. The interpretation and enforcement of such laws and regulations involve uncertainties, which may be driven by political or other factors out of our control or heightened by national security concerns. Any potential restrictions imposed on us or our business partners, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may cause disruptions to our service offerings and business operations, result in negative publicity, require significant management time and attention and subject us to fines, penalties or orders. Any of the foregoing events may have a material and adverse effect on our business, financial condition and results of operations.

We face risks related to health epidemics and other outbreaks, as well as natural disasters, which could significantly disrupt our operations and adversely affect our business, results of operation and financial condition.

Our business could be adversely affected by the effects of epidemics, which may disrupt our business operations. In recent years, there have been outbreaks of epidemics in China and globally. Our results of operations could be adversely affected to the extent that the outbreak has any negative impact on the Chinese and global economy in general and the Chinese and global mobile internet and online audio industries in particular.

We are also vulnerable to natural disasters and other calamities. It is possible that we may be unable to recover certain data in the event of a server failure. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, sabotages, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services on our platform.

We are subject to risks relating to our leased properties.

Currently, most of our offices are on leased premises. We may not be able to successfully maintain, extend or renew our leases upon expiration of the current terms on commercially reasonable terms or at all, and may therefore be forced to relocate to new offices. In the event we are forced to relocate, we may not be able to locate desirable alternative sites for our offices in a timely and cost-effective manner and the relocation of any of our offices may disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations.

We have not filed all of our lease agreements with the relevant government authorities as of the Latest Practicable Date. Under the relevant PRC laws and regulations, we may be required to file with the relevant government authority executed leases. The failure to file the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to file the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-filed lease if we fail to complete the registration within the prescribed timeframe.

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As of the Latest Practicable Date, we are not aware of any actions, claims or investigations threatened against us or our lessors with respect to the defects in our leasehold interests. However, if any of our leases is terminated as a result of challenges by other parties or governmental authorities for lack of title certificates or proof of authorization to lease, we do not expect to be subject to any fines or penalties, but we may be forced to relocate the affected offices and incur additional expenses relating to such relocation.

RISKS RELATING TO OUR CORPORATE STRUCTURE

If the PRC government finds that the agreements that establish the structure for operating certain of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership of certain businesses is prohibited or subject to restrictions under current PRC laws and regulations. Specifically, foreign investors are prohibited from holding equity interest in an entity conducting internet audio-visual programs, radio and television program production and operation, online publication and internet culture business and are restricted to conduct value added telecommunications services (except for electronic commerce, domestic multi-party communication, store-and-forward and call center). We are a Cayman Islands exempted company. Xizhang Shanghai and Qizhi are our PRC subsidiaries and wholly foreign-owned enterprises under PRC laws. To comply with PRC laws and regulations, we conduct our business in China mainly through Shanghai Ximalaya, Shenzhen Tianbo and Shanghai Qimiao Siwei, our variable interest entities, and their respective subsidiaries, based on a series of contractual arrangements by and among our WFOEs, our PRC Holdcos and the Registered Shareholders. For a description of these contractual arrangements, see "Contractual Arrangements." As a result of these contractual arrangements, we exert control over our VIEs and consolidate their financial results in our financial statements under IFRS.

In the opinion of CM Law Firm, our PRC Legal Adviser, (i) the ownership structure of our WFOEs and our VIEs in China does not result in any violation of PRC laws and regulations currently in effect; and (ii) the contractual arrangements between our WFOEs, our PRC Holdcos and the Registered Shareholders governed by PRC laws will not result in any violation of PRC laws or regulations currently in effect. However, we have been further advised by our PRC Legal Adviser that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations in this regard. Thus, the PRC government may ultimately take a view contrary to the opinion of our PRC Legal Adviser. If the PRC government otherwise find that we are in violation of any existing or future PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoking the business licenses and/or operating licenses of such entities;
- imposing fines on us;

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- confiscating any of our income that they deem to be obtained through illegal operations;
- terminating or placing restrictions or onerous conditions on our operations;
- placing restrictions on our right to collect revenues; and
- shutting down our servers or blocking our mobile apps and websites.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If occurrences of any of these events results in our inability to direct the activities of our VIEs in China that most significantly impact their economic performance, and/or our failure to receive the economic benefits from our VIEs, we may not be able to consolidate the entities in our consolidated financial statements in accordance with IFRSs.

