You should carefully consider all of the information set out in this document, including the risks and uncertainties described below before making an investment in the [**REDACTED**]. *You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that a substantial part of our Group's operations are conducted in the PRC and are governed by a legal and regulatory environment that differs from that prevailing in other countries. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of* [**REDACTED**].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in a rapidly developing and evolving industry, and it may be difficult to evaluate our financial condition, business and prospects given the short operating history of our advertisement distribution and placement services business.

We commenced our operation in traditional telecommunications marketing and promotion businesses in 2015 and have subsequently expanded our capacities in providing marketing services in accordance with the prevailing market trends and developments, including the introduction of advertisement distribution services through our RegoAd SDK in 2020 and advertisement placement services on platforms of large-scale media publishers in 2021. In an effort to diversify our business, enhance our market penetration in specific industries and create synergies with our existing business, we have also commenced providing IT solutions services in 2017. We expect to continue to grow our customer base and the scale of our business by (i) developing and expanding our online and offline marketing channels and resources; (ii) further developing and expanding our supplier base and types of virtual goods on offer; (iii) developing and operating our SaaS enterprise marketing service platform; and (iv) acquiring companies in marketing and related industries.

However, due to our limited operating history, our historical growth rate may not be indicative of our future performance, which may be susceptible to certain risks, including our ability to (i) stay ahead or abreast of change in end user consumption behaviour and their preferences; (ii) maintain, expand our relationship with our business partners, including but not limited to, enterprise advertisers, advertising agents, media publishers and mobile app operators, enterprises with business needs for virtual goods and services, virtual goods and services procurement agents, provincial lottery centres and lottery systems companies; (iii) navigate the evolving legal and regulatory framework of the relevant industries in the PRC; (iv) update existing technology or develop new technology in time to stay ahead or abreast of market advances; (v) compete effectively with our competitors; and (vi) attract and retain experienced and skilled employees.

You should consider our financial condition, business and prospects in light of the risks and uncertainties we face as a growing company operating in a rapidly developing and evolving market. We may not be successful in addressing the risks and uncertainties listed above, among others, which may materially and adversely affect our business and prospects and future performance.

We rely heavily on our top customers and suppliers. If we fail to maintain our relationships with our top customers and suppliers, our financial condition, results of operations and prospects may be materially and adversely affected.

The revenue generated from our top five customers was approximately RMB67.4 million, RMB68.2 million and RMB157.0 million for FY2019, FY2020 and FY2021, respectively, accounting for 75.5%, 60.3% and 71.5% of our total revenue for the respective period. The costs of sales from our top five suppliers was approximately RMB33.1 million, RMB24.2 million and RMB81.1 million for FY2019, FY2020 and FY2021, respectively, accounting for 74.2%, 65.1% and 74.2% of our total purchases for the respective period.

As we have been, and are expected to continue to be, heavily reliant on our top customers and top suppliers, we are highly susceptible to risks discussed in this section which could adversely affect our relationships or business conditions with them. Many of these risks are beyond our control. We do not enter into long-term contracts with our customers and our suppliers. Our framework agreements with our customers and suppliers, which are generally for a term of a few months to two years, generally do not impose any obligations on them to procure from us or supply to us any fixed value of goods or services. If we are unable to maintain our business relationships with these top customers and suppliers, or if there are any unfavourable changes to the terms of our existing arrangements, our revenue and profitability may decline, and any such decline could be material.

Our advertisement distribution services and advertisement placement services are substantially connected with platforms operated by media publishers. Any adverse change in their business or our business relationship with them may have material and adverse impacts on our profitability and prospects.

During the Track Record Period, we provided advertisement distribution services to and acquired advertisement placement services from media publishers and/or their agents. In particular, the revenue directly attributable to Customer J (being a group company of a major media publisher in the PRC) under our advertisement distribution services amounted to approximately RMB13.7 million in FY2021, representing 12.7% and 6.2% of our revenue from advertisement distribution services and total revenue, respectively. To the best of our Directors' knowledge, information and belief, part of the demand from other customers of our advertisement distribution services (who are advertising agents) was also generated from Customer J and/or its group companies and/or other major media publishers in the PRC which obtained our advertisement distribution services through these advertising agents. On the other hand, during FY2021, substantially all of the gross purchase costs (which has been net-off from our gross revenue) of our advertisement placement services were directly, and indirectly through advertising agents, attributable to media publishers, with approximately 29.1% and 70.1% of our gross purchase costs attributable to Suppliers W (or its group companies) and another media publisher which operates one of the largest short video-sharing app in the PRC, respectively.

