[**REDACTED**] *in our Shares involves significant risks. You should carefully read and consider all of the information in this document, including the risks and uncertainties described below, before deciding to* [**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, results of operations, financial condition and growth prospects. In any such case, the* [**REDACTED**] *of our Shares could decline, and you may lose all or part of your* [**REDACTED**]. *The risks and uncertainties identified below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business, results of operations and financial condition.*

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 at the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

We had incurred net losses in the past. In 2023, 2024 and 2025, we recorded a net loss of RMB37.0 million, RMB15.1 million and RMB63.9 million, respectively. In 2023, 2024 and 2025, we achieved positive cash flow from operations. However, we cannot assure you that we will achieve profitability or continue to generate positive cash flows in the future. Our costs and expenses will likely increase in the future as we expect to further expand our customer base, develop and launch new solutions, enhance our brand awareness, improve our R&D capability, and invest in human resources and other aspects of our business and operations. Any of these efforts may incur significant capital investment and recurring costs, have different revenue and cost structures and thereby affect our profitability. In addition, these efforts may be more costly than we expect and may not result in increased revenue or growth in our business. If we are unable to generate adequate revenue growth and effectively manage our costs and expenses, we may not be able to achieve profitability or positive cash flows on a consistent basis, which may impact our business growth and adversely affect our results of operations and financial condition.

Our rapid growth may not be sustainable and depends on our ability to attract new customers, retain existing customers and increase sales to both new and existing customers.

We currently generate revenues from our customers primarily from our SaaS solution. We are expanding into diversified monetization models and continue to refine the pricing of our all-in-one solution by bundling edition-based subscription fees with additional service charges that are linked to the cloud resources our customer consumed. For our all-in-one solution, the subscription plans typically have a one-year term, and our customers have no obligation to renew their subscriptions after the term expires. As a result, even though the number of customers using our all-in-one solution has grown rapidly in recent years, there can be no assurance that we will be able to retain these customers.

We generally categorize our customers into two types: KA customers and non-KA customers. Our KA customers are our large and strategically important customers, while our non-KA customers primarily comprising small and medium sized businesses. We have experienced customer turnover as a result of many of our customers being non-KA customers, which are more susceptible than larger businesses to general economic conditions and other risks affecting their businesses. Many of these non-KA customers are in the entrepreneurial stage of their development and there is no guarantee that their businesses will succeed. In addition, customers may choose not to renew their subscriptions for a variety of reasons, such as changes in their business needs, pricing changes of our solution, the availability of alternative solutions, dissatisfaction with our customer support, and deteriorating general economic conditions. If our existing customers do not renew their subscriptions or decrease the amount they spend with us, even if such losses are offset by an increase in new customers or an increase in other revenues, our business, results of operations and financial condition could be adversely impacted.

We may also fail to attract new customers, retain existing customers or increase sales to both new and existing customers as a result of a number of other factors, some of which are beyond our control. These factors include, but are not limited to, our ability to effectively execute on our growth strategy and operating plans, the functionality, performance, reliability and security of our solution, customers' level of satisfaction with our solution and customer service, the market recognition of our brand and brand name, the frequency and severity of any system outages, technological change, reductions in our current and potential customers' spending levels, changes in our relationships with third parties and business partners, competitive factors affecting the market demand for our solution, such as the introduction of competing solutions, discount pricing and other strategies that may be implemented by our competitors, and our focus on long-term value over short-term results, meaning that we may make strategic decisions that may affect our short-term revenue or profitability if we believe the decisions are consistent with our mission and will improve our financial performance over the long-term.

Furthermore, as our customer base further expands and we achieve higher market penetration rates, we anticipate that our growth rate may decline over time. In the event that the growth of new customers slows down, our business performance will become increasingly dependent on our ability to retain our existing customers and gain more "wallet share" from our existing customers.

Our historical results may not be indicative of our future performance, and, if we are unable to manage our growth or implement our business strategies effectively, we may not be able to sustain our historical growth rates.

We have experienced rapid growth since our inception. In 2023, 2024 and 2025, our total revenues were RMB415.1 million, RMB520.8 million and RMB607.9 million, respectively, and our gross profit was RMB300.1 million, RMB389.4 million and RMB460.0 million, respectively. However, our historical growth may not be indicative of our future growth or financial results. While our business has grown rapidly in the past, there is no assurance that we are able to sustain our historical growth rates. Our revenues, expenses and operating results may vary from period to period due to a variety of factors beyond our control. As a result, we cannot guarantee that our future revenues will increase or that we will achieve profitable. Accordingly, you should not rely on our historical results as an indication of our future financial or operating performance.

In addition, the anticipated expansion of our business and operations may place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. For example, we anticipate further expansion in overseas markets, which will increase the complexity of our operations.

We will be exposed to the political, social and economic instability in foreign countries or regions in which we operate, and such tensions may impact our successful expansion into the overseas markets. See "—We have limited history and experience operating in jurisdictions outside of China. If we are unable to manage the risks presented by our international expansion plan, our business, results of operations and financial condition will be adversely impacted." Therefore, there can be no assurance that we will be able to manage our growth or execute on all of our business strategies successfully in the future. If we are not able to manage our growth or implement our business strategies effectively, our business and prospects may be materially and adversely affected.

If we fail to improve and enhance the functionality, performance, reliability and security of our solution to meet our customers' evolving needs, our business, prospects and financial results may be adversely affected.

The markets in which we operate are characterized by constant change and innovation, and we expect them to continue evolving rapidly. Our success has been based on our ability to identify and anticipate the needs of our customers and design suitable solution that provides customers with the tools and functions they need to develop and operate their businesses. For more information on the all-in-one solution we offer, see "Business—Our Offerings." Our ability to attract new customers, retain existing customers and increase sales to both new and existing customers will depend, to a large extent, on our ability to continue improving and enhancing the functionality, performance, reliability and security of our solution. If we fail to enhance and improve our solution in a timely manner to address our customers' evolving needs, we may not be able to maintain or increase market acceptance of our solution.

In addition, we may experience difficulties with software development that could delay or prevent the development, introduction or implementation of new solutions and enhancements. Software development requires a significant amount of time from our research and development team, and it can take our in-house developers several weeks to update, code and test new and upgraded solutions and integrate them into our solution. We must also continually update, test and enhance our solution. Given that continual improvement and enhancement of our solution require significant investment, we may not have sufficient resources to make such investment. In addition, our improvements and enhancements may not result in our ability to recoup our investments in a timely manner, or at all. To the extent we are not able to improve and enhance the functionality, performance, reliability and security of our solution in a manner that responds to our customers' evolving needs, and our business, results of operations, financial condition and prospects will be adversely affected.

We are in the process of transforming our business into an AI-powered platform for private domain operations, and this strategic pivot may not succeed as anticipated, could expose us to unanticipated operational and financial risks, and may harm our business and results of operations.

Since March 2026, we have been pivoting our business from a pure-play SaaS solution provider to an AI-powered platform for private domain operations. We have embedded AI across our all-in-one solution, deployed AI agents and intelligent automation tools, and introduced usage-based pricing for certain AI functionalities, including token-based fees and AI agent service fees. We also plan to introduce a "silicon employee" model that charges customers based on the number of AI agents deployed, their working hours or output-based metrics. This strategic pivot is significant and involves substantial risks and uncertainties.

We have limited experience in developing, deploying and monetizing AI-powered features at scale. The successful implementation of our AI strategy depends on a range of factors beyond our control, including the continued availability and performance of third-party large language models or other AI infrastructure, the accuracy and reliability of our AI algorithms, and the ability of our AI tools to generate outputs that meet customer expectations. Any failure, delay or underperformance in our AI development could render our solution less competitive or less attractive to customers.

Our new usage-based pricing models for AI functionalities are untested in our customer base. Customers may not accept token-based fees or AI agent service charges, and the "silicon employee" model may not gain market acceptance. If customers perceive our AI-powered features as insufficiently valuable or excessively costly, they may choose not to adopt these features, reduce their spending, or switch to competing solutions, which would adversely affect our revenue growth and profitability.

The integration of AI into our platform also introduces new legal, regulatory and ethical risks. Regulatory requirements for generative AI services, data processing and algorithmic transparency are evolving rapidly in China and other jurisdictions where we operate or plan to operate. We may be required to obtain additional approvals, complete new filings or implement costly compliance measures. Any failure to comply with applicable AI-related laws and regulations could result in fines, suspension of services, reputational damage or legal proceedings.

Furthermore, our AI transformation may divert management attention and financial resources away from our core SaaS business. We may incur significant research and development expenses, capital expenditures and recruitment costs to attract AI talent, with no assurance that these investments will generate expected returns. If our strategic pivot does not achieve the anticipated benefits, or if we fail to manage the transition effectively, our business, financial condition and results of operations could be materially and adversely affected.

If the market demand for our solution grows slower than we expect or declines, our business, results of operations and financial condition may be materially and adversely affected.

While the market for SaaS solutions, especially business operations solutions, is growing in China and globally, it is not as mature as the market for legacy on-premises applications. Market acceptance of SaaS solutions may be affected by a variety of factors, some of which are out of our control, including but not limited to, price, security, reliability, performance, customer preference, public concerns regarding privacy and the enactment of any restrictive laws or regulations. As a result, it is difficult for us to predict customer adoption rates and demand for our solution, as well as the entry of other competitive applications. If we or other suppliers of SaaS solutions in general experience security incidents, loss of customer data, disruptions in delivery, or other problems, the market for SaaS solutions as a whole, including our solution, may be materially and adversely affected.

There can be no assurance that our solution will consistently achieve or maintain high levels of customer demand and market acceptance, particularly in the industries where we lack an established client base or currently only have a limited number of existing customers. If our solution do not achieve widespread adoption or the market demand for our solution grows slower than we expect or declines, it could have a material adverse effect on our business, results of operations and financial condition.

Our limited operating history makes it difficult to evaluate our future prospects and the risks and challenges we may encounter.

We commenced our operations in 2015 and launched our first SaaS solution in 2016. While we have experienced rapid growth in recent years, as a result of our limited operating history, our ability to accurately forecast our future operating results is limited and subject to a number of uncertainties. Additionally, we operate in the interactive private domain operations solutions market which is emerging and rapidly evolving, and most aspects of our business strategy are still subject to ongoing development. We have encountered and will continue to encounter various difficulties and challenges frequently experienced by growing companies in new and rapidly changing industries, including, among other things, our abilities to retain existing customers, attract new customers, increase sales to both new and existing customers, continually improve and enhance our solution, increase our brand awareness, optimize monetization strategies, and navigate the regulatory and market environment. If we fail to address any of the foregoing difficulties and challenges, our business, results of operations, financial condition and prospects could be materially and adversely affected. You should consider our business and future prospects in light of the risks and challenges we encounter or may encounter given the rapidly evolving interactive private domain operation solutions industry in which we operate and our limited operating history.

Moreover, our future success relies on the development of China's social media ecosystem in general. We have significantly benefited, and expect to continue to benefit, from the extensive user base and strong brand impact of certain public social media platforms, such as WeChat, Douyin and Kuaishou, which enhance our credibility and broaden our marketing reach. Through our all-in-one solution, our customers can seamlessly integrate their private channels and e-stores with these public social media platforms and generate opportunities to direct public traffic to their private online domains. However, our ability to deliver our all-in-one solution depends on the continued stability, functionality and popularity of the public domain social media platforms we integrate with. Any changes in their polices, algorithms or terms of service could affect our ability to deliver our solution, and negatively impact our business operations and customer experience. In the worst-case scenario, if we lose access to any of these public social media platforms, our business, results of operations, financial conditions and prospects would be materially and adversely affected.