We rely on contractual arrangements with our VIEs and the Registered Shareholders for our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with our VIEs and the Registered Shareholders to operate our business in China. These contractual arrangements may not be as effective as direct ownership in providing us with control over our VIEs. For example, our VIEs and the Registered Shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of our VIEs in China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our VIEs, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by our VIEs and the Registered Shareholders of their obligations under the contracts to exercise control over our VIEs. The shareholders of our VIEs may not act in the best interests of our Company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate certain portion of our business through the contractual arrangements with our VIEs. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties. See “— Any failure by our VIEs or the Registered Shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.” Therefore, our contractual arrangements with our VIEs may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

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Any failure by our VIEs or the Registered Shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.

If our VIEs or the Registered Shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under PRC law. For example, if the Registered Shareholders were to refuse to transfer their equity interests in our VIEs to us or our designee when we exercise the exclusive call option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. There are very few precedents and little formal guidance as to how contractual arrangements in the context of a VIE should be interpreted or enforced under PRC law and these types of contractual arrangements have not been tested in the courts of China. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIEs, and our ability to conduct our business may be negatively affected. See “— Risks Relating to Doing Business in the Country Where We Primarily Operate — You should assess the legal protections you are entitled to under the legal system in China.”

The shareholders of our VIEs may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

A significant portion of equity interests in our VIEs are held by our executive officers and Shareholders or affiliates thereof. Conflicts of interest may arise between the roles of them as Shareholders, Directors or officers of our Company and as shareholders of our VIEs. For individuals who are also our Directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that Directors and officers owe fiduciary duties to our Company, including duties to act in good faith and in the best interest of our Company and not to use their positions for personal gain. The shareholders of our VIEs have executed powers of attorney to appoint our WFOEs or a person designated by our WFOEs to vote on their behalf and exercise voting rights as shareholders of our VIEs. We cannot assure you that when conflicts arise, these shareholders will act in the best interest of our Company or that conflicts

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will be resolved in our favor. If we cannot resolve any conflicts of interest or disputes between us and these shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

Contractual arrangements in relation to our VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we or our VIEs owes additional taxes, which could negatively affect our financial condition and the value of your [REDACTED].

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements in relation to our VIEs were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust income of our VIEs in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our VIEs for PRC tax purposes, which could in turn increase its tax liabilities without reducing our PRC subsidiary's tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on our VIEs for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our VIEs' tax liabilities increase or if it is required to pay late payment fees and other penalties.

We may lose the ability to use and enjoy assets held by our VIEs that are material to the operation of certain portion of our business if the entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding.

As part of our contractual arrangements with our VIEs, the entity holds certain assets that are material to the operation of certain portion of our business, including permits, domain names and most of our intellectual property rights. If any of our VIEs goes bankrupt and all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the contractual arrangements, our VIEs may not, in any manner, sell, transfer, mortgage or dispose of its assets or legal or beneficial interests in the business without our prior consent. If our VIEs undergo a voluntary or involuntary liquidation proceeding, the independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

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The interpretation and implementation of the PRC Foreign Investment Law may be subject to changes from time to time, and it remains to be seen how it may impact the viability of our current corporate structure, corporate governance and business operations.

On March 15, 2019, the National People's Congress approved the PRC Foreign Investment Law (《中華人民共和國外商投資法》), which came into effect on January 1, 2020. The PRC Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, the implementation of the PRC Foreign Investment Law is still subject to further interpretation. The Foreign Investment Law does not touch upon the relevant concepts and regulatory regimes that were historically suggested relating to the regulating of VIE corporate structures. For instance, under the PRC Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. On December 26, 2019, the State Council issued the Implementation Rules for the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》), which became effective on January 1, 2020. Pursuant to the implementation rules, in the event of any discrepancy between the PRC Foreign Investment Law and its implementation rules and relevant requirements for foreign investment promulgated prior to January 1, 2020, the PRC Foreign Investment Law and its implementation rules shall prevail. The Implementation Rules for the PRC Foreign Investment Law does not stipulate whether contractual arrangements should be deemed as a form of foreign investment. Though it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, there is no assurance that our contractual arrangements will not be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we cannot assure you that we can complete such actions in a timely manner, or at all. If the ownership structure, contractual arrangements and business of our Company, our PRC subsidiaries or our variable interest entities are found to be in violation of any existing or future PRC laws or regulations, or if we fail to obtain or maintain any of the required permits or approvals, relevant governmental authorities would have broad discretion in dealing with such violation, including levying fines, confiscating our income or the income of our PRC subsidiaries or our variable interest entities, revoking the business licenses or operating licenses of our PRC subsidiaries or our variable interest entities, shutting down our servers or blocking our online platform, discontinuing or placing restrictions or onerous conditions on our operations, requiring us to undergo a costly and disruptive restructuring, restricting or