As we have been, and are expected to continue to be, heavily reliant on a specific category of customers and suppliers, namely media publishers, we are highly susceptible to risks discussed in this section which could adversely affect their business or our relationships or business conditions with them. Many of these risks are beyond our control. We have not entered into any long-term contracts with these media publishers, and our framework agreements with them generally do not impose any obligations on them to procure advertisement distribution services from us. If these media publishers suffer any decrease in advertisement requests from their customers or business volume, or if we are unable to maintain our business relationships with these media publishers, or if there are any unfavourable changes to the terms of our existing arrangements, our financial conditions and prospects may be materially and adversely affected.

We are exposed to the risk of disintermediation, i.e. the situation where media publishers and advertisers and/or their advertising agencies and marketing channel providers dispense with intermediate advertising service providers and transact with each other directly.

As an intermediate advertising service provider, we connect enterprise advertisers with marketing channel providers, media publishers and mobile app operators. We mainly provide platforms for specific areas of advertising operations, particularly delivery of advertisement content. There may be a risk that media publishers would directly transact with advertisers and/or their advertising agencies, circumventing intermediate advertising service providers like us. For example, they may commence developing or expanding on their business development and marketing functions to connect with advertisers directly and cease to transact with us. There may also be the risk that marketing channel providers directly acquire our advertisers, eliminating the need for intermediaries. In the circumstances where the advertisers develop their own resources, connections with marketing channel providers, optimisation and analytics and other marketing planning and execution capabilities, or where marketing channel providers established such capabilities and functions in future similar to those currently offered by us, advertisers may also transact with the media publishers directly and cease to transact with us. While we do not have knowledge of any specific instances where our customers ceased to transact with us and directly engage the downstream marketing channel providers, we consider that it is highly probable that some of our customers (including advertisers and/or their advertising agencies) have transacted directly with the marketing channel providers and ceased to acquire promotion and marketing services from us. According to the iResearch Report, there are also a large number of online advertising agencies that connect advertisers with designated channel agents of media publishers, or directly connect them with media publishers. Occurrence of such events may expose us to the risk of disintermediation, and our business, results of operations and financial position would be materially and adversely affected.

Advances to our suppliers, including media publishers and virtual goods suppliers, may expose us to credit risks and default risks and our liquidity and cash flows may be affected as a result.

We generally make advances to media publishers and/or their agents for advertisement placement services and to virtual goods suppliers for virtual goods. This requires that we maintain certain levels of working capital to fund our operations. As at 31 December 2019, 2020 and 2021, we recorded advances to suppliers of approximately RMB7.3 million, RMB28.9 million and RMB34.9 million, respectively. If our cash outflows for advances to suppliers significantly exceed our cash inflows during any period, our liquidity and cash position will be adversely affected. We expect that as our business grows, we will need additional working capital. If we do not have sufficient working capital, we may not be able to pursue our growth strategy, enter into business relationship with sizable enterprises, respond to competitive pressures or fund key strategic initiatives, which may harm our business, financial condition and results of operations.

Advances to suppliers also expose us to the credit and default risks of such suppliers and may not be recovered. If we have disputes with any suppliers and are unable to reach an agreement on terms acceptable to us, we may not recover advances made to such suppliers. Advances to suppliers also expose us to the credit risks of our suppliers in the event of their insolvency or bankruptcy. We could incur substantial losses related to the write down or write off of prepayments made to suppliers. Any of the foregoing could materially and adversely affect our financial condition and results of operations.

We are exposed to credit risk in relation to our trade receivables.

There is no assurance that our customers will meet their payment obligations on time, in full or at all, or that our Group's average trade receivables turnover days will not increase. We generally grant credit periods of 5 to 60 days to our customers. Our average trade receivables turnover days were approximately 15 days for each year during the Track Record Period. As at 31 December 2019, 2020 and 2021, the total gross balance of our Group's trade receivables amounted to approximately RMB14.7 million, RMB41.0 million and RMB88.0 million, respectively. We could not guarantee that we can successfully collect any or all debts due to us, and any failure on the part of our customers to settle or settle on time the amounts due to us may adversely affect our Group's financial condition and operating cash flows. If we fail to adequately manage our credit risks, our bad debt expense could be significantly higher than historic levels, which could adversely affect our business, results of operations and financial condition. As at 31 December 2019, 2020 and 2021, we made provisions for the impairment of our trade receivables in the amount of RMB0.6 million, RMB2.0 million and RMB5.8 million, respectively.

Our intangible assets and goodwill may be subject to impairment.