In addition, our business model benefits significantly from our continued integration with the WeChat ecosystem. We benefit from WeChat's platform stability, its prevailing policies, and sustained market acceptance to deliver the core functionalities of our solution. Specifically, our solution is built on standard HTML5 technology, which is platform-agnostic and can be accessed through any browser, with WeChat being one of it, and is compatible with all mainstream platforms. We also collect customer leads, in part, through WeChat, which is typical of the operational model of any customer-facing internet companies and does not require any special arrangements with WeChat or Tencent. We utilize Tencent Cloud and WeCom services in our operations under standard renewable commercial term and have, in recent years, also launched multi-cloud deployment to optimize our cost structure. With WeChat currently being a dominant consumer-facing platform in China, we believe that our involvement in Tencent's ecosystem, especially WeChat, is customary for internet companies of a similar business model. However, if WeChat unilaterally modify its terms of service, algorithms, or interface protocols, or restrict our access to its platform, our ability to provide undisrupted solution to our customers could be compromised.

Our solution is widely used by a variety customers. Any slowdown in the growth of these sectors could adversely affect our business, results of operations and financial condition.

We offer our solution to a variety of customers, developed based on our deep insights into their practical needs. See "Business—Our Solution—Our Customers and Case Studies." Accordingly, the demand for our solution is closely tied to the market growth and downstream demand within these sectors. Any slowdown in the growth of these sectors could materially and adversely affect the adoption of our solutions.

The market growth and downstream demand for our customers' offerings, which drive demand for our solution, are subject to various factors beyond our control, including macroeconomic conditions, rapid technological developments, evolving industry standards, shifting consumer preferences and regulatory changes. For example, fluctuations in consumer demand, market saturation or declining interest in specific product categories could in turn reduce customer demand for our solution. In addition, we cannot guarantee that the market trends of downstream sectors where our solution is primarily deployed will remain favorable in the future. Any decline or stagnation in the growth of downstream sectors could materially and adversely affect our business, results of operations and financial condition.

We face intensive competition in the interactive private domain operations solutions market in which we operate and may not be able to compete successfully against our existing and future competitors.

The interactive private domain operations solutions market is highly competitive, according to the CIC Report. We face intensive competition in various aspects of our business, and we expect such competition to continue growing in the future. Some of our competitors have longer operating histories and experience, larger customer bases, greater brand recognition, more extensive commercial relationships and greater financial, technical, marketing and other resources than we do. As a result, such competitors may be able to develop solutions better received by customers or may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulations or customers' needs. In addition, some of our competitors may be able to leverage a larger existing customer base and sales network to adopt more aggressive pricing policies and offer more attractive sales terms. This could cause us to lose potential sales or compel us to sell our solution at lower prices to remain competitive, which may have a material adverse impact on our results of operations and financial condition.

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

We have a history of net current liabilities, net liabilities, and net cash outflow from operating activities, which raises concerns about our liquidity and ability to meet our obligations.

During the Track Record Period, we recorded net current liabilities of RMB1,956.1 million, RMB1,917.8 million and RMB1,854.6 million in 2023, 2024 and 2025, respectively. Furthermore, we recorded net liabilities of RMB1,935.5 million, RMB1,940.9 million, and RMB1,885.3 million, respectively, for the same periods.

This financial position indicates potential liquidity challenges and may impair our ability to meet our financial obligations as they fall due. It also raises concerns about our ability to secure necessary financing on acceptable terms. If we are unable to improve our liquidity and capital structure, generate sufficient cash flow from operations, or obtain additional external financing, we may face insolvency or be unable to fund our ongoing business operations. This would have a material adverse effect on our financial position and business operations.

If we are unable to provide superior customer experience and high-quality customer service, our brand, business results of operations and financial condition may be harmed.

We believe our focus on customer service and support is critical to onboarding new customers, retaining our existing customers and growing our business. Our customer service team is committed to delivering exceptional after-sales services and promptly addressing customers' inquiries and needs. In addition, we have invested in the quality and training of our customer service team along with the tools they use to provide the service. If we are unable to maintain the consistently high quality of our customer service, we may lose our existing customers.

Furthermore, our ability to attract new customers is highly dependent on our reputation and on positive recommendations from our existing customers. As a result, any failure to consistently deliver superior customer experience and high-quality customer support, or a market perception that we do not maintain high-quality customer service, could adversely affect our reputation and reduce the number of positive customer referrals that we receive.

If our solution contain serious errors or defects, our business reputation, customer satisfaction and market acceptance may be materially and adversely affected.

SaaS solutions, including ours, often contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our solution may contain serious errors or defects, security vulnerabilities or software bugs which we may be unable to successfully correct in a timely manner or at all, which could result in revenue loss, significant expenditures of capital, a delay or loss in market acceptance and damage to our reputation and brand, any of which could have a material and adverse impact on our business, results of operations and financial condition. Our quality assurance processes cannot replicate the full complexity of all our customers' operating environments, and we have encountered instances where errors only manifested under specific, unanticipated conditions. Further, our solution is based on a multi-tenant cloud-based system which allows us to deploy new versions and enhancements to all of our customers simultaneously. To the extent we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software bugs to all of our customers concurrently, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of customers. During the Track Record Period, we have not experienced any major incidents of system error, defects or bugs which may lead to reputational risks and customer losses.

Given that many of our customers use our solution in processes that are critical to their businesses, any error, defect, security vulnerability, service interruption or software bug in our solution could result in losses to our customers. Our customers may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Additionally, dissatisfied customers may share information about their negative experiences with us on social media, which could damage our reputation and result in a loss of future sales. Moreover, if any claim is brought against us by any of our customers, it would likely be time-consuming, costly for us to defend and may have a material and adverse impact on our reputation and brand, making it harder for us to sell and market our all-in-one solution. We cannot assure you that the provisions typically included in the agreements with our customers, which attempt to limit our exposure to claims, would be enforceable or adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. The legal and regulatory frameworks governing liability for software failures and data loss are evolving and may be interpreted in ways that invalidate or limit the effectiveness of our contractual disclaimers, particularly in new jurisdictions we enter.

If our data security measures fail to perform as intended or are perceived to have defects, errors or vulnerabilities, our brand and reputation may be harmed, and we may be exposed to potential liability and significant loss of business.

We collect personal information from our customers to the extent needed to provide services to them, and the data of our customers' customers is segregated from all our other data. We also collect data of our customers' users, such as their WeChat ID, phone number and other necessary data, to help them gaining services from our customers. We have established and implemented a privacy policy on data collection, processing and usage. We also maintain various data security measures in order to ensure the confidentiality and integrity of our data. For example, we anonymize and encrypt confidential personal information and take other technological measures to ensure the secure processing, transmission and usage of data. We have also established stringent internal protocols under which we grant classified and necessary access to data only to limited employees based on their functions and roles with strictly defined and layered access authorization. However, these data security measures may fail to perform as intended and may contain undetected defects, errors or vulnerabilities. Real or perceived defects, errors or vulnerabilities in our data security measures, or any failure of our measures, protocol and procedures to secure the data of our customers and end users, could harm our reputation, result in a loss of, or delay in, market acceptance of our all-in-one solution, result in a loss of existing or potential customers, and adversely affect our business, results of operations and financial condition. Additionally, if our data security measures are compromised as a result of third-party actions, employee or customer errors, malfeasance, stolen or fraudulently obtained log-in credentials or otherwise, our reputation and business may still be severely harmed, and we could also incur potential liability.

Currently, all of the data of our customers and end users is stored on servers hosted by third-party cloud providers in China. We have reached written agreements with these cloud service suppliers regarding data security obligations, requiring them to implement and maintain appropriate measures to protect the data. Nevertheless, the security protocols and measures implemented by third-party cloud providers may not be stringent enough, and the cloud service providers may not adhere to the highest security standards, leaving the data of our customers and end users vulnerable to breaches and susceptible to various forms of cyberattacks, such as DDoS attacks, phishing and malware. In recent years, cyber-attacks and other malicious internet-based activity continue to increase generally, and cloud-based SaaS providers have been targeted. As we increase our customer base and our brand becomes more widely known and recognized, we may become more of a target for hackers and attackers, and we may face the risks of them seeking to gain unauthorized access to our data and the data of our customers and end users. If such unauthorized access or our own operations cause the loss, damage or destruction of our customers' business data, their sales, lead generation, support and other business operations may be permanently harmed. Our customers may bring claims against us for lost profits and other damages. In addition, security incidents could also result in unauthorized access or disclosure of our end users' personal information, which could severely damage our brand and reputation, expose us to potential liability and lead to significant loss of business.

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

We rely on third-party data center hosting facilities and cloud computing platform providers located in China. We also rely on computer hardware purchased from, software licensed from, and cloud computing platforms provided by, third parties in order to offer our services. Any damage to, or a failure of, our systems generally, including systems of our third-party platform providers, could result in interruptions in our solution. In the past, we have experienced interruptions in our solution, and such interruptions may occur in the future. Interruptions in our solution may cause us to pay damages to our customers, cause our customers to make warranty or other claims against us. Any of this would create a material and adverse effect on our customer net dollar retention and our ability to attract new customers, all of which would reduce our revenues and harm our growth. Our business and reputation may also be harmed if our customers, or potential customers, believe that our solution is unreliable.

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

Additionally, these third-party hardware, software, data and cloud computing platforms may not continue to be available to us at reasonable prices, on commercially reasonable terms, or at all. We have experienced price increases from our infrastructure providers, and we may not be able to fully pass these increased costs on to our customers. If we lose our right to use any of these hardware, software or cloud computing platforms, this could significantly increase our expenses until equivalent technology is either developed by us, or, if available, is identified, obtained through purchase or license and integrated into our solution. Migrating our service to an alternative provider would be a complex, time-consuming, and costly process, which could by itself risk service disruptions. If the performance of such third parties proves unsatisfactory, or if any of them violates its contractual obligations to us, we may need to replace such third party and/or take other remedial action, which could result in additional costs and materially and adversely affect the solution we provide to our customers. Furthermore, the financial condition of our third-party providers may deteriorate over the course of our contract term with them, which may impact their ability to provide the agreed services to us and, in turn, materially and adversely affect the services we provide to our customers. As a result, our business, results of operations and financial condition could be materially and adversely affected.

Our success depends on the market recognition of our brand and brand name. If we are unable to effectively maintain, promote and enhance our brand recognition, our business and competitive advantage may be impaired.

We believe that maintaining, promoting and enhancing our *Xiao'e* brand and brand name is critical to expanding our business. The strength of our brand and brand name largely relies on our ability to consistently provide high-quality, well-designed, reliable and innovative all-in-one solution, which we cannot guarantee we will always do successfully. Errors, defects, disruptions or other performance issues with our all-in-one solution may harm our reputation and brand, and we may introduce new solutions or terms of service which might be poorly received by our customers and their users. If our customers or their users have a negative experience using our solutions, such an encounter may affect our brand and reputation within the interactive private domain operation solutions industry. If we are unable to maintain and further enhance our brand recognition, we may not be able to maintain our current growth and our business, results of operations and financial condition may be materially and adversely affected.