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prohibiting our use of [REDACTED] from our [REDACTED] to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations. If any of these occurrences results in our inability to direct the activities of any of our VIEs and/or our failure to receive economic benefits from any of them, we may not be able to consolidate their results into our consolidated financial statements in accordance with IFRSs.

We may rely on dividends paid by our PRC subsidiaries to fund cash and financing requirements. Any limitation on the ability of our PRC subsidiary to pay dividends to us could have a material adverse effect on our ability to conduct our business and to pay dividends to holders of our Shares.

We are a holding company, and we may rely on dividends to be paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our Shareholders and service any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

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

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RISKS RELATING TO DOING BUSINESS IN THE COUNTRY WHERE WE PRIMARILY OPERATE

Changes in economic, political or social conditions or government policies could have a material adverse effect on our business and operations.

Substantially all of our revenues are sourced from China. Accordingly, our results of operations, financial condition and prospects are influenced by economic, political and legal developments in China. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. While these measures will benefit China’s macro economy as a whole, some of them may result in uncertainties to our Company. In addition, any adverse changes in economic conditions in China or across the globe may materially and adversely affect our business, financial condition and results of operations.

You should assess the legal protections you are entitled to under the legal system in China.

The laws and regulations in China are subject to revisions or interpretations from time to time. New laws, regulations, guidelines and interpretations that are promulgated in the future may affect the rights and obligations of the parties involved. In addition, legal cases are not official legal sources in China, and prior court decisions may be cited for reference but may not have binding authority. Therefore, you should assess the legal protections you are entitled to under the legal system in China.

We may be subject to the approval or other requirements of the CSRC or other PRC governmental authorities in connection with overseas offerings and future capital raisings activities.

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines (the “**Overseas Offering and Listing Trial Measures**”), which came into effect on March 31, 2023. The Overseas Offering and Listing Trial Measures comprehensively reformed the regulatory regime for overseas securities offerings and listings by China-based companies, conducted either in direct or indirect manners, by adopting a filing-based regulatory mechanism. See “Regulatory Overview — Regulations on M&A and Overseas Listing” for details. According to the Overseas Offering and Listing Trial Measures, this [REDACTED] shall be deemed as an indirect [REDACTED] by PRC domestic enterprise, and we are required to submit filings with the CSRC within three business days after we submit application for this [REDACTED], and there is uncertainty as to whether we will be able to complete the filing procedures or obtain approval for this [REDACTED] in a timely manner, or at all. Furthermore, the filing procedure with the CSRC under the Overseas Offering and Listing Trial Measures may be required for any future offerings, listing or any other capital raising activities. It is uncertain whether we could complete the procedure in relation to any further

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capital raising activities in a timely manner, or at all. Any failure to complete the filing procedure in a timely manner may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business, results of operations and financial conditions.

Furthermore, on February 24, 2023, the CSRC and other relevant government departments released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which aims to expand the applicable scope of the regulation to indirect overseas offerings and listings by PRC domestic companies and emphasize the confidentiality and archive management duties of PRC domestic companies during the process of overseas offerings and listings.

In addition, the Enterprise Mid- and Long-Term Foreign Debt Registration Administrative Measures (《企業中長期外債審核登記管理辦法》), which came into effect on February 10, 2023, established a new foreign debt approval registration system, which replaced the foreign debt filing registration system under the NDRC Notice on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt (《國家發改委關於推進企業發行外債備案登記制管理改革的通知》). These administrative measures require the PRC enterprises and overseas enterprises or branches controlled by them, including holding companies with a VIE structure, to complete application for registration of foreign debts with the NDRC prior to the borrowing of foreign debts with a term of over one year. However, the Enterprise Mid- and Long-Term Foreign Debt Registration Administrative Measures are relatively new and their implementation is still subject to further interpretation. If we intend to engage in an overseas offering of foreign debts, we cannot assure you that we can accomplish the required application for registration or other regulatory procedures in a timely manner, or at all.