Our intangible assets mainly include computer software and copyright, which are stated at cost less accumulated amortisation and accumulated impairment losses. As at 31 December 2019, 2020 and 2021, our intangible assets amounted to RMB3.3 million, RMB21.1 million and RMB19.4 million, respectively with the significant increase during FY2020 mainly attributable to the acquisitions of copyright through our acquisition of Xi'an Tiantai in July 2020. For details of copyright and patent that owned by our Group, please refer to the section headed "Statutory and General Information – B. Further Information about our Business – 2. Intellectual Property Rights" and "– 3. Copyright" in Appendix IV to this document.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. As at 31 December 2019, 2020 and 2021, we recorded goodwill of approximately RMB4.2 million, RMB14.3 million and RMB14.3 million, respectively. Such increase in 2020 was mainly in related to acquisition of Xi'an Tiantai. Please see "History, Development and Reorganisation — Our Major Subsidiaries" in this document for further details.

The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives, including computer software and copyright, are carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition less accumulated impairment losses, if any.

In evaluating the potential for impairment of goodwill, we make assumptions regarding future operating performance, business trends, and market and economic conditions. Similarly, in evaluating the potential for impairment of intangible assets, we make certain assumptions including those on their useful life. Such analyses further require us to make judgmental assumptions regarding, among other factors, revenue, major cost components, growth rates and discount rates. There are inherent uncertainties related to these factors and to management's judgment in applying these factors to the assessment of intangible assets or goodwill recoverability. We could be required to evaluate the recoverability of intangible assets or goodwill prior to the annual assessment if there are any impairment indicators, including experiencing disruptions to the business, unexpected significant declines in operating results of Xi'an Tiantai. Impairment charges would substantially affect our reported earnings in the periods of such charges. In addition, impairment charges would negatively impact our financial ratios and could limit our ability to distribute dividend and/or obtain financing in the future.

Our business is subject to complex and evolving laws and regulations. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.

The industry in which we operate in is subject to a variety of laws and regulations, including privacy, data protection and personal information, rights of publicity, content, intellectual property, advertising, marketing, distribution, data security, data retention and deletion, electronic contracts and other communications, competition, protection of minors, consumer protection, telecommunications, product liability, taxation, economic or other trade prohibitions or sanctions. These laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the rapidly evolving industries in which we operate, and may be interpreted and applied inconsistently. These laws and regulations, including the changes in their application, interpretation and enforcement, could adversely affect the business of our customers, suppliers and business partners, which may in turn affect our business and operation.

We strive to comply with all applicable laws and regulations relating to privacy and data collection, processing, use, and disclosure. There are evolution and uncertainties regarding the PRC laws and regulations and thus the measures we take to comply with these laws, regulations and industry standards may not always be effective. We may be subject to litigation or administrative penalties if we or our customers, suppliers or business partners including mobile application operators, media publishers and other marketing channel providers and/or their respective agents fail to abide by the applicable laws, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We are faced with intense competition with other intermediate advertising service providers, and our business operations and financial results may be affected if we cannot match up to our competitors.

As demand for intermediate advertising services continues to increase, we expect new competitors to enter these markets and existing competitors to allocate additional resources to these markets. In addition, our enterprise advertisers may potentially appoint more than one intermediate advertising service provider to help them conduct marketing campaigns at the same time. As a result, we expect competition in the marketing industry to intensify. Our direct competitors are other intermediate advertising service provider in the marketing and promotion services business and they are primarily based in China. Our ability to compete depends on many factors, some of which are beyond our control, including:

(i) the popularity, usefulness, ease-of-use, performance and reliability of our services compared to those of our competitors;

(ii) price, return on advertising expenditures and our ability to increase our customers' revenue and profit margin;

(iii) our ability to compete with our competitors for enterprise advertisers, business partners and agency relationship with media agents or marketing channel providers;

(iv) our ability to identify and capture new market opportunities in advance of our competitors;

(v) our ability to manage and grow our operations cost-effectively; and

(vi) our reputation and brand strength relative to our competitors.

Certain of our existing and future competitors may have longer operating histories, broader reach and significantly greater financial, technical and marketing resources than we do. These competitors may engage in more extensive research and development, marketing campaigns and sales efforts than we can and develop or promote services that are similar to or better than ours. Furthermore, according to iResearch, China's advertising industry is currently highly fragmented with a large number of online advertising agents connecting advertisers to designated channel agents of media publishers or the media publishers themselves directly. If big players invest into China's online marketing and promotion services market and dominate significant portions of the market size, it may result in a change in competitive landscape that affects our market position and demand for our marketing and promotion services. New and increased competition is likely to result in price reductions, reduced margins or a loss of our market leading position, any of which could cause us to lose enterprise advertisers or advertising agents, or decrease the marketing spending with us in a manner that causes our revenue to decline, which may materially and adversely affect our business, results of operations, profitability and financial conditions.

Any failure to maintain and expand our relationships with our customers and suppliers in our promotion and advertising services business may materially and adversely affect our business operations and financial results.