In addition, our reputation and brand image are influenced by the behaviors of our executive officers and other management team members. These individuals' actions and words can greatly impact the public perception of our company's brand, and any inappropriate or unprofessional action or word, whether it is online or offline, could damage our reputation, brand image and customer trust. Furthermore, we believe that the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and valuable solutions and services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. However, we cannot assure you that our efforts to market our brand and brand name will lead to an increase in our paying customers and revenues, and even if so, such increase in revenues may not be sufficient to offset the expenses that we incur in building and maintaining our reputation and brand name. See "—If we are not able to improve or maintain our sales and marketing efficiency, our business, results of operations and financial condition may be materially and adversely affected."

If we are not able to improve or maintain our sales and marketing efficiency, our business, results of operations and financial condition may be materially and adversely affected.

Since the inception of our operations, we have been conducting our sales and marketing activities efficiently. In 2023, 2024 and 2025, our selling and marketing expenses were RMB159.6 million, RMB153.0 million and RMB176.1 million, respectively, accounting for 38.5%, 29.4% and 29.0% of our total revenues in the same respective periods. Specifically, our sales and marketing strategy is designed to enhance our brand recognition, build high customer retention and drive more traffic to our solution. We market our solution primarily through various search engines and social media platforms, and also through our own sales force, channel partners and a number of free traffic sources. In the future, we plan to continue investing in sales and marketing to enhance our brand awareness, retain our existing customers and attract new customers, while continually improving our sales and marketing efficiency.

However, our sales and marketing efforts may not be well received by our target and potential customers, and may not result in the levels of sales that we anticipate. Our business could be seriously harmed if our sales and marketing efforts do not generate a correspondingly significant increase in revenues. We also may not be able to retain or recruit experienced sales and marketing personnel, or efficiently train our junior sales and marketing employees. Additionally, the sales and marketing approaches and tools used in the internet related industries in China are still evolving. This further requires us to enhance our marketing and branding approaches and experiment with new methods to keep pace with industry developments and customer preferences. Failure to refine our existing sales and marketing approaches or to introduce new sales and marketing approaches in a cost-effective manner may reduce our market share, cause our revenues to decline and negatively impact our operating margins.

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

During the Track Record Period, certain of our customers settled their payments with us through third-party payors (the "Third-Party Payment Arrangement(s)"). In 2023, 2024 and 2025, the aggregate amount of third-party payments accounted for approximately 7.2%, 10.2% and 6.8% of the total payments we received from all customers for the relevant periods, respectively. See "Business—Third-Party Payment Arrangements." We are, nonetheless, subject to various risks relating to such Third-Party Payment Arrangements during the Track Record Period, including possible claims from third-party payors for return of funds as they were not contractually indebted to us, and possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may, as a result, be adversely affected.

We may face liability, or our reputation might be harmed, as a result of the activities of our customers or the content of their digital storefronts.

Our terms of service prohibit our customers from using our solution to engage in illegal activities, and our terms of service permit us to take actions against these customers and close the customers' accounts if we become aware of such illegal use. During the Track Record Period, we did not experience any material customer account closures due to illegal or otherwise inappropriate activities identified. Customers may nonetheless engage in prohibited or illegal activities, commit infringement of consumer rights and interests (including among others, those involving food and health supplement customers), or upload content in violation of applicable laws and we may fail to fulfill our obligations regarding necessary qualification review and security safeguards or to take necessary measures against such conduct, which have subjected us to administrative penalties during the Track Record Period and may subject us to potential liability in the future. Further, our brand may be negatively impacted by the actions of our customers that are deemed to be hostile, offensive, inappropriate or illegal. While we have a variety of measures in place to monitor the activities of our customers or the content of their digital storefronts, we cannot guarantee that our measures will always be effective in monitoring and controlling the activities conducted by our customers and the content generated by them in real time. For instance, during the Track Record Period, we identified instances where certain customers used our platform to host online investment lectures. These customers subsequently directed attendees to unregulated WeChat groups where they engaged in unauthorized and illegal stock recommendation activities. Additionally, our all-in-one solution may be misused by our customers and users to engage in illegal or inappropriate activities, or other activities that require permits, licenses or approval from the governmental authorities. If any illegal, inappropriate or unauthorized content is found on or linked to our solution, especially if such illegal, inappropriate or unauthorized content is high-profile, we as the service provider may be held liable under applicable laws and regulations, and our business and reputation may also be severely harmed. Furthermore, dissatisfaction among end users with our customers' offerings may adversely impact our reputation due to potential confusion between our brand and that of our customers.

We may not be able to achieve or maintain adequate data transmission capacity as required by our customers.

Our customers often draw significant numbers of users to their social media storefronts over short periods of time, including from events such as new product releases, holiday shopping seasons and flash sales, which significantly increases the traffic on our servers and volume of transactions processed based on our solution. The concentrated and unpredictable nature of this traffic creates inherent challenges in capacity planning. While we are generally able to maintain adequate data transmission capacity to handle such traffic and process orders in a timely manner, we cannot assure you that we are able to continue achieving or maintaining high data transmission capacity in the future, particularly when we encounter an unexpectedly significant increase in traffic. During the Track Record Period, we experienced instances where traffic during a major customer's promotional event temporarily exceeded our forecasted models, resulting in a measurable increase in system response times until our auto-scaling protocols fully engaged. If we are unable to achieve or maintain adequate data transmission capacity, this may significantly reduce our customers' demand for our solutions and services. Even temporary performance degradation during critical sales events could lead to lost transactions for our customers, directly impacting their revenue and their perception of our solution's reliability. In the future, we may have to allocate resources and incur a substantial amount of expenses to build, purchase or lease additional cloud data centers and upgrade our technology and network infrastructure in order to handle the increased load.

Additionally, our ability to deliver our solution and customer service also depends on the development and maintenance of internet infrastructure by third parties, including the maintenance of reliable networks with the necessary speed, data capacity and bandwidth. We have no control over these external networks, and their performance can vary significantly across different geographic regions in China and during different times of the day. If one of these third parties suffers from capacity constraints, our business may be adversely affected. See also "—Any interruptions or delays in services from third parties, including data center hosting facilities and cloud computing server providers and other hardware and software vendors, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business, results of operations and financial condition."

Furthermore, our ability to seamlessly scale infrastructure is contingent on the available capacity of our third-party cloud providers at any given moment. While these providers generally maintain substantial capacity, a simultaneous, massive-scale event across multiple customers in the same region could, in theory, strain immediately available resources, potentially impacting our ability to scale instantaneously.

We use search engines and social media platforms to attract a significant portion of our customers. If we are not able to generate traffic to our website through search engines and social media platforms, our ability to attract new customers may be impaired.

Many of our customers locate our website through internet search engines, such as Baidu and Sogou, and advertisements on social media platforms, such as WeChat, Douyin and Kuaishou. The prominence of our website in response to internet searches is a critical factor in attracting potential customers to our solution. If we are listed less prominently or fail to appear in search results for any reason, visits to our website could decline significantly, and we may not be able to replace this traffic. Further, internet search engines may revise their algorithms from time to time to optimize their search results. As a result, our website may appear less prominently or not at all in search results, which could result in reduced traffic to our website. There are also inherent risks of policy changes or API restrictions by various social media platforms. Such risks are industry-wide and affect all market participants utilizing social platforms such as WeChat for private domain operations.

Additionally, if the price of marketing our solution over search engines or social networking platforms increases, we may incur additional marketing expenses or be required to allocate a larger portion of our marketing spend to search engine marketing, which could affect our business and operating results. Competitors may, in the future, bid on specific search terms that we use to drive traffic to our website. Such actions could increase our marketing costs and result in decreased traffic to our website. In addition, search engines or social media platforms may change their advertising policies from time to time. If any change to these policies delays or prevents us from advertising through these channels, this could result in reduced traffic to our website and sales of our solution. Further, new search engines or social media platforms may develop that reduce traffic on existing search engines and social media platforms, and if we are not able to achieve prominence through advertising or otherwise, we may not achieve significant traffic to our website through these new platforms, and our business, results of operations and financial condition could be adversely affected.

We utilize channel partners to market and promote our solution. If we are unable to develop and maintain successful relationships with our channel partners, our business, results of operations and financial condition could be adversely affected.

In addition to our direct sales force, we also engage channel partners to market our solution. We believe that it is important to identify, develop and maintain stable relationships with our channel partners in order to drive our revenue growth. As of December 31, 2023, 2024 and 2025, we had 212, 156 and 67 channel partners in China, respectively. While we intend to continue dedicating resources to identifying, developing and maintaining stable relationships with our channel partners, we cannot assure you that our existing or prospective channel partners will strictly comply with the terms stipulated in our agreements with them. They may also cease marketing our solution with limited or no notice. If we fail to identify additional channel partners in a timely and cost-effective manner, or at all, or are unable to assist our current and future channel partners in independently selling and deploying our solution, our business, results of operations and financial condition could be adversely affected. Additionally, our expansion of customers and customer net dollar retention attributable to customers acquired through our channel partners may differ from customers which we acquire through our own sales efforts. If our channel partners do not effectively market and sell our solution, or fail to meet the needs of our customers, our ability to grow our business may also be adversely affected. Furthermore, unpredictable variations in the mix between our revenue attributable to sales by our channel partners and revenue attributable to our own sales may result in fluctuations in our results of operations.

Changes to our pricing may adversely affect our competitiveness and our ability to attract or retain customers.

We have limited experience in determining the optimal prices for our solution. Our solution is currently offered in three editions, including the standard edition, professional edition and flagship edition. Each of these subscription packages includes the key functionality of our core solution but features differentiated functions, so that our customers can choose a plan that best suits their needs. We historically changed the pricing of our subscription packages and expect to do so in the future.

Our business will depend on existing customers selecting and renewing subscription packages with us as well as new customers opting into our subscription packages. Our subscription plans typically have a one-year term, and our customers have no obligation to renew their subscriptions after the subscription term expires. Non-KA customers, which comprise the majority of our customers, may be quite sensitive to price increases. Therefore, any changes to our pricing models and package composition, or our inability to effectively or competitively price our subscription packages, could harm our business, results of operations and financial condition, as well as our ability to predict future performance.

Moreover, given our limited experience with selling and marketing new solutions, we may not be able to offer new solutions at the optimal prices, which may result in them not being profitable or not gaining market share. As our competitors introduce new solutions that compete with ours, we may be unable to attract new customers at the same price or based on the same pricing models as we have used historically. Pricing decisions may also impact the mix of adoption among our plans and negatively impact our overall revenue. As a result, in the future we may be required to reduce our prices, which could adversely affect our revenue, gross profit, profitability, financial position and cash flows.

We rely on computer hardware purchased from, software licensed from and cloud computing services provided by third parties in order to deliver our solutions and run our business.