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this [REDACTED] or future capital raising activities before settlement and delivery of the Shares we are [REDACTED] hereby. Consequently, if you engage in [REDACTED] or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures in addition to those prescribed under the Overseas Offering and Listing Trial Measures for this [REDACTED] or future capital raising activities, we may have to go through additional procedures, and we cannot assure you that we can complete such procedures in a timely manner, or at all. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and [REDACTED] of the Shares.

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Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your [REDACTED].

During the Track Record Period, substantially all of our revenue and expenditures were denominated in Renminbi. The net [REDACTED] from the [REDACTED] will be in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the [REDACTED] from the [REDACTED]. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

We are subject to the currency exchange regulation system in China.

The conversion of Renminbi is subject to applicable laws and regulations in China. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, capitalize our capital expenditure plans, and even our business, operating results and financial condition, may be affected.

The M&A Rules and certain other PRC regulations establish certain procedures for some acquisitions of Chinese companies by foreign investors, which could affect our potential acquisitions in China.

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 additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the anti-monopoly law enforcement agency be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the PRC Anti-monopoly Law requires that the anti-monopoly law enforcement agency shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In early February 2021, the Anti-monopoly Commission of the State Council published the Anti-monopoly Guidelines for the Internet Platform Economy Sector (《關於平台經濟領域的反壟斷指南》), which aims at specifying some of the circumstances under which

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an activity of internet platforms may be identified as monopolistic act as well as setting out merger controlling filing procedures involving variable interest entities. In addition, the Implementation Provisions of Safety Review System for Foreign Investors’ Merger and Acquisition of Domestic Enterprises (《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. On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. The Office of the Working Mechanism of the Security Review of Foreign Investment has been established under the NDRC, who leads the task together with the MOFCOM. Foreign investor or relevant parties in China must declare the security review to the Office of the Working Mechanism of the Security Review of Foreign Investment prior to the investments in, among other industries, important cultural products and services, important information technology and internet products and services, important financial services, key technologies and other important fields relating to national security, and obtain control in the target enterprise. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned 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 its local counterpart or anti-monopoly law enforcement agency may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Regulatory uncertainties relating to anti-monopoly and competition laws could adversely affect our business, financial condition, or operating results.

The PRC anti-monopoly enforcement agencies have in recent years strengthened enforcement under the PRC Anti-monopoly Law (《中華人民共和國反壟斷法》), including levying significant fines, with respect to concentration of undertakings and cartel activities, mergers and acquisitions, as well as abusive practices by companies with market dominance.

In February 2021, the Anti-monopoly Commission of the State Council has promulgated the Anti-monopoly Guidelines for the Internet Platform Economy Sector, which for the first time specified that, any concentration as a result of mergers and combinations between variable interest entities shall be regulated by the Anti-monopoly Law. In addition, the Anti-monopoly Guidelines for the Internet Platform Economy Sector set out detailed standards and rules in respect of the definition of relevant markets, typical types of cartel activities and abusive practices by online platform operators with market dominance, which provide further guidelines for enforcement of anti-monopoly laws against online platform operators. For instance, online platform operators that use technological advantages, such as data and algorithms, to eliminate or restrict competition or impose price restrictions or exclusivity requirements on users may be deemed to be abusing dominant market position. Failure or perceived failure to comply with the Anti-monopoly Guidelines for the Internet Platform

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Economy Sector or other anti-monopoly related laws and regulations may result in enquiries or investigations or enforcement actions, penalties, litigation or claims against us and could adversely affect our business, financial condition, results of operations and future prospects. In August 2021, the SAMR issued the Provisions on Preventing Unfair Online Competition (Drafts for Public Comments) (《禁止網絡不正當競爭行為規定(公開徵求意見稿)》), which detailed the implementation of the PRC Unfair Competition Law (《中華人民共和國反不正當競爭法》), including specifying certain online unfair competition behavior that should be prohibited. As of the Latest Practicable Date, the Provisions on Preventing Unfair Online Competition (Drafts for Public Comments) have not been formally adopted, and due to the lack of further clarification, there are still uncertainties regarding the interpretation and implementation of this draft regulation.