We provide marketing services to enterprise advertisers and advertising agents by connecting them with marketing channel providers and channel agents in our traditional marketing and promotion services and advertisement placement services business. Our ability to continue to grow our revenue and profit will depend largely on our ability to expand our business with our current customers while attracting new ones. We also rely on maintaining good business relationship with our customers, especially large-scale media platform operators, to attract enterprise advertisers to engage us for marketing services. We cannot guarantee that our business relationships with our major customers remain stable. We also cannot guarantee that we would secure new customers for our business. If we are unable to maintain our business with existing customers and attract new customers, then our sales will decrease and our operating results will be adversely affected.

In order to retain and attract new customers, we need to continuously improve our marketing campaign performance for our customers. We cannot assure you that we will successfully meet the expected performance for every campaign and retain our customers or attract new customers.

Our success also depends on our ability to retain channel agents and marketing channel providers, deepen or expand our relationships with our existing channel agents and marketing channel providers and attract new channel agents and marketing channel providers in the future. If they are no longer satisfied with their financial gains obtained, they may reduce or discontinue their cooperation with us and we would lose a portion, if not all, of our marketing channels and resources in connection with our traditional marketing and promotion services and advertisement placement services. We typically enter into agreements with our channel agents and marketing channel providers suppliers for a term of one to two years and they are generally not bound by long-term contracts with us.

Unlike our advertisement distribution services business which may be continuously sourced from advertising agents (i.e. large-scale media platform operators and/or their agents), our framework agreements with our customers in our traditional marketing and promotion services and advertisement placement services businesses generally do not oblige them to procure from us any minimum or fixed amount or value of goods and/or services. The fees that we can receive from our customers depend on the marketing needs of the relevant enterprise advertisers and/or their advertising agents in respect of each of the products and services that the enterprise advertisers are desirous to promote, or the types and volume of the virtual goods needed by enterprises for their individual customers, and/or the frequency and scale of the marketing campaign or project to be implemented by the customers from time to time. Accordingly, we may have limited visibility as to our future revenue streams and there is no assurance that we will be able to maintain or increase the volume of business with existing or potential customers. Should our customers decide to trim down their marketing budget or reduce the frequency or scale of the marketing campaign or project of any particular products or service, and/or engage our competitors for the related marketing services, or if we fail to attract or retain customers for any other factors, the demand for our marketing services may not grow or may even decline and our business, results of operations and financial condition may be materially and adversely affected.

We derive a substantial proportion of our revenue from our operations in the marketing industry, and any slowdown in growth of or decline in the marketing industry may materially and adversely affect our profitability and prospects.

Our profitability and prospects depend on the continuing development and growth of the online marketing industry as we derive a substantial proportion of our revenue from our online marketing and promotion services. The development and growth of the online marketing industry may be affected by a number of factors, many of which are beyond our control, including: (i) technological innovation or new business models of the online marketing industry or the changing requirements of app developers; (ii) acceptance of online marketing as an effective marketing channel and the emergence of other alternative marketing channels; (iii) changes in government regulations or policies affecting the online marketing industry; and (iv) the growth of the world Internet industry in general.

There can be no assurance as to the development and growth of the online marketing industry.

If we fail to effectively manage and control our traffic acquisition costs and employee benefit expenses, our gross profit and financial results will be materially and adversely affected.

A substantial portion of our revenue from marketing and promotion services is generated based on the performance of our services including CPA, CPS, impression, CTR or a mix of the above features. We pay our suppliers traffic acquisition costs for placing advertisements through marketing channel providers.

We seek to ensure that our traffic acquisition costs will not exceed the service fees we receive from our customers. However, we rely on data such as credits spent by our customers over a period of time and our suppliers' policies on rebates to conduct analysis and set advertisement placement strategies. Using such information, we may establish performance benchmarks or designate certain industries in which prospective customers operate as the focus of our business development. If our advertisement placement strategies do not lead to expected marketing targets, we may incur more costs than predicted, which will affect our gross profit, and if we cannot effectively manage such costs, our profitability and financial results will be adversely affected.

In addition, although we monitor user traffic and pay close attention to unusual traffic, there is no assurance that there will not be illegitimate or false performance data from advertisements and/or transactions, which would lower the return on the enterprise advertisers' investment and hence our customers' willingness to use our services would be adversely affected. Any of these events will impair the performance of our marketing and promotion business, reduce customer satisfaction, and lead to loss of customers, which could harm our reputation and adversely affect our business, financial condition, results of operations and prospects. Moreover, we depend on the accuracy and genuineness of data provided by our suppliers in evaluating the effectiveness of the enterprise advertisers' marketing campaigns and determining the marketing fees that we receive from our customers and the traffic acquisition costs that we pay to our suppliers. If the advertising performance data or other data provided by our suppliers is inaccurate, we will not be able to improve user targeting precision and achieve better performance for our enterprise advertisers' advertisements and greater monetisation efficiency for our marketing channel providers.