We rely on third parties to provide cloud computing services, license certain software and provide certain computer hardware in order to deliver our solutions and run our business. Third-party hardware, software and cloud computing services may not continue to be available on commercially reasonable terms, or at all. Any loss of the right to use or any failures of third-party hardware, software or cloud computing services could result in delays in our ability to provide our solutions or run our business until equivalent hardware, software or cloud computing services are developed by us or, if available, identified, obtained and integrated, which could be costly and time-consuming and may not result in an equivalent solution, any of which could cause an adverse effect on our business and operating results. Further, customers could assert claims against us in connection with such service disruption or cease conducting business with us altogether. Even if not successful, a claim brought against us by any of our customers would likely be time-consuming and costly to defend and could seriously damage our reputation and brand, making it harder for us to sell our solutions. See also "—Any interruptions or delays in services from third parties, including data center hosting facilities and cloud computing server providers and other hardware and software vendors, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business, results of operations and financial condition."

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

Our further performance heavily relies on the continued contributions of our senior management and other key employees. Our founder and chief executive officer, Mr. Chunjian Bao, and other executive officers play a crucial role in shaping our business and growth strategy, along with our other key employees who are critical for implementing our business plans and seeking out new opportunities. The loss of the services of any of our executive officers and senior management team and other key employees could significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition, operating results and prospects. From time to time, there may be changes in our senior management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them within our business also require significant amounts of time, training and resources, and may adversely impact our existing corporate culture.

If we are unable to recruit, train or retain qualified personnel while controlling our labor costs, our business may be adversely affected.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel specializing in software development, mobile internet and marketing. The inability to attract or retain qualified personnel, or delays in hiring required personnel, may negatively impact our business, financial condition and operating results. Our ability to continue to attract and retain highly skilled personnel, specifically employees with technical and engineering skills and employees with high levels of experience in designing and developing software and internet-related services, will be critical to our future success. If we lose the services of any highly skilled employees, we may not be able to locate suitable or qualified replacements, or additional expenses may be incurred to recruit and train new staff, which could disrupt our business and growth, therefore adversely affecting our business, results of operations, financial condition and prospects.

Competition for talent and qualified personnel on the internet and information technology industries is intense, and the availability of suitable and qualified candidates is typically limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. In addition, even if we were to offer higher compensation and other benefits, we cannot assure you that these individuals would choose to join, or continue working for, us. If we fail to attract and retain qualified personnel, or to maintain an adequate labor force on a continual and sustained basis, our business, results of operations and financial position could be materially and adversely affected.

We have granted, and may continue to grant, options and other types of awards under our share incentive plan, which may result in increased share-based compensation expenses.

We have adopted a share incentive plan in order to attract, incentivize and retain our employees and directors. Our share-based payments were RMB25.1 million, RMB38.1 million and RMB61.8 million in 2023, 2024 and 2025, respectively, accounting for 6.1%, 7.3% and 10.2% of our total revenue in the same periods. We believe that 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 our employees and directors 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 and financial condition. In addition, the issuance of additional equity upon the exercise of options or other types of awards would result in further dilution to our Shareholders.

We are dependent on app stores to disseminate our mobile apps.

We have developed several mobile apps for our customers and their users, respectively. Our mobile apps are offered via app stores operated by third parties, such as Apple's app store and various Android app stores, which could suspend or terminate the access of our customers and their users to our mobile apps, increase access costs, or change the terms of access in a way that makes our apps less desirable or harder to access. As a result, our ability to expand our customer and user bases may be hindered if potential users experience difficulties in or are barred from accessing our mobile apps. In the past, our mobile apps were taken down from Apple's app store for a short period of time. We cannot assure you that we will not experience incidents of a similar nature in the future. The occurrence of such incidents may materially and adversely affect our brands and reputation, business, results of operations and financial condition.

Our business, growth and prospects are significantly affected by the future development of the interactive private domain operation solutions industry in China, which is relatively new and rapidly evolving.

We operate in a new and rapidly evolving interactive private domain operation solutions industry. Our business and growth are highly dependent on the future growth and proliferation of the interactive private domain operation solutions industry, which could be affected by many factors beyond our control. Market expansion for business operations solutions (including private domain operation solutions) will depend on a number of factors, including, among others, the overall economic conditions, the growth of social media ecosystem, the adoption and acceptance of business operations solutions across different industries, technological advancements, and governmental policies, initiatives and regulations that may affect our industry. Changes in any of these general industry conditions may have a negative impact on the demand for our solution, and materially and adversely affect our business, results of operations and financial condition.

Moreover, SaaS-based business operations solutions may face challenges in gaining widespread acceptance among merchants in certain industries with heightened data security concerns or demands for highly customizable application software. Whether potential customers will accept and adopt our solution also depends, to a large extent, on their level of awareness of our brand and the widespread use of SaaS-based business operations solutions in their industries. If SaaS-based business operations solutions cannot achieve widespread acceptance, or there is a reduction in demand for such solutions caused by negative impacts of economic conditions, decreases in corporate spending, technical challenges, data security or privacy concerns, governmental regulation, or competing technologies, our all-in-one solution, our business, results of operations, financial condition and prospects will be materially and adversely affected.

The impact of the PRC and global economic conditions, including the resulting effect on spending by our non-KA customers, may materially and adversely affect our business, operating results and financial condition.

Currently, a majority of our customers are non-KA customers, many of whom are in the entrepreneurial stage of their development. Our performance is subject to the PRC and global economic conditions and their impact on levels of spending by our non-KA customers and their users. Small to medium-sized businesses and entrepreneurs may be disproportionately affected by economic conditions. Additionally, small to medium-sized businesses and entrepreneurs frequently have limited budgets and may choose to allocate their spending to items other than our solution due to the economic conditions.

Economic conditions may also impact online retail sales, which could result in customers who use our solution going out of business or deciding to stop using our services in order to conserve cash. Economic conditions may also affect third parties with whom we have entered into relationships and upon which we depend in order to grow our business. Moreover, economic conditions may also lead to increased refunds and chargebacks, any of which could adversely affect our business.

The laws, regulations and policies regarding the industry in which we operate are subject to further interpretation and implementation, which may materially and adversely affect our business, results of operations and financial condition.

Governments across the world, including the PRC government, have enacted, or are considering enacting, legislation relating to online businesses. There may be an increase in legislation and regulations relating to e-commerce platforms, digital marketing, date security and personal information protection, such as use of anonymous internet user data to inform and promote marketing. These laws and regulations may be subject to further amendments and developments, and the regulatory rules are not always consistent across the jurisdictions. Moreover, the government authorities have discretion in interpreting and implementing these laws and regulations. Compliance with these laws, regulations and similar requirements may be onerous and expensive, and the legal practices may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business. Any such costs, which may rise in the future as a result of developments in these laws and regulations or in their interpretation, may individually or in the aggregate further make our solution less attractive to our customers, adversely affect the demand for or effectiveness and value of our solution, force us to incur substantial costs, require us to change our business practices in a manner that could adversely affect our results of operations and financial condition, or compromise our ability to effectively pursue our growth strategies. In addition, there also can be no assurance that our customers, members, business partners, employees or agents will not violate any laws and regulations or our compliance policies and procedures.

Moreover, our business is subject to regulation by various governmental authorities in China, such as the State Administration for Market Regulation, the Cyberspace Administration of China, the Ministry of Industry and Information Technology, as well as the corresponding local regulatory authorities. From time to time, regulatory authorities may conduct various reviews and inspections on our business operations, which could cover a broad range of aspects. If any non-compliance incident in our business operations is identified, we may be required to take certain rectification measures in accordance with applicable laws and regulations, and we may be subject to other regulatory actions such as administrative penalties. However, we cannot assure you that we will not be subject to any future regulatory reviews and inspections where other non-compliance incidents might be identified, which might materially and adversely affect our business, results of operations, financial condition and prospects.

Failure to obtain or renew the requisite licenses or permits in a timely manner or obtain newly required ones would have a material adverse impact on our business, results of operations and financial condition.

The internet and information and technology industries are regulated by relevant governmental authorities. We are required to obtain and maintain all necessary approvals, licenses or permits applicable to our business operations and make all necessary registrations and filings for our solution. Our solution enable customers to open e-commerce stores and conduct transactions of products and services, as well as engage in real-time interactions with their users. We formerly held a value-added telecommunications business operating license (the "VATS License") that only included the information services (信息服務業務) (the "Historical VATS Status"), which was not in full compliance with the applicable PRC laws and regulations. To meet the aforesaid business operation needs and to proactively rectify and comply with regulatory requirements, the VATS License was replaced to cover both the online data processing and transaction processing services (在線數據處理與交易處理業務) and the information services (信息服務業務) on November 26, 2024. Except for the Historical VATS Status, we have obtained all the requisite approvals, licenses and permits with respect to our principal business of value-added telecommunications services during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, we had not been subject to any penalty from the relevant governmental authorities in respect of value-added telecommunications services. See "Business—Licenses, permits and approvals."

However, there can be no assurance that we might be able to obtain all the required approvals, licenses, permits and complete all necessary filings, recordation renewals, review and registrations on a timely basis for our business and operations in the future. Given that the governmental authorities may enact new regulations or further interpret and implement the existing regulations governing our business and we may expand into new business operations, we may be required to apply for and obtain additional licenses, permits or recordation or include additional scope of current licenses, permits or recordation. As of the Latest Practicable Date, we had not been subject to any penalties from the relevant governmental authorities for prior failure to obtain, maintain or renew certain licenses, permits or filings or include sufficient scope of our current licenses, permits or filings for our business operations.We could not assure you, however, that the relevant governmental authorities would not do so in the future.

We rely on the offering of audio-visual contents from a third party and any deterioration of our relationship may materially and adversely affect our operations.

PRC laws and regulations require providers of certain audio-visual program services to obtain an online transmission of audio-visual programs license (the "AVSP License"). We have engaged a third party that holds an AVSP License, under which we grant all audio-visual content to this third party, enabling our users to view the audio-visual content under the third party's website domain, and we pay as agreed for the abovementioned service provided by the third party. However, since such third party remains to be the holder of the AVSP License, we cannot assure you that it will not violate any law or regulation that may result in the revocation or termination of the license. Moreover, we cannot assure you that we will be able to maintain our cooperative relationship with such third party in a manner to ensure our ongoing reliance on the license. If our relationship deteriorates, our users may not be able to view any audio-visual content under such cooperative relationship, or we cannot assure you that we will find a substitute on commercially reasonable terms, if at all, in which case our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our business is subject to various laws and regulations regarding cybersecurity, data security and personal information protection.

Our business collects and processes a large quantity of data. We face risks inherent in handling large volumes of data and in protecting the security and privacy of such data. We are subject to various regulatory requirements relating to the security and privacy of data and cybersecurity, including restrictions on the collection, storage and use of personal information and requirements to take steps to prevent personal data from being divulged, stolen, or tampered with. Concerns or claims about our practices with regard to the collection, storage, processing, or use of personal information or other privacy-related matters, even if unfounded, could damage our reputation, business, results of operations and financial condition. For regulatory requirements regarding data security and privacy, please see "Regulation—Regulations Relating to Cybersecurity, Data Security and Privacy Protection."