The SAMR has imposed administrative penalties on a number of anti-monopoly cases in the internet industry, and the regulatory environment of anti-monopoly is tightening. Considering the evolving legislative activities and increasingly stringent anti-monopoly enforcement by the PRC regulatory authorities, we may be subject to greater scrutiny and attention from regulators and more frequent and strict review by regulators, which will increase our compliance costs and it could be time-consuming to comply with the relevant regulations described above to complete transactions in the future. Any of the required approval processes, including approval from SAMR, may be uncertain and could increase our costs and delay or inhibit our ability to operate and expand our business, maintain our market share or otherwise achieve the goals of our acquisition strategy. As of the Latest Practicable Date, we have not been subject to any administrative penalties or regulatory actions in connection with anti-monopoly.

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

We are an offshore holding company conducting our operations in China through our PRC subsidiaries, VIEs and their subsidiaries. We may make loans to our PRC subsidiaries, VIEs and their subsidiaries, or we may make additional capital contributions to our PRC subsidiaries, or we may establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, or we may acquire offshore entities with business operations in China in an offshore transaction.

Most of these ways are subject to PRC regulations and approvals. For example, loans by us to our wholly owned PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. If we decide to finance our wholly owned PRC subsidiaries by means of capital contributions, these capital contributions are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System and registration with other governmental authorities in China. Any foreign loan procured by our PRC subsidiaries is required to be registered or filed with SAFE or its local branches or satisfy relevant requirements as provided in the Notice of the Administration of Foreign Exchange on Further Promoting the Convenience of Cross-Border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》). Any medium or long-term loan to be provided by us to our VIEs

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must be registered with the NDRC and SAFE or its local branches. We may not be able to obtain these government approvals or complete such registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to receive such approvals or complete such registration or filing, our ability to use the [REDACTED] of our [REDACTED] and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

Further, we are not likely to finance the activities of our VIEs by means of capital contributions due to regulatory restrictions relating to foreign investment in PRC domestic enterprises engaged in internet information services, online audio program services and related businesses.

SAFE promulgated Circular on the Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (“**SAFE Circular 19**”), effective in June 2015, in replacement of the Circular on the Relevant Issues Concerning the Launch of Reforming Trial of the Administration Model of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《國家外匯管理局關於在部分地區開展外商投資企業外匯資本金結匯管理方式改革試點有關問題的通知》), the Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》), and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的補充通知》). According to SAFE Circular 19, the flow and use of the Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for the issuance of Renminbi entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although SAFE Circular 19 allows Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within China, it also reiterates the principle that Renminbi capital converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in China in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (“**SAFE Circular 16**”), effective on June 9, 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue Renminbi entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net [REDACTED] from our [REDACTED], to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in China. On October 23, 2019,

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SAFE promulgated the Notice of the Administration of Foreign Exchange on Further Promoting the Convenience of Cross-Border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which, among other things, stipulates that non-investment foreign-invested entities may use foreign exchange capital or Renminbi funds converted from the foreign exchange capital to make domestic equity investments, provided that such investments should comply with the existing special entry management measures for the access of foreign investment (negative list) and other relevant PRC laws and regulations. Even though this SAFE circular allows all foreign-invested enterprises (including those without an investment business scope) to utilize and convert their foreign exchange capital for making equity investment in China if certain requirements prescribed therein are satisfied, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiary or with respect to future capital contributions by us to our PRC subsidiary. If we fail to complete such registrations or obtain such approvals, our ability to use the [REDACTED] we received from our [REDACTED] and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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.

SAFE promulgated the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Round-Trip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("SAFE Circular 37") in July 2014, which requires PRC residents (including PRC individuals and PRC entities) to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. On February 13, 2015, SAFE issued Notice of State Administration of Foreign Exchange on Further Simplification and Improvement of Foreign Exchange Management Policy for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), effective June 1, 2015, pursuant to which, the power to accept SAFE registration was delegated from local SAFE to local qualified banks where the assets or interest in the domestic entity was located.