Further, as the number of our employees increases along with the growth of our business, we are subject to increasing employee benefit expenses. For each of the three years ended 31 December 2021, our total employee benefit expenses amounted to approximately RMB18.2 million, RMB18.3 million and RMB33.3 million and accounted for 20.4%, 16.2% and 15.2% of our total revenue, respectively, for each of the three years ended 31 December 2021. Any increase in employee benefit expenses may have more impact on us as we continue to increase both our headcount and our general remuneration package to recruit and retain key employees. There is no assurance that our revenue will grow and/or outweigh such additional costs and expenses, or that we will be able to pass on all or part of the increased employee benefit expenses and/or marketing expenses to our customers, and under such circumstances, our profitability, financial performance and conditions may be materially and adversely affected.

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

Although we contractually require our customers to represent to us that they ensure the advertisements to be distributed comply with applicable laws and regulations, we do not conduct a thorough verification of the content of such advertisements. If any of these representations are untrue, we may be exposed to potential liability and our reputation may be damaged. While our customers are typically obligated to indemnify us, such indemnification may not fully cover us, or we may not be able to collect. In addition to settlement costs, we may be responsible for our own litigations costs, which can be expensive.

Under the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) (the "**Advertising Law**"), and the Interim Measures for Administration of Internet Advertising (《互聯網廣告管理暫行辦法》), the advertiser shall be responsible for the veracity of the content of the advertisement, and where an advertising operator provides advertising design, production or agency services with respect to an advertisement when it knows or should have known that the advertisement is fraudulent, misleading, or otherwise illegal, the competent PRC authority may confiscate the advertising operator's advertising revenue from such services, impose penalties, order it to cease dissemination of such false, fraudulent, misleading or otherwise illegal advertisement or correct such advertisement, or suspend or revoke its business licences under certain serious circumstances. Under the Advertising Law, "advertising operators" include any natural person, legal person or other organisation that provides advertising design, production, or agency services to advertisers for their advertising activities. Our marketing and promotion services include the provision of advertisement optimisation services, meaning we seek to improve the cost-efficiency and effectiveness of our customers' advertisements, which may include identifying target audience and media of the advertisements, recommending suitable marketing channels, matching advertisements with appropriate marketing channels and/or preparing marketing materials in the course of providing our promotion and advertising services. For further details of the possible values we add to our customers' advertising campaigns, please see "Business – Our Business Model – Marketing and Promotion Services – Promotion and Advertising Services" in this document. As such, we are deemed as an "advertising operator" under the Advertising Law. We cannot ensure (i) that each advertisement placed on marketing channel providers' platforms complies with all PRC laws and regulations relevant to advertising activities; (ii) that supporting documentation provided by our customers is authentic or complete; or (iii) that we are able to identify and rectify all related non-compliances in a timely manner.

If we or our suppliers fail to protect data privacy of individual users, we might be subject to fines or other regulatory sanctions.

In the course of our business operations, we may come across personal information of individual users released by our customers to us when performing various marketing services, such as mobile phone numbers and member account names and numbers. While we do not proactively or directly collect any user-specific or device-specific data, any personal information we come across can be sensitive and subject to strict requirements under the applicable regulations in the PRC. Specifically, laws and regulations regarding data privacy and protection in China are generally complex and evolving, and the interpretation and application of such laws and regulations can be uncertain. On 14 November 2021, the Cyberspace Administrative of China (國家互聯網信息辦公室) published the Draft Internet Data Security Regulations, which requires data processing operators to apply for a cybersecurity review in accordance with relevant regulations when they carry out certain activities, including the proposed listing of the data processor in Hong Kong that affects or may affect national security.

As at the Latest Practicable Date, the Draft Internet Data Security Regulations were released for public comment only and their operative provisions and the effective date remain uncertain. If the final version of the Draft Internet Data Security Regulations has a wider scope of application, we may be subject to review when conducting data processing activities, and may face challenges in addressing its requirements and make necessary changes to our internal policies and practices in data processing. Any actual or alleged failure to comply with the evolving data privacy and protection laws and regulations could damage our reputation and negatively affect our business operation and financial position.

While we have put in place appropriate physical, electronic, and managerial procedures to safeguard and secure our data assets, we may fail to avoid misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of personal data due to human error, employee misconduct or system breakdown. We also cooperate with our suppliers, to whom we may pass on the personal information received from our customers, in providing our services. Any leakage or abuse of personal data by our suppliers may be perceived by our customers and/or individual users as a result of our failure. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy-related legal obligations, or any compromise of information security that results in the unauthorised release or transfer of any personally identifiable information, could cause our customers to lose trust in us and could expose us to legal claims. Whilst we have made efforts to ensure our compliance with the applicable privacy laws and regulations, we may not be capable of adjusting our internal policies in a timely manner and any failure to comply with such laws and regulations could also result in regulatory enforcement actions against us.