Regulatory requirements regarding the protection of cybersecurity, data security and personal information protection may be subject to further amendments and developments, and new regulations may also be released. For example, the PRC Cybersecurity Law became effective in June 2017. In addition, the Office of the Central Cyberspace Affairs Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security, and the State Administration for Market Regulation jointly issued an announcement on November 28, 2019, regarding carrying out special campaigns against mobile internet application programs collecting and using personal information in violation of applicable laws and regulations, which prohibits business operators from collecting personal information irrelevant to their services and from forcing users to give authorization in a disguised manner. On June 10, 2021, the Standing Committee of the National People's Congress promulgated the PRC Data Security Law, which took effect on September 1, 2021. The PRC Data Security Law introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it may cause to national security, public interests, or legitimate rights and interests of individuals or organizations if such data are tampered with, destroyed, leaked, illegally acquired or illegally used. The appropriate level of protection measures is required to be taken for each respective category of data. On August 20, 2021, the Standing Committee of the National People's Congress promulgated the PRC Personal Information Protection Law, which took effect on November 1, 2021. The PRC Personal Information Protection Law requires, among others, that (1) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (2) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer and security. We have been taking and will continue to take reasonable measures to comply with such announcement and provisions. However, as the announcement and provisions are relatively new, we cannot assure you we can adapt our operations to it in a timely manner. In addition, the enforcement of such laws and regulations may depend on further interpretation by the relevant governmental authorities, which could result in a difficult position for us to comply with all such laws and regulations.

On December 28, 2021, the Cyberspace Administration of China and 12 other PRC governmental authorities published the amended Measures for Cybersecurity Review, which came into effect on February 15, 2022. The Measures for Cybersecurity Review provide that a "network platform operator" that possesses personal information of more than one million users and seeks a listing in a foreign country must apply for a cybersecurity review. Further, the PRC governmental authorities may initiate a cybersecurity review against any company if they determine certain network products, services, or data processing activities of such company affect or may affect national security. Our PRC Legal Advisor made a telephonic consultation on a named basis with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (the "CCRC") which is the competent authority entrusted by the Cyberspace Administration of China (the "CAC") to set up cybersecurity review consultation hotline. The CCRC confirmed that the term "listing in a foreign country" under the Measures for Cybersecurity Review does not apply to listings in Hong Kong, and thus the obligation to proactively apply for cybersecurity review by an entity seeking listing in a foreign country shall not be applicable to the proposed [**REDACTED**].

As we expand our business into overseas markets, we are also subject to data security, personal information protection and cybersecurity laws and regulations in other jurisdictions where we operate. Although we strive to ensure that we are compliant with applicable data privacy and cybersecurity laws and regulations overseas, the laws and regulations may be modified, interpreted or applied in new manners that we may be unable to anticipate or adjust for appropriately. We may also incur substantial costs to ensure our compliance in other jurisdictions where we have operations. In addition, customers or potential customers may find our measures to comply with the applicable laws and regulations troublesome to follow, and thus we may lose our customers or potential customers.

Any perceived failure by us to comply with applicable cybersecurity, data security and personal information protection laws, regulations, policies, contractual provisions, industry standards and other requirements may result in the suspension or even removal of our apps from app stores, as well as 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, data security and personal information protection 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 the market, potentially causing us to lose customers, members, business partners and revenues, which could have a material adverse effect on our business, results of operations and financial condition.

We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from any unauthorized use of our technologies, which could harm our business and competitive position.

Our trade secrets, trademarks, copyrights, patents and other intellectual property rights are critical to our success. We rely on, and expect to continue to rely on, a combination of confidentiality and non-compete, invention assignment and license agreements with our employees and third parties with whom we have relationships, as well as our trademark, domain name, copyrights, trade secrets, patent rights and other intellectual property rights to protect our brand. However, events beyond our control may pose a threat to our intellectual property rights, as well as to our all-in-one solution. Effective protection of trademarks, copyrights, domain names, patent rights and other intellectual property rights is expensive and difficult to maintain, both in terms of application and costs, as well as the costs of defending and enforcing those rights. Our internal processes for managing our intellectual property portfolio require continuous investment and refinement to keep pace with our product development cycle. While we have taken measures to protect our intellectual property rights, we cannot assure you that such efforts are either sufficient or effective. As a result, our intellectual property rights may be infringed, misappropriated or challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Any such outcome could undermine our competitive position and may necessitate a costly restructuring of our technology.

Similarly, our reliance on unpatented proprietary information and technology, such as trade secrets and confidential information, depends in part on our agreements with employees and third parties which contain restrictions on the use and disclosure of such intellectual property. A significant portion of our core algorithms and system architecture is protected as trade secrets rather than by patents, making their confidentiality paramount. These agreements may be insufficient or may be breached, either of which could potentially result in the unauthorized use or unauthorized disclosure of our trade secrets and other intellectual property, including to our competitors. The enforceability of non-compete and confidentiality obligations can be limited by law in certain circumstances, and proving a breach of such agreements is often difficult and resource intensive. As a result, we could lose our crucial competitive advantage derived from such intellectual property. Significant impairments to our intellectual property rights, and limitations on our ability to assert our intellectual property rights against others, may result in a material and adverse effect on our business.

Furthermore, we operate in a global industry where intellectual property laws and enforcement mechanisms differ. Our ability to effectively protect our rights in all the markets where we operate or plan to operate is not uniform. In some jurisdictions, the legal framework for intellectual property protection may be less developed or enforcement may be less predictable, increasing the risk of imitation and unauthorized use of our technologies.

We are, and may in the future be, subject to intellectual property right infringement claims, which could be time-consuming and cause us to incur substantial costs.

We depend, to a large extent, on our ability to effectively develop and maintain intellectual property rights relating to our business. We cannot assure you that our operations or any aspects of our business have not or will not infringe upon or otherwise violate trademarks, copyrights, patents, know-how or other intellectual property rights held by third parties. The software and technology sectors are characterized by frequent litigation based on allegations of infringement, and many companies hold large portfolios of patents purely for defensive or licensing purposes. From time to time, we may face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. In addition, there may be third-party trademarks, copyrights, patents or other intellectual property rights that are infringed by any products or services available through our all-in-one solution or by our customers without our awareness. Holders of such intellectual property rights may seek to enforce the intellectual property rights against us. We have, from time to time, been involved in lawsuits based on allegations of infringement of third-party copyright due to the content utilized by our customers through our solution, which are immaterial to our Company on an individual basis or a collective basis. As we face increasing competition and as litigation becomes a more commonly pursued method for resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement claims.

Defending against intellectual property claims is costly and can impose a significant burden on our management and resources. Such disputes often divert the attention of our technical and management personnel from our core business operations. Further, there is no guarantee that we can obtain favorable final outcomes in all cases. Such intellectual property claims may harm our brand and reputation, even if they are vexatious or do not result in liability. An adverse outcome could include significant monetary damages, a permanent injunction preventing us from using certain technologies, or a requirement to obtain a costly license, which may not be available on acceptable terms or at all. Any resulting liability or expenses, or changes required to our all-in-one solution to reduce the risk of future liability, may have a material adverse effect on our business, results of operations, financial condition and prospects.

We face certain legal and regulatory risks relating to labor-related laws and regulations, which may adversely affect our business, results of operations and financial condition.

Pursuant to the relevant PRC laws and regulations, employers are obligated to contribute to the social insurance and housing provident funds for their employees. During the Track Record Period, we did not make adequate social insurances and housing provident fund contributions for certain employees. According to the relevant PRC laws and regulations, if an employer fails to make timely and adequate contribution of social insurances, it may be ordered to pay the outstanding balance within a prescribed time period plus a late fee of 0.05% of the total outstanding balance per day by the relevant social insurance authorities; if the employer fails to do so within the prescribed period, it may be subject to a fine ranging between one to three times of the total outstanding balance. In addition, if an employer fails to make timely and adequate contribution of housing provident funds, it may be ordered to pay the outstanding balance within a prescribed period by the relevant housing provident fund authorities; if the employer fails to do so within the prescribed period, it may be applied to a PRC court for an order of mandatory payment. We did not make full contributions to the social insurance and housing provident fund for the employees' year-end bonuses primarily due to the oversight and lack of comprehensive understanding by the responsible staff of the relevant local regulations. Based on the consultation with and general certificates of compliance from the relevant government authorities, our PRC Legal Advisor is of the view that the likelihood we will be subject to statutory fine due to our failure to make full payment of the social insurance and housing provident funds during the Track Record Period is remote, as long as we make the outstanding contributions and late fees, if any, within a prescribed time period upon request from the competent governmental authorities. See "Business—Employees." Furthermore, in light of the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (the "New Judicial Interpretation"), promulgated on July 31, 2025, and effective as of September 1, 2025, if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to the PRC Labor Contract Law, the People's Court shall support such claims, in which case, the employer remains liable for paying economic compensation to the employee, notwithstanding any prior agreement to waive social insurance contributions. See "Regulation—Regulations Relating to Employment, Social Insurance and Housing Provident Fund" for details. The New Judicial Interpretation would not have a material adverse effect on our business, financial condition or results of operations, based on the following considerations: (1) the New Judicial Interpretation would not affect the compliance status of our social insurance and housing provident fund contributions; (2) it would not influence the assessment of any contribution shortfalls or increase our exposure to penalties, as there have been no agreements or commitments between our employees and us to waive social insurance contributions; and (3) any shortfall in social insurance and housing provident fund contributions, regardless of the reason, including cases resulting from employees' own decision, has been included in our shortfall calculation. As of the Latest Practicable Date, no material administrative action, fine or penalty had been imposed by relevant regulatory authorities with respect to our social insurance or housing provident fund contributions. In addition, we did not receive any notice from judicial or administrative authorities on any material claim from our current and former employees regarding any inadequate contributions.

In addition, during the Track Record Period, we engaged third-party human resource agencies to make social insurance and housing provident fund contributions for certain employees. These agencies have confirmed in writing that they have made contributions for our relevant employees during the Track Record Period. Our entities that engaged third-party human resource agencies to make social insurance and housing provident fund contributions during the Track Record Period have obtained confirmations from the relevant competent government authorities, confirming that no administrative penalty was imposed on us in relation to social insurance and housing provident funds during the Track Record Period. As of the Latest Practicable Date, we had not received any administrative penalty regarding our arrangement with third-party human resources agencies, nor any notice from the relevant competent government authorities which required us to rectify such practice. In addition, we had not been subject to any labor dispute relating to such arrangements as of the Latest Practicable Date. In addition, we have ceased engaging such third-party human resource agencies since April 2025. As such, as advised by our PRC Legal Advisor, the likelihood that the relevant competent government authorities would impose fines on us due to our arrangements with the third-party human resource agencies is low, as long as we make the outstanding contributions and late fees, if any, within a prescribed time period upon request from the competent government authorities.

Failure to comply with property laws and regulations regarding our leased properties may negatively affect our business, results of operations and financial condition.