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If our Shareholders who are PRC residents do not complete their registration with the local SAFE branches, our PRC subsidiaries may be prohibited from distributing their profits and [REDACTED] from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

We have used our best efforts to notify PRC residents who directly or indirectly hold shares in our Cayman Islands holding company and who are known to us as being PRC residents to complete the foreign exchange registrations. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our Company, nor can we compel our beneficial owners to comply with SAFE registration requirements. We cannot assure you that all Shareholders or beneficial owners of ours who are PRC residents have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by, SAFE regulations. Failure by such Shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

Furthermore, according to the Administrative Measures on Overseas Investments (《企業境外投資管理辦法》), which was promulgated by the NDRC in December 2017, non-sensitive overseas investment projects are subject to filing requirements with the NDRC or its local branch. In September 2014, MOFCOM promulgated the Administrative Measures on Overseas Investments (《境外投資管理辦法》), pursuant to which overseas investments by PRC enterprises that involve a whitelist of countries, regions and industries are subject to record-filing requirements with a local branch of the MOFCOM. If we or any of our Shareholders, who are PRC enterprises, regulated by such policies fails to satisfy the applicable overseas direct investment filing or approval requirement in a timely manner, or at all, we or our Shareholders may be ordered by relevant PRC authorities to suspend any ongoing activities of such nature and rectify any non-compliance within a specified timeframe.

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

Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies due to their position as director, senior management or employees of the PRC subsidiaries of the overseas companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. Our Directors, executive officers and other employees who are PRC residents and who have been granted share-based awards may follow SAFE Circular 37 to apply for the foreign exchange registration before our Company becomes [REDACTED]. In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign

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Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (“SAFE Circular 7”). Under SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly listed company or another qualified institution selected by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of share-based awards, the purchase and sale of corresponding shares 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. We and our PRC employees who have been granted share-based awards are subject to SAFE Circular 7 and other relevant rules and regulations these regulations. Failure of our PRC share-based award 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 subsidiary, limit our PRC subsidiary’s ability to distribute dividends to us, or otherwise materially adversely affect our business.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC Shareholders.

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and its implementation rules, an enterprise established outside of China with its “de facto management body” within China is considered a “resident enterprise” and will be subject to PRC enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation issued a circular, known as SAT Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary

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assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that our Company is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our Shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of our Shares, if such income is treated as sourced from within the PRC. Furthermore, if PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, dividends paid to our non-PRC individual Shareholders and any gain realized on the transfer of our Shares by such Shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us), if such dividends or gains are deemed to be from PRC sources. These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC Shareholders of our Company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that our Company is treated as a PRC resident enterprise. Any such PRC tax may reduce the returns on your [REDACTED] in our Shares.

Discontinuation of preferential tax treatments we currently enjoy or other unfavorable changes in tax law could result in additional costs.

Shanghai Ximalaya and other five subsidiaries obtained the “High Technology Enterprise” (“HNTE”) certificates with a valid period of three years during the Track Record Period. Therefore, Shanghai Ximalaya and other five subsidiaries were eligible to enjoy a preferential tax rate of 15% to the extent they had taxable income under the PRC Enterprise Income Tax Law during the Track Record Period. The high technology enterprise qualification is re-assessed by the relevant authorities every three years. Moreover, a qualified software enterprise is entitled to a tax holiday consisting of a two-year enterprise income tax exemption beginning with the first profit-making calendar year and a 50% tax reduction for the subsequent three years. If any of the qualifying subsidiaries fails to maintain its qualifications under the relevant PRC laws and regulations, its applicable enterprise income tax rate may increase to up to 25% or it may not be able to claim tax deductible expense, any of which could cause our income tax expenses to increase and have a material adverse effect on our results of operations.

Our business benefits from certain government grants to certain extent. Expiration, reduction or discontinuation of, or changes to, these grants may increase our burden and have an adverse effect on our business and results of operations.

We received government grants during the Track Record Period. For the years ended December 31, 2021, 2022 and 2023, we recognized government grants of approximately RMB78.1 million, RMB74.2 million and RMB91.8 million, respectively. Those government grants were primarily relating to certain tax-related incentives, subsidies for research and development projects and subsidies for other government-sponsored projects. There can be no

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assurance that we will receive government grants of such amount or at all on a continuous basis. The reduction or discontinuation of any of these government grants could negatively affect our business and results of operations.