Our revenue from advertisement placement services is subject to rebates to be granted to us by the media publishers.

We have introduced our advertisement placement services as part of our marketing and promotion services in 2021. For the transactions of our advertisement placement services where we directly contract with media publishers, our revenue was subject to rebates from the media publishers. The amount of rebates granted to us is determined by the media publishers based on numerous factors including the applicable rebate policy adopted by the media publishers, the gross spending of our customers and other discretionary incentive programs set up by the media publishers. However, we cannot assure that the rebates granted to us by the media publishers will be maintained at a stable level. If there is any change in the rebate policy of the media publishers or if we were not able to achieve the performance targets set by the media publishers, the rebates received by us may reduce and our profitability of the advertisement placement services and our results of operations may be adversely affected.

Our collection of data is currently limited to our past performance record, and we may be placed in a disadvantaged position against other online marketing platforms that use SDK integration.

We currently assist enterprise advertisers to select suitable media agents and/or marketing channel providers by taking into account various factors such as past performance record and fee quoted by channel agents and marketing channel providers, the relationships of our channel agents with different marketing channel providers, familiarity with the interest of target users, user acquisition and activation needs for different industries in their local markets. At present, some online marketing service providers have shifted to using SDK integration to collect data. SDK can collect more types of data, such as data about the user's device environment information, types of apps installed on users' mobile devices, geographical location and impression data. In order to plan and optimise marketing campaigns and effectively provide performance-based marketing services, we need to access and analyse such information. Through SDK integration, there will also be a better and more precise audience targeting outcome. However, the installation of SDK requires higher cost, more technical capability and more time spent for coding, debugging and testing. After the [**REDACTED**] and as our services expand, we may seek to connect with channel agents and marketing channel providers through SDK integration, which requires channel agents and marketing channel providers to install in order to provide us further comprehensive data.

If we fail to develop capabilities to integrate SDK or other forms of connection that may become available in the future, we may lose our competitive positioning and our business will be adversely affected.

If we cannot procure the latest or new types of virtual goods through our third-party virtual goods suppliers, our operations and financial condition could be materially adversely affected.

We facilitate the sale of virtual goods offered by virtual goods suppliers and do not produce virtual goods or services ourselves. This exposes us to the risk that we may not be able to procure the latest or new types of virtual goods from virtual goods suppliers, which could make our service less attractive to our customers, including both virtual goods procurement agents and enterprises. We have been continually reviewing and increasing the number of the virtual goods we can offer to our customers. The types of virtual goods available on our Rego Virtual Goods Platform increased from four in FY2019 to over 40 in FY2020. However, if we fail to further diversify and increase the number of our virtual goods to meet the evolving demands of our customers, our business, results of operations and financial condition could be materially adversely affected.

If we fail to enhance and introduce new services to keep up with technological developments or new business models of the marketing and promotion services industry, or to cope with the changing requirement of enterprise advertisers, our business, financial condition and results of operations may be materially and adversely affected.

The Internet and online marketing industries are rapidly evolving and is subject to continuous technological development and changing demands from enterprise advertisers. We may not be able to develop and promote new services to address the emerging online markets in order to maintain our competitive position. If we do not adapt our services to such changes in an effective and timely manner, we may lose enterprise advertisers and advertising agents who currently use our services.

Furthermore, changes in technologies or new business models may require substantial investments in IT infrastructure and other aspects of our operations. Our investments may not be successful due to a variety of reasons such as technical hurdles, inaccurate predictions of market demand or a lack of necessary resources. Failure to keep up with technological development or new business models of the online marketing industry or the changing requirements of enterprise advertisers may result in our services being less attractive to existing or potential enterprise advertisers, which in turn, may materially and adversely affect our business, results of operations and prospects. If we are unable to successfully react to such technological development or business model, our business, results of operations and prospects may be materially and adversely affected.

Any breaches to our security measures, including unauthorised access to our API connections, computer viruses and hacking, may adversely affect our operation, and damage our reputation.

We are potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions. Any accidental or wilful security breaches or other unauthorised access to our API connections, our system or the systems of third-party cloud service providers that store our data could cause confidential information to be stolen and used for illegal purposes. Security breaches or unauthorised access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third party action, employee error, and malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with our customers and our suppliers could be severely damaged. We could incur significant liability and our business and operations could be adversely affected. While we have adopted measures to comply with the applicable laws, regulations and standards, there can be no assurance that such measures will be effective. If we were found by any regulatory authorities to have failed to comply with applicable data security laws and regulations, we would be subject to warnings, fines, confiscation of illegal gains, revocation of licences, cancellation of filings, shutdown of our business operations or even criminal liability and our business, financial condition and results of operations would be adversely affected.