As of the Latest Practicable Date, our leasehold interests in five leased properties in China had not been registered with the competent PRC government authorities as required by PRC laws and regulations, which may expose us to administrative fines of up to RMB10,000 for each of the unregistered lease agreements if we fail to remediate after receiving any notice from the competent PRC government authorities. The maximum potential penalty as a result of such non-compliance would be RMB50,000. As of the Latest Practicable Date, we were not aware of any material claims or actions being contemplated or initiated by government authorities with respect to our leased properties. See "Business—Properties." However, we cannot assure you that government authorities will not initiate actions or impose fines on us with respect to such leased properties in the future. Our business, results of operations and financial condition may be materially and adversely affected as a result of any such actions.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions in which we conduct activities, including the U.S. Foreign Corrupt Practices Act (the "FCPA"), and other anti-corruption laws and regulations. The FCPA prohibits us and our officers, directors, employees and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing or providing anything of value to a "foreign official" for the purposes of influencing official decisions, obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations could adversely affect our business, reputation, results of operations and financial condition. In addition, the U.S. government has imposed, and may continue to impose, economic and trade sanctions targeting certain entities including Chinese state-owned enterprises and technology companies, which could be our customers or suppliers. During the Track Record Period, we transacted with entities that may qualify as sanctioned targets. We have assessed these transactions in detail and conclude that they do not give rise to material sanctions risks under Chapter 4.4 of the Guide for New Listing Applicants. Our assessment is based on the following facts and circumstances. During the Track Record Period, we identified procurements from four suppliers appearing on certain U.S. sanctions lists, which accounted for 1.2%, 3.2% and 1.2% of our total procurement in 2023, 2024 and 2025. We also had transactions with 12 customers appearing on certain U.S. sanctions lists, which collectively accounted for approximately 0.02% of our total revenue. For our procurements from suppliers on the Entity List, CMC List, and CMIC List, the relevant designations generally do not prohibit Chinese companies from making such purchases. For our sales to such listed customers, we provide only SaaS services to these customers without transferring any items, software, or technology subject to the U.S. export controls. Specifically, the provision of such SaaS services to entities on the Entity List does not breach U.S. export controls, and transactions with customers on the CMC and CMIC Lists are not prohibited for Chinese companies. For the single customer on the SDN List, our transactions had occurred prior to its designation, and thus do not infringe relevant sanction laws. Consequently, we confirm we have not engaged in any Primary or Secondary Sanctioned Activity as defined in Chapter 4.4 of the Guide for New Listing Applicants, we are not a Sanctioned Target ourselves, and as our business with Sanctioned Targets constituted far less than 10% of our total revenue, we do not qualify as a Sanctioned Trader. Given our business nature, the lack of jurisdictional nexus, and the limited value of those transactions, we do not believe these dealings give rise to sanctions risk under Chapter 4.4 of the Guide for New Listing Applicants. Nevertheless, any stricter or broader sanctions imposed by the United States or other jurisdictions on our customers or suppliers could restrict or prohibit future dealings with these counterparties, which could adversely affect our business, financial condition and results of operations. Similar restrictions and licensing requirements have also been adopted by the European Union, the United Kingdom, and other governments. These laws and regulations are subject to frequent changes, and their interpretation and enforcement involve significant uncertainties that may be heightened by national security or political considerations beyond our control.

We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. We also have business collaborations with government agencies and state-owned affiliated entities. These interactions subject us to an increasing level of compliance-related concerns. We have adopted and implemented certain policies and procedures designed to ensure compliance by us and our directors, officers, employees and business partners with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations. However, our policies and procedures may not be sufficient, and our directors, officers, employees and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, reputation, results of operations and financial condition.

Failure to deal effectively with misconduct or fraudulent or illegal activities by our employees would harm our brand image, reputation, business, results of operations and financial condition.

Illegal, fraudulent, corrupt or collusive activities or misconduct, whether actual or perceived, by our employees, could subject us to liability or negative publicity. Although we have implemented strict policies and internal controls with regard to the review and approval of payment accounts, sales activities, interactions with our business partners and government officials and other relevant matters, there can be no assurance that our policies and internal controls will prevent fraud or illegal activity or misconduct by our employees or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activities, misconducts, or perceptions of conflicts of interest and rumors could damage our brand and reputation, even if they are baseless or satisfactorily addressed, which could drive our customers away from us, and materially and adversely affect our brand image, reputation, business, results of operations and financial condition.

We may be the subject of unfair competition, harassing or other detrimental conduct by third parties including complaints to regulatory authorities, negative social media postings and the public dissemination of malicious statements related to us that could harm our reputation and affect our business operations.

As an established brand, our image is sensitive to potential customers' perception of us as a business in entirety, which includes not only the quality of our solution, but also our corporate management and culture. We cannot guarantee that we may not be the subject of unfair competition, harassment, or other detrimental conduct by third parties. Such conduct includes complaints to regulatory authorities, negative social media postings, and malicious assessments against us. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend 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. Additionally, allegations against us may be disseminated by anyone, whether or not related to us. Social media often publish such content without verifying the accuracy of the content posted and without affording us an opportunity for redress or correction. Although we had promptly taken clarification or rectification measures when we faced negative publicity in the past, it cannot be assured that such measures will always be effective in the future. Any such detrimental conduct against our Company, Directors, employees, spokespersons or solution, regardless of veracity, could harm our reputation, or lead to potential loss of customer confidence or difficulty in retaining or recruiting talents that are essential to our business operations. As a result, our business, results of operations, financial condition, reputation and prospects may be materially and adversely affected.

We have been and may continue to be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, our business, results of operations and financial condition may be materially and adversely affected.

We have been and may continue to be subject to legal proceedings in the ordinary course of our business, which could have a material adverse effect on our business, results of operations and financial condition. Claims arising out of actual or alleged violations of law could be asserted against us by our customers, our competitors, governmental entities in civil or criminal investigations and proceedings, or other entities. These claims could be asserted under a variety of laws, including but not limited to product liability laws, intellectual property laws, labor and employment laws, securities laws, tort laws, contract laws, property laws and employee benefit laws. There is no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. Even if we are successful in our attempt to defend ourselves in legal and administrative actions or to assert our rights under various laws, enforcing our rights against the various parties involved may be expensive, time-consuming and ultimately futile. These actions could expose us to negative publicity and to substantial monetary damages and legal defense costs, injunctive relief, and criminal, civil and administrative fines and penalties.

We may in the future engage in acquisitions, investments or strategic alliances that could expose us to significant risks and materially and adversely affect our business, financial condition and results of operations.

As part of our business strategy, we may from time in the future evaluate and pursue acquisitions of, or investments in, complementary businesses, technologies, services or assets, or enter into strategic alliances with third parties. Any such transaction involves significant risks and uncertainties. We may encounter difficulties in identifying suitable acquisition or investment targets or strategic partners on terms acceptable to us, or at all. Valuation risks are inherent in any acquisition or investment, and we may pay a price that is not justified by the ultimate benefits realized, or we may allocate significant management and financial resources to transactions that do not yield the anticipated returns. Following an acquisition, we may face significant challenges in integrating the acquired business, technologies or personnel into our existing operations, including the diversion of management attention from our core business, disruption to our ongoing business activities, and unanticipated costs or delays in achieving operational integration. We may also assume unknown liabilities, contingencies or regulatory compliance risks associated with the acquired business that were not discovered during due diligence and that could materially and adversely affect our results of operations. In addition, we may fail to realize the anticipated benefits, synergies, cost savings or efficiencies from any acquisition, investment or strategic alliance, which could result in significant impairment charges relating to goodwill or other intangible assets, or lead to write-offs of investment values. Future transactions could also result in the incurrence of indebtedness, dilutive issuances of our equity securities or the use of substantial cash resources, any of which could adversely affect our financial condition and the trading price of our Shares. Any of these risks could have a material and adverse effect on our reputation, business, financial condition and results of operations.

We may require additional capital to meet our future capital needs, which may result in additional shareholder dilution. If we cannot obtain additional capital on acceptable terms, or at all, our business, financial condition and prospects may suffer.

We may need to raise additional funds through equity or debt financings in order to meet our capital needs in the future. 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 raise additional funds through further issuances of equity or equity-linked securities, our existing shareholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences, and privileges senior to those of holders of our Shares.

Fluctuations in exchange rates could result in foreign currency exchange losses and could materially reduce the value of your [REDACTED].

The change in the value of RMB against the Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, changes in economic conditions and foreign exchange policies. Substantially all of our costs are denominated in RMB and most of our financial assets are also denominated in RMB. However, our [**REDACTED**] from the [**REDACTED**] will be denominated in Hong Kong dollars. Any significant change in the exchange rates of the Hong Kong dollar against RMB may materially and adversely affect the value of and any dividends payable on, our Shares in Hong Kong dollars.

New tax laws could be enacted, or existing laws could be applied to us or our customers, which could increase the costs of our solutions and adversely impact our business.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted, and existing tax laws, statutes, rules, regulations or ordinances could be further interpreted, changed or modified. These events could require us or our customers to pay additional tax amounts on a prospective or retroactive basis, as well as require us or our customers to pay fines and/or penalties and interest for past amounts deemed to be due. If we raise our prices to offset the costs of these changes, existing and potential future customers may elect not to continue or purchase our solution in the future. Additionally, new, changed, modified or newly interpreted or applied tax laws could increase our customers' and our compliance, operating and other costs. Any or all of these events could adversely impact our business and financial performance.

We have limited insurance coverage to cover our potential liabilities or losses, which could expose us to significant costs and business disruptions.

In addition to providing social insurance for our employees as required by PRC law, we also provide supplemental commercial medical insurance for our employees. However, we do not maintain insurance policies covering damages to our network infrastructure or information technology systems. We also do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain product liability insurance or key personnel insurance. We consider our insurance coverage to be in line with that of other companies of similar size and business nature in China. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. Any uninsured occurrence may disrupt our business operations, require us to incur substantial costs and divert our resources, which could have a material adverse effect on our results of operations and financial condition.

Increasing focus with respect to environmental, social and governance matters may impose additional costs on us or expose us to additional risks.

The relevant governmental authorities and public advocacy groups have been increasingly focused on environmental, social and governance ("ESG"), issues in recent years, making us to pay more attention to ESG issues and changes in governmental policies and laws and regulations associated with environment protection and other ESG-related matters. Investor advocacy groups, certain institutional investors, investment funds and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, increased focus from investors and the relevant governmental authorities on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Any ESG concern or issue could increase our regulatory compliance costs. If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and the relevant governmental authorities or are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and the business, financial condition, and the price of our Shares could be materially and adversely effected.

We have limited history and experience operating in jurisdictions outside of China. If we are unable to manage the risks presented by our international expansion plan, our business, results of operations and financial condition will be adversely impacted.

Currently, substantially all of our operations are located in China, and we have limited history and experience operating in jurisdictions outside of China. As part of our business strategy and growth plan, we plan to further expand our operations internationally. Expansion of our international operations could impose substantial burdens on our resources, divert management's attention from our operations in China and otherwise harm our business. In addition, there are many barriers to competing successfully in the international market, including:

- changes in the relations between China and foreign countries;
- actions of foreign or PRC governmental authorities affecting foreign investments;
- export control and economic sanctions laws and regulations;
- exposure to increased overseas litigation risks;
- political and economic instability, as well as geopolitical tensions, including the ongoing tariff war;
- regulations on repatriation of funds;
- increased infrastructure costs including legal, tax, accounting and data security laws and treaties;
- interpretation and application of local laws and regulations that may apply to us;

- enforceability of intellectual property and contract rights;
- potentially adverse tax consequences;
- local labor conditions and regulations; and
- fluctuation in foreign currencies.

We cannot assure you that our potential international expansion plan will produce desired levels of revenues or costs, or that one or more of the factors listed above will not harm our business. As a result, as we expand internationally, we may not experience the operating margins that we expect, and our business, results of operations and financial condition may be negatively impacted.

Our internal control and risk management systems may not be adequate or effective.