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

We face uncertainties regarding the reporting on and consequences of previous private equity financing transactions involving the transfer and exchange of shares in our Company by non-resident [REDACTED]. In February 2015, the State Administration of Taxation issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises (《國家稅務總局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》) (“**Bulletin 7**”). Pursuant to Bulletin 7, an “indirect transfer” of PRC assets, including a transfer of equity interests in an unlisted non-PRC holding company of a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of the underlying PRC assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10%, for the transfer of equity interests in a PRC resident enterprise. Bulletin 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange. On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues of Tax Withholding regarding Non-resident Enterprise Income Tax (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問 題的公告》) (“**Bulletin 37**”), which came into effect on December 1, 2017. The Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

There is uncertainty as to the application of Bulletin 37 or previous rules under Bulletin 7. We face uncertainties on the reporting and consequences of private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our Company by [REDACTED] that are non-PRC resident enterprises. Our Company may be subject to filing obligations or taxes if our Company is the transferor in such transactions, and may be subject to withholding obligations if our Company is the transferee in such transactions, under Bulletin 37 and Bulletin 7.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in China or to enforce against them in China any judgments obtained from non-PRC courts.

A majority of our executive Directors and executive officers reside within China, and substantially all of our assets are located within China. Therefore, it may be difficult for [REDACTED] to effect service of process upon us or our executive Directors and officers inside China or to enforce against us or them in China any judgments obtained from non-PRC

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courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**2006 Arrangement**”), promulgated on July 3, 2008 and effective August 1, 2008, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in China if the parties in dispute have not agreed to enter into a choice of court agreement in writing.

On January 18, 2019, the Supreme People’s Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**2019 Arrangement**”), which became effective on January 29, 2024. Upon the effectiveness of the 2019 Arrangement, the 2006 Arrangement has been superseded by the 2019 Arrangement, except to the extent that the choice of court agreement in writing was entered into before the effectiveness of the 2019 Arrangement. The 2019 Arrangement establishes a bilateral legal mechanism with further clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement. Under the 2019 Arrangement, any party concerned may apply to relevant PRC court or Hong Kong court for recognition and enforcement of a final court judgment in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. Although the 2019 Arrangement has come into effect, uncertainties remain as to the outcome and effectiveness of any action brought under the 2019 Arrangement.

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

Under PRC law, legal documents for corporate transactions are executed using the chops or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant branch of the SAMR.

Although we usually utilize chops to enter into contracts, the designated legal representatives of each of our PRC subsidiary, variable interest entity and its subsidiaries have the apparent authority to enter into contracts on behalf of such entities without chops and bind such entities. In order to maintain the physical security of our chops and chops of our PRC entities, we generally store these items in secured locations accessible only by the authorized personnel of each of our subsidiaries and variable interest entity (including its subsidiaries). Although we monitor such authorized personnel, there is no assurance such procedures will prevent all instances of abuse or negligence. Accordingly, if any of our authorized personnel misuse or misappropriate our corporate chops or seals, we could encounter difficulties in maintaining control over the relevant entities and experience significant disruption to our operations. If a designated legal representative obtains control of the chops in an effort to obtain control over any of our PRC subsidiary, variable interest entity or its subsidiaries, we or our PRC subsidiary, variable interest entity and its subsidiaries would need to pass a new shareholder or board resolution to designate a new legal representative and we would need to take legal action to seek the return of the chops, apply for new chops with the relevant authorities, or otherwise seek legal redress for the violation of the representative's fiduciary duties to us, which could involve significant time and resources and divert management attention away from our regular business. In addition, the affected entity may not be able to recover corporate assets that are sold or transferred out of our control in the event of such a misappropriation if a transferee relies on the apparent authority of the representative and acts in good faith.

RISKS RELATING TO THE WVR STRUCTURE

The concentration of our Share ownership limits our Shareholders' ability to influence corporate matters.

Our Company will be controlled through weighted voting rights upon completion of the [REDACTED]. Each Class A Share has one vote per share and each Class B Share has 10 votes per share except with respect to voting on resolutions with respect to a very limited number of Reserved Matters, in relation to which, each share is entitled to one vote. Immediately after the completion of the [REDACTED], Mr. Jianjun Yu will be the WVR Beneficiary and will beneficially own all of our issued and outstanding Class B Shares, which represent approximately [REDACTED]% of the voting rights in our Company (assuming the [REDACTED] is not exercised and no Shares are issued under the Equity Incentive Schemes) with respect to shareholder resolutions relating to matters other than the Reserved