If our API connections or any additional platforms that we may develop in the future or our IT systems is interrupted or contains undetected errors, our business could be adversely affected.

Our business operations rely on API connections and our IT systems. We may develop additional platforms or IT systems in the future for our business. The API connections and our IT systems that we rely on may now or in the future contain undetected errors or bugs which may lead to failure or non-performance of key functions of the API connections and our IT systems which are key to our operations. Errors or other design defects within the API connections and our IT systems on which we rely may result in a negative experience for our customers and suppliers, delay introductions of new features or enhancements, result in errors or compromise our ability to protect data or our intellectual property. Any errors, bugs or defects discovered in the API connections and our IT systems on which we rely could result in harm to our reputation, loss of customers or suppliers or liability for damages. In addition, since we rely on the performance of our suppliers (i.e. media agents and marketing channel providers) to deliver the advertisements, any interruption or failure of their information technology and communications systems may undermine the effectiveness of our marketing and promotion services and cause us to lose customers. Any of these incidents could adversely affect our business, results of operations and financial conditions.

We may be subject to intellectual property infringement claims, which may be time consuming and costly to defend.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may from time to time in the future be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products, services or other aspects of our business without our knowledge. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in various jurisdictions. If any third party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits.

Additionally, the application and interpretation of intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights are evolving and may be uncertain, and we cannot assure you that courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and financial performance may be materially and adversely affected.

Seasonal fluctuations in marketing activities could have a material impact on our revenue, cash flow and operating results.

Our revenue, cash flow, operating results and other key operating and performance indicators could be subject to seasonal fluctuations of enterprise advertisers' marketing spending on marketing campaigns. For example, many enterprise advertisers allocate the largest portion of their budgets during festive seasons when increased consumer spending is expected. Moreover, service fees paid to our suppliers in holiday seasons may be more expensive due to increased demand for advertisement inventories offered by marketing channel providers. We expect our revenue to continue to fluctuate based on seasonal factors that affect the online marketing industry and virtual goods industry as a whole. Our historical revenue growth and the evolution and development of our business during the Track Record Period may have masked the impact of seasonality, but if our growth rate declines or seasonal marketing spending becomes more pronounced, seasonality could have a material impact on our revenue, cash flow and operating results from period to period.

If we are unable to identify and consummate acquisition opportunities, it may impair our ability to implement our strategies; if we consummate such acquisitions, we may be exposed to additional risks.

We have acquired a number of businesses in recent years. We expect to continue to pursue acquisitions opportunities in marketing and related industries in order to promote our principal business of marketing and promotion services and the user traffic of our platforms. However, we may be unable to identify suitable acquisition targets which are consistent with our business strategies. In addition, our ability to consummate acquisitions is subject to a number of risks and uncertainties. Even if we are able to consummate acquisitions, our ability to successfully grow our business through such acquisitions involves significant challenges and risks, including:

- difficulties integrating into our operations the personnel, operations, services, technology, internal controls and financial reporting of companies we acquire;
- disrupting our ongoing business, distracting our management and employees and increasing our expenses;
- actual or alleged misconduct or non-compliance by any company we acquire that occurred prior to our acquisition, which may lead to negative publicity, government inquiry or investigations against such company or against us;
- unforeseen or hidden liabilities or costs that may adversely affect us following our acquisition of such targets; and
- challenges in achieving the expected benefits of synergies and growth opportunities in connection with these acquisitions and investments.

Consequently, there can be no assurances that any acquisitions will materialise or that any acquisitions we consummate will not have an adverse impact on our business results of operations and reputation.

Our plan to advance and expand our SaaS enterprise marketing service platform is untested and may not succeed.

We intend to advance and expand our SaaS enterprise marketing service platform, which is intended to connect offline retail stores in specific industries to form a network that could ultimately be transformed into a national marketing service system with full coverage across the PRC. Our Directors consider that if a sufficiently large number of retail store operators participate in our SaaS enterprise marketing service platform, we will have the prospect of establishing an external platform of our own with considerable user traffic, and the network of retail stores connected could in turn also form a vast channel with appreciable traffic built around their respective customer base, both of which will constitute valuable resources that we may use to conduct our marketing and promotion services business (including both online and offline marketing activities) on a national scale. Leveraging our access to the vast network of lottery sales points in the PRC resulting from our strategic acquisition of Xi'an Tiantai, our SaaS enterprise marketing service platform will initially cover lottery retail stores. Please see "Business — Our Business Strategies — Developing and operating our SaaS enterprise marketing service platform as a means to expand our marketing channels" in this document for further details.