We have implemented internal control and risk management systems for our business operations. While we seek to improve our internal control and risk management systems on a continuous basis, we cannot assure you that these systems are sufficiently effective in ensuring, among other things, accurate reporting of our financial results and the prevention of fraud. See "Business—Internal Control and Risk Management" for details. The proper function of our internal control and risk management systems depends on implementation by our employees. Although we provide relevant internal training on a regular basis in this regard, we cannot assure you that our employees are sufficiently or fully trained to implement these systems, or that their implementation will be free from any mistake. If we fail to timely update, implement and modify our internal control and risk management systems, or if we fail to deploy sufficient human resources to maintain our internal control and risk management policies and procedures, our business, results of operations and financial condition may be materially and adversely affected.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be materially and adversely affected by natural disasters, health epidemics or other extraordinary events. Natural disasters 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 deliver our all-in-one solution.

Our business could also be adversely affected if our employees are affected by health epidemics, such as the COVID-19, avian influenza, SARS, Zika virus, Ebola virus or other diseases. If any of our employees is suspected of having contracted a contagious disease, we may be required to apply quarantines or suspend our operations. In addition, our business, results of operations and financial condition could be adversely affected to the extent that any health epidemic harms the Chinese or global economy in general. All of our directors and management and the majority of our employees currently reside in China. All of our system hardware and back-up systems are hosted in facilities located in China as well. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect China at large, our operation may experience material disruptions, which may materially and adversely affect our business, results of operations and financial condition.

RISKS RELATING TO CONDUCTING BUSINESS IN THE REGIONS WHERE WE OPERATE

Our business, results of operations, financial condition, cash flows and prospects may be affected by the developments in economic and social conditions, policies in the regions where we operate or global economic environment.

We operate in and derive all of our revenue from China. Our business, results of operations and financial condition are affected by the economic and social conditions and policies in China. In particular, factors such as corporate and government spending, business investment, level of economic development, and resource allocation could affect the growth of our business. We cannot predict the developments in economic and social conditions and policies in the future and the impact of the new government policies on our business and prospects.

Moreover, the global macroeconomic environment has been facing challenges and uncertainties recently. There is also considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States, as well as the problems that may arise from the unwinding of such policies, such as the rise in interest rates. There have also been concerns over the relationship between China and other countries, including the United States and the surrounding Asian countries. Moreover, there have been heightened tensions in international relations globally, such as the recent Russia-Ukraine and the Israel-Palestine conflict. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may also increase market volatility globally. In addition, the recurrence and continuous impact of the COVID-19 pandemic impose challenges to the world's economy. Economic conditions in China may be affected by global economic and geopolitical conditions, as well as changes in domestic economic and policies and the expected or perceived overall economic growth rate in China. Any change in the global or Chinese economy may materially and adversely affect our business, results of operations, financial condition and prospects.

We may be subject to personal liability for our PRC resident shareholders, limitations on our ability to acquire PRC companies or inject capital into our PRC subsidiaries, restrictions on profit distributions from our PRC subsidiaries, or other material adverse effects, due to non-compliance with PRC regulations governing the establishment of offshore special purpose companies by PRC residents.

Pursuant to the Circular on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicle (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) (the "Circular 37"), which was promulgated by the State Administration for Foreign Exchange of the PRC (中華人民共和國外匯管理局) ("SAFE") and became effective on July 4, 2014, (1) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (an "Overseas SPV") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (2) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change in the Overseas SPV's PRC resident shareholder, name of the Overseas SPV, term of operation, or any increase or reduction of the contributions by the PRC resident, share transfer or swap, and merger or division. Pursuant to Notice of SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of 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) (the "Circular 13"), which was promulgated on February 13, 2015 and amended on December 30, 2019, the aforesaid registration shall be directly reviewed and handled by qualified banks in accordance with the Circular 13, and SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

As of the Latest Practicable Date, Mr. BAO Chunjian (鮑春健), Ms. FAN Xiaoxing (樊曉星), Mr. ZENG Yongjun (曾勇軍), Mr. WANG Lianghu (王良虎) and Mr. YU Qianli (喻千里), who are the ultimate individual shareholders of our Company subject to the registration requirements under Circular 37 and Circular 13, has completed the initial and amended foreign exchange registrations, respectively, pursuant to Circular 37 and Circular 13 in relation to their offshore investments as PRC residents. However, we may not be fully informed of the identities of all our Shareholders or beneficial owners who are PRC residents and we cannot assure you that all of our Shareholders who are PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements required by Circular 37, Circular 13 or other related rules. Any future failure by any of our shareholders who is a PRC resident, or controlled by a PRC resident, to comply with relevant requirements under the regulation could subject us to fines or sanctions imposed by the PRC government, including restrictions on WFOE's abilities to pay dividends or make distributions to us and our ability to increase investment in our PRC subsidiaries, which could adversely affect our business and prospects.

Failure to respond to changes in the regulatory environment in China could materially and adversely affect our business.

We are based in China and our business in China are governed by PRC laws and regulations. The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which prior court decisions may be cited for reference but have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past several decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. Our PRC subsidiaries are subject to various PRC laws and regulations generally applicable to companies in China. However, these laws and regulations are subject to further interpretation and implementation.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights, and it may be difficult to predict the outcome of administrative and court proceedings and the level of legal protection we may enjoy. Furthermore, our understanding of policies may differ from that of relevant authorities. Such uncertainties, including over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China, could materially and adversely affect our business and impede our ability to continue our operations.

Our operations depend on the performance of the internet and mobile internet infrastructure, and telecommunications networks, which may not be able to support the demands associated with our continued growth.

Our business depends on users' access to our platform via a mobile device and the internet. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with the internet infrastructure or the telecommunications networks in China. We cannot assure you that these infrastructures will be able to support the demands associated with our continued growth in usage.

Our platform is mobile-based. There is an increasing trend of accessing the internet through smart phones, tablets and other mobile devices. As new devices, new mobile platforms and updates to such devices and platforms are continually being released, we may encounter problems in developing our mobile app for use on these devices, and we may need to devote significant resources to creating, supporting and maintaining our mobile app on such devices.

Moreover, we are subject to a number of laws and regulations specifically governing the internet and mobile devices. Existing and future laws and regulations, or changes thereto, may affect the growth and availability of the internet and online offerings, require us to change our business practices or raise compliance costs or other costs of doing business. Any perceived failure by us to comply with any of the relevant laws or regulations could result in damage to our reputation and brand a loss in business and proceedings or actions against us by governmental entities or others, which could adversely impact our business, results of operations and financial condition.

It may be difficult to effect service of process, enforce foreign judgments and arbitral awards against us or our Directors and senior management.

Our Company is incorporated under the laws of the Cayman Islands. All our assets and operations are located in Mainland China, and all of our Directors and senior management are located in Mainland China. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or these individuals. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in China only if the jurisdiction has a treaty with China or if the jurisdiction has been otherwise deemed by Chinese courts to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements.

On July 14, 2006, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region 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"), which became effective on August 1, 2008. Pursuant to such arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement.

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

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

Regulatory requirements of currency conversion and future fluctuation of Renminbi exchange rates could have a material adverse impact on our results of operations and financial condition, and may reduce the value of, and dividends payable on, our Shares in foreign currency terms.

There are certain regulatory procedures on the convertibility of the Renminbi into foreign currencies required by the PRC government and, in certain cases, the remittance of currency out of China. We receive all of our revenue in Renminbi. Under our current corporate structure, our Company in the Cayman Islands relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval of SAFE, by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulations, such as the overseas investment registration by the beneficial owners of our Company who are PRC residents. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies. If we fail to comply with such laws, regulations and procedures, we may not be able to obtain sufficient foreign currencies to satisfy our foreign currency demands, and we may not be able to pay dividends in foreign currencies to our shareholders. Further, there is no assurance that new regulations will not be promulgated in the future.

The value of Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to various factors. The [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, the Shares in foreign currency terms. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect our business, results of operations and financial condition, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

We may be classified as a PRC resident enterprise for PRC enterprise income tax purposes under the EIT Law, and our income may be subject to PRC withholding tax under the EIT Law.

Under the People's Republic of China on Enterprise Income Tax Law (中華人民共和國企業所得稅法) (the "EIT Law"), an enterprise established outside of the PRC with a "de facto management body" within China is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules (the "EIT Rules") define the term "de facto management body" as the body that exercises full and substantial control over, and overall management of, the business, production, personnel, accounts and properties of an enterprise. On April 22, 2009, the State Administration of Taxation (國家稅務總局) ("SAT") issued a circular, known as Circular 82, which was last amended on December 29, 2017. Circular 82 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 like us, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (1) the primary location of the day-to-day operational management is in China; (2) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in China; (3) the enterprise's primary assets, accounting books and records, company seal, and board and shareholder resolutions, are located or maintained in China; and (4) at least 50% of voting board members or senior executives habitually reside in China.

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 how to determine "de facto management body" and how the tax residency rule will apply to our case are subject to further interpretation and enforcement. If the PRC tax authorities determine that our Company or any of our subsidiaries outside of the PRC is a PRC resident enterprise for PRC enterprise income tax purposes, our Company or such subsidiary could be subject to PRC tax at a rate of 25% on its worldwide income, which could materially reduce our net profit. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. 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 we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

The M&A Rules and certain other PRC regulations establish various procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

On August 8, 2006, MOFCOM, State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) ("SASAC"), SAT, the State Administration for Industry and Commerce of the PRC (國家工商行政管理總局) ("SAIC"), the CSRC and SAFE jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "M&A Rules"), which was effective on September 8, 2006 and amended in June 2009. The M&A Rules and 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 MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Provisions of the Ministry of Commerce on the Implementation of the Safety Review System for Merger and Acquisition of Domestic Enterprises by Foreign Investors (商務部實施外國投資者併購境內企業安全審查制度的規定) issued by 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 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. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress of China and effective in 2008, as most recently amended on June 24, 2022 and effective from August 1, 2022, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the relevant anti-monopoly authority before they can be completed. It also requires business operators not to abuse data, algorithms, technology, capital advantages and platform rules to exclude or limit competition.

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

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

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. We may make loans to our PRC subsidiaries, subject to the administrative procedures and limitation of amount, or we may make additional capital contributions to our PRC subsidiaries in China.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to reporting with or approval by or registration with the relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings or reports in the Foreign Investment Comprehensive Management Information System, and registration with a local bank authorized by SAFE. We may not be able to complete such recording, filing or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording, filing or registrations, our ability to use the [**REDACTED**] of the [**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.

SAFE issued the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered 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) (the "Circular 19") which took effect on June 1, 2015 and amended on December 30, 2019. The Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, provided that such usage shall fall into the scope of business of the foreign invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. In addition, SAFE promulgated the Circular Regarding Further Promotion of the Facilitation 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) ("SAFE Circular 28") on October 23, 2019, which took effect on the same day. SAFE Circular 28, subject to certain conditions, allows foreign-invested enterprises whose business scope does not include investment, or non-investment foreign-invested enterprises, to use their capital funds to make equity investments in China. As of the Latest Practicable Date, its interpretation and implementation in practice remained subject to further explanations and elaborations, and our ability to transfer to and use in China the net [**REDACTED**] from the [**REDACTED**] is subject to such regulations, which may adversely affect our business, results of operations and financial condition.

Dividends payable by us to our foreign investors and gains on the sale of our Shares may become subject to withholding taxes under PRC tax laws.