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Matters. Mr. Jianjun Yu therefore has significant influence over management and affairs of our Company, and over all matters requiring shareholder approval, including the election of Directors (excluding the appointment, election or removal of any independent non-executive Director) and significant corporate transactions, such as a merger or other sale of our Company or our assets, for the foreseeable future. In addition, because each Class A Share carries only one tenth of the voting rights of each Class B Share (except as required by applicable law and in relation to the Reserved Matters), the issuance of the Class A Shares, including future stock-based acquisition transactions and employee equity incentive programs, could prolong the duration of the WVR Beneficiary’s ownership of our voting power immediately after the completion of the [REDACTED] and their ability to determine the outcome of most matters submitted to a vote of our Shareholders. For further details about our shareholding structure, see the section headed “Share Capital — Weighted Voting Rights Structure.” This concentrated control limits or severely restricts our Shareholders’ ability to influence corporate matters and, as a result, we may take actions that our Shareholders do not view as beneficial. As a result, the [REDACTED] of our [REDACTED] could be adversely affected.

Holders of our Class B Shares may exert substantial influence over us and may not act in the best interests of our independent Shareholders.

Following the completion of the [REDACTED], the WVR Beneficiary will be in a position to exert significant influence over the affairs of our Company and will be able to influence the outcome of any shareholders’ resolutions, irrespective of how other Shareholders vote. The interests of the holders of our Class B Shares may not necessarily be aligned with the interests of our Shareholders as a whole, and this concentration of voting power may also have the effect of delaying, deferring or preventing a change in control of our Company.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares prior to the [REDACTED], and you may not be able to resell our Shares at or above the price you pay, or at all.

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

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

In addition, the [REDACTED] of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the

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performance and fluctuation of the [REDACTED] of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the [REDACTED] and [REDACTED] for our Shares. A number of China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards China-based companies listed in Hong Kong and consequently may impact the [REDACTED] of our Shares. These broad market and industry factors may significantly affect the [REDACTED] and volatility of our Shares, regardless of our actual operating performance, and may result in losses on your [REDACTED] in our Shares. Furthermore, the [REDACTED] of our Shares could fluctuate in response to the general economic, political and geopolitical conditions such as recession, interest rates, foreign currency fluctuations and acts of war, such as the recent conflict between Ukraine and Russia.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and substantial shareholders, could adversely affect the [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the [REDACTED] of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our substantial shareholders are subject to certain lock-up periods beginning on the date on which [REDACTED] in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. In addition, certain existing Shareholders of our Shares are not subject to lock-up agreements. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have negative impact on the [REDACTED] of our Shares. See “History, Reorganization, and Corporate Structure — Pre-[REDACTED] Investments” for more details of the existing Shareholders not subject to lock-up agreements.

[REDACTED]

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[REDACTED]

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

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

If securities or industry analysts cease to publish research or reports about our business, or if they adversely change their recommendations regarding our Class A Shares, the [REDACTED] for our Class A Shares and [REDACTED] volume could decline.

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

We have no experience operating as a [REDACTED] company.

We have no experience conducting our operations as a [REDACTED] company. After we become a [REDACTED] company, we may face enhanced administrative and compliance requirements, which may result in substantial costs.

In addition, since we are becoming a [REDACTED] company, our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to [REDACTED] companies, including requirements relating to corporate governance, listing standards and securities and investor relationships issues. As a [REDACTED] company, our management will have to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. We cannot guarantee that we will be able to do so in a timely and effective manner.

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

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we have not yet adopted a dividend policy with respect to future dividends. Therefore, you should not rely on an [REDACTED] in our Shares as a source for any future dividend income.

Our Board has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at they fall due in the ordinary course of business. In addition, our Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [REDACTED] in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you [REDACTED] the Shares. You may not realize a return on your [REDACTED] in our Shares and you may even lose your entire [REDACTED] in our Shares.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the online audio market. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, [REDACTED], the Joint Sponsors, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] or any other party involved in the [REDACTED], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such

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information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

Waivers have been granted from compliance with certain requirements of the Listing Rules. Shareholders will not have the benefit of the Listing Rules that are so waived. These waivers could be revoked, exposing us and our Shareholders to additional legal and compliance obligations.

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

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

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

There will be a time gap of several business days between [REDACTED] and [REDACTED] of our Shares [REDACTED] in the [REDACTED]. Holders of our Shares are subject to the risk that [REDACTED] of our Shares could fall during the period before [REDACTED] of our Shares begins.

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