This plan has not previously been tested or implemented by us. Marketing services through offline retail stores, especially when concentrated in specific industries, may not be popular or yield effective results as marketing trends evolve over time. The operation of the platform may be subject to unforeseen technical issues which may significantly impact our customers' user experience and our brand image, and may cause substantial disruption to our business operations. Further, given the strict regulations on the PRC lottery industry, we may face substantial restrictions on the development of the platform from its initial stage shall the government tighten its control on the industry.

Our results of operations, financial condition and prospects may be adversely affected by fair value changes in our financial assets at fair value through profit or loss.

During FY2019 and FY2020, to improve returns on our excess liquidity, we have invested in certain wealth management products classified as financial assets at fair value through profit or loss ("**FVTPL**"), which mainly included non-principal guaranteed commercial bank wealth management products issued by major and reputable financial institutions in the PRC. During FY2019 and FY2020, we have acquired financial assets at FVTPL in the aggregate amount of RMB75.1 million and RMB99.5 million, respectively, majority of which were redeemable on demand or with maturity of less than three months. As our wealth management products were matured or were being disposed by us during each of the financial year during the Track Record Period, we did not record any financial assets at FVTPL as at 31 December 2019 and 2020.

The values of financial assets at FVTPL are marked to market which may be uncertain due to the use of unobservable inputs. The net changes in their fair value are recorded as our operating income or loss, and therefore directly affects our results of operations. During FY2019 and FY2020, we recorded gain on financial assets at FVTPL of RMB0.6 million and RMB0.7 million, respectively. We did not incur any fair value losses for financial assets at FVPTL during the Track Record Period. However, we cannot assure you that we will not incur any such fair value losses in the future, whether due to the uncertainty in valuation of financial assets at FVTPL or otherwise. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

The non-recurring nature of government grant may adversely affect our business, financial condition and results of operations.

During the Track Record Period, we enjoyed the tax incentives on input value-added tax according to the related regulations in the PRC. There are no unfulfilled conditions related to these government grants. For the years ended 31 December 2019, 2020 and 2021, we received government grants of approximately RMB3.1 million, RMB4.3 million and RMB4.0 million, respectively, from the PRC local government authorities as reimbursement of our Group's research and development activities. Please refer to the section headed "Financial Information — Description of Selected Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other Income and Other Gains or Losses" and Note 8 to the Accountants' Report for details.

We cannot assure you that we will be able to receive such government grants in the future as the availability and conditions of the government grants are subject to the discretion of the local government and may be affected by changes in the government policies. If there is any unexpected changes in the relevant government policies, we may cease to be eligible for such government grants accordingly. As government grants contributed to our income and profitability during the Track Record Period, the non-recurring nature of the government grants available to us may affect our Group's source of income and profitability. Our business, financial condition and results of operations may be adversely affected accordingly.

Our non-compliance with certain laws and regulations regarding social insurance and the housing provident fund in the PRC could lead to the imposition of fines and penalties on us.

Under the relevant PRC laws and regulations, we are required to contribute to certain employee social welfare schemes, including social insurance and the housing provident fund. During the Track Record Period and up to the Latest Practicable Date, certain of our PRC subsidiaries failed to make full contributions to social insurance and housing provident fund in accordance with the applicable PRC laws and regulations. The estimated aggregate shortfall of social insurance and housing provident fund contributions for FY2019, FY2020 and FY2021 amounted to approximately RMB1.4 million, RMB2.0 million and RMB3.4 million, respectively. According to the applicable PRC laws and regulations, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions and may impose penalties for our past non-compliance. If we were ordered by the relevant PRC authorities to pay the outstanding contributions for social insurance and hosing provident fund and/or penalties, our cash flows and financial positions may be adversely affected.

Our insurance coverage may be inadequate to cover all significant risk exposures.

During the Track Record Period, we have maintained limited insurance policies covering certain potential liabilities which may arise from our business operations. In line with industry practice, we have elected not to maintain certain types of insurance, such as business interruption insurance, product liability insurance, insurance policies covering damages to our network infrastructure or information technology systems, or insurance policies for our properties.

There can be no assurance that such insurance coverage will be available or sufficient to cover all of our risk exposures of our business operations. Our existing liability insurance contains exclusions and limitations in relation to its coverage. In addition, insurance may not continue to be available to us at economically acceptable premiums. If insurance coverage is unavailable or insufficient to cover any such risk exposures, we may incur substantial costs and diversion of our resources which, in turn, could materially and adversely affect our business, financial condition and results of operations.

We face risks related to natural disasters, health epidemics, and other public safety concerns.

Our business could be materially and adversely affected by natural disasters, health epidemics or pandemic of infectious diseases (including without limitation, COVID-19) or other public safety concerns. 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 operate our business and provide solutions. Our business could also be adversely affected if our employees are affected by health epidemics or pandemics. In addition, our results of operations could be adversely affected to the extent that any health epidemic or pandemic harms the national economy in general. The outbreak of COVID-19 in China has resulted