Under the PRC EIT Law and the EIT Rules, its implementation regulations, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides otherwise, we may be deemed as a PRC resident enterprise by the PRC tax authorities for tax purpose. PRC income tax at the rate of 10% is applicable to dividends payable by a PRC "resident enterprise" to investors that are "non-resident enterprises" (i.e., those enterprises that do not have an establishment or place of business in China, or those that have such an establishment or place of business but the relevant income of which is not effectively connected with the establishment or place of business) to the extent such dividends have their source within China. Similarly, any gain realized on the transfer of shares by such enterprises is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within China. If the dividends we pay to our shareholders are regarded as income derived from sources within China, we may be required to withhold a 10% PRC withholding tax for the dividends we pay to our investors who are non-PRC enterprise shareholders.

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

If we are treated as a PRC resident enterprise, dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within China and as a result be subject to the PRC income taxes described above. See "—We may be classified as a PRC resident enterprise for PRC enterprise income tax purposes under the EIT Law, and our income may be subject to PRC withholding tax under the EIT Law." However, shareholders who are not PRC tax residents and seek to enjoy preferential tax rates under relevant tax treaties may apply to the PRC tax authorities to be recognized as eligible for such benefits in accordance with the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (國家稅務總局關於發佈《非居民納稅人享受協定待遇管理辦法》的公告), which was issued on October 14, 2019 and took effect on January 1, 2020. If determined to be ineligible for the applicable tax treaty benefits, gains obtained from sales of our Shares and dividends on our Shares paid to such Shareholders would subject to higher PRC tax rates. In such cases, the value of your [**REDACTED**] in our Shares may be materially and adversely affected.

Payment of dividends is subject to regulations under PRC laws.

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

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

The heightened scrutiny over indirect transfers of PRC assets by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your [REDACTED] in us.

Pursuant to the Notice on Strengthening the Administration on Enterprise Income Tax for Non-resident Enterprise Equity Transfer (關於加強非居民企業股權轉讓所得企業所得稅管理的通知) (the "SAT Circular 698") issued by the SAT in December 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that (1) has an effective tax rate of less than 12.5% or (2) does not impose income tax on foreign income of its residents, the non-resident enterprise, being the transferor, must report such Indirect Transfer to the competent tax authority of the PRC resident enterprise. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%.

On February 3, 2015, the SAT issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (the "SAT Public Notice 7"). SAT Public Notice 7 supersedes the rules with respect to the Indirect Transfer under SAT Circular 698, but does not touch upon the other provisions of SAT Circular 698. SAT Public Notice 7 has introduced a new tax regime that is significantly different from the previous one under SAT Circular 698. SAT Public Notice 7 extends its tax jurisdiction to not only Indirect Transfers set forth under SAT Circular 698 but also transactions involving transfer of other taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Public Notice 7 provides clearer criteria than SAT Circular 698 for assessment of reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Public Notice 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. Where a non-resident enterprise transfers taxable asset indirectly by disposing of the equity interests of an overseas holding company, which is an Indirect Transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC 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. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

On October 17, 2017, SAT issued a Public Notice of SAT on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (關於非居民企業所得税源泉扣繳有關問題的公告) (the "SAT Public Notice 37"), which, among others, repeals the Circular 698 on December 1, 2017. SAT Public Notice 37 further details and clarifies the tax withholding methods in respect of income of non-resident enterprises under Circular 698. In addition, certain rules stipulated in SAT Public Notice 7 are replaced by SAT Public Notice 37. Where the non-resident enterprise fails to declare the tax payable pursuant to Article 39 of the Enterprise Income Tax, the tax authority may order it to pay the tax due within required time limits, and the non-resident enterprise shall declare and pay the tax payable within such time limits specified by the tax authority; however, if the non-resident enterprise voluntarily declares and pays the tax payable before the tax authority orders it to do so within required time limits, it shall be deemed that such enterprise has paid the tax in time.

There are certain aspects of SAT Public Notice 7 and SAT Public Notice 37 that are subject to further clarification and interpretation. For example, while how to determine "Indirect Transfer" is subject to further interpretation, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with the PRC. Moreover, the relevant authority has not yet promulgated any formal provisions or made any formal declaration as to the process and format for reporting an Indirect Transfer to the competent tax authority of the relevant PRC resident enterprise. In addition, there are no formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to reduce, avoid or defer PRC tax. SAT Public Notice 7 and SAT Public Notice 37 may be determined by the tax authorities to be applicable to previous investments by non-resident investors in our Company, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our existing non-resident investors may become at risk of being taxed under SAT Public Notice 7 and SAT Public Notice 37 and may be required to expend valuable resources to comply with SAT Public Notice 7 and SAT Public Notice 37 or to establish that we should not be taxed under SAT Public Notice 7 and SAT Public Notice 37, which may have a material adverse effect on our results of operations and financial condition or such non-resident investors' investments in us. We may conduct acquisitions involving changes in corporate structures, and historically we surrendered Shares and reissued to our current shareholders. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our Shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your [**REDACTED**] in us.

We may be subject to fines and other legal or administrative sanctions for the participants or us due to any failure to comply with PRC regulations regarding our employee equity incentive plans.

After our Company becomes an overseas listed company upon the completion of the [**REDACTED**], we, along with our Directors, executive officers and other employees who may be granted options, may be subject to the Notice on Foreign Exchange Administration PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (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), issued by SAFE in February 2012. According to the foregoing Notice, employees, directors, supervisors and other management members who are PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year participating in any stock incentive plan of an overseas publicly listed company, subject to limited exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. Failure to complete SAFE registrations may subject them to fines and other legal sanctions and may also limit their ability to make payment under the equity incentive plans or receive dividends or sales proceeds related thereto, or our ability to contribute additional capital into our PRC subsidiaries and our PRC subsidiaries' ability to distribute dividends to us. This notice issued by SAFE only covers two categories of equity incentive plans, i.e., employee stock ownership plans and stock option plans. As a result, our ability to adopt additional equity incentive plans for our Directors and employees under PRC laws and regulations may be restricted.

In addition, SAT and MOFCOM have issued certain circulars with respect to employee share option. Under these circulars, our employees working in China will be subject to PRC individual income tax if they exercise share options. Our PRC subsidiaries have the obligation to file documents relating to the employee share options with the relevant tax authorities and may be required to withhold individual income tax for those employees. If our employees fail to pay income tax, we may face sanctions imposed by the relevant tax authorities.

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

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

Inflation could negatively affect our profitability and growth.

Various policies from time to time to control inflation may be implemented. High inflation in the future may cause further actions to be taken by governments, which may adversely affect our business operations, causing negative impact on our profitability and growth.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our Shares, and the liquidity and [REDACTED] of our Shares following the [REDACTED] may be volatile, which could result in rapid and substantial losses for our Shareholders.

Prior to the [**REDACTED**], there has been no [**REDACTED**] for our Shares. The [**REDACTED**] disclosed to the public for our [**REDACTED**] was the result of negotiations among us and the [**REDACTED**], and the [**REDACTED**] may differ significantly from the [**REDACTED**] for the

[**REDACTED**] following the [**REDACTED**]. We have applied to [**REDACTED**] and [**REDACTED**] the Shares on the Stock Exchange. We cannot assure you that the [**REDACTED**] will result in the development of an active, liquid public [**REDACTED**] for the Shares. In addition, the [**REDACTED**] and [**REDACTED**] of the Shares may be volatile. The following factors may affect the [**REDACTED**] and [**REDACTED**] of our Shares:

- actual or anticipated fluctuations in our operating performance and financial results;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- our failure to execute our strategies;
- an unexpected business interruptions resulting from operational breakdowns, natural disasters, or major changes in our key personnel or senior management;
- adverse market reaction to any indebtedness that we may incur or securities that we may issue in the future;
- changes in market valuations of similar companies;
- changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting our ability to obtain or maintain regulatory approval for our services;
- inadequate protection of our intellectual property rights or legal proceedings brought against us for infringement of third parties' intellectual property rights;
- unexpected costs of litigations and unfavorable outcomes of claims arising out of our services and governmental investigations and actions; and
- general political, financial, social and economic conditions.

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

Furthermore, our Directors and employees may face additional exposure to claims and lawsuits, including class action lawsuits, as a result of their position in other public companies. The existence of litigation, claims, investigations and proceedings against our Directors and employees, even if they do not involve our Company, may harm our reputation and adversely affect the [**REDACTED**] of our Shares.

No [REDACTED] currently exists for our Shares; an active [REDACTED] market for our Shares may not develop and the [REDACTED] for our Shares may decline or became volatile.

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

Our Shareholders may not have the same protection of their shareholder rights under Cayman Islands law comparing to what they would have under Hong Kong law.

Our corporate affairs are governed by our Memorandum of Association and Articles of Association, the Companies Act, and the common law of the Cayman Islands. The rights of Shareholders to take action against the Directors, the rights of minority Shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be the same as they would be under statutes or judicial precedent of other jurisdictions.

As a result of all of the above, minority Shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or Controlling Shareholders, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction in which such Shareholders are located.

As the [REDACTED] is substantially higher than the consolidated net tangible book value per Share, purchasers of our Shares in the [REDACTED] may experience immediate dilution upon such purchases.

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

Our Controlling Shareholders may exert substantial influence over our operations and may not always be aligned with interests of the independent Shareholders.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Controlling Shareholders will control a majority of the voting power of Shares in issue. See "History and Corporate Structure" for details. Therefore, our Controlling Shareholders will be able to exercise significant influence over matters requiring Shareholders' approval, including the election of Directors and the approval of certain significant corporate transactions. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of the Group that would otherwise benefit the Shareholders. The interests of our Controlling Shareholders may not always coincide with our or your best interests. If the interests of our Controlling Shareholders conflict with our interests or those of the other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with our interests or those of the other Shareholders, we or those other Shareholders, including you, may be disadvantaged as a result.

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

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

Future [REDACTED] or perceived [REDACTED] of our Shares in the [REDACTED] by major Shareholders following the [REDACTED] could materially and adversely affect the price of our Shares.

Prior to the [**REDACTED**], there has not been a [**REDACTED**] for our Shares. Future [**REDACTED**] or perceived [**REDACTED**] by our existing Shareholders of our Shares after the [**REDACTED**] could result in a significant decrease in the prevailing [**REDACTED**] of our Shares. Only a limited number of the Shares currently outstanding will be available for [**REDACTED**] or [**REDACTED**] immediately after the [**REDACTED**] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the [**REDACTED**] or the perception that these sales may occur could significantly decrease the prevailing [**REDACTED**] of our Shares and our ability to raise equity capital in the future.

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

We cannot guarantee when and in what form dividends will be paid on our Shares following the [**REDACTED**]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. For details, see "Financial Information—Dividend Policy."

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

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

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

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

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

Certain facts, forecasts and statistics contained in this document are derived from publicly available official government sources and they may not be reliable.

Certain facts, forecasts and statistics in this document relating to the PRC, the PRC economy and industries relevant to us have been derived from various official government publications, CIC and publicly available sources. We have taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this document. However, the information from official government sources may not be accurate, reliable, complete or up to date, and has not been independently verified by us, the Sole Sponsor, [**REDACTED**], [**REDACTED**], [**REDACTED**], any of their respective directors and advisers, or any other persons or parties involved in the [**REDACTED**]. Therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled inside or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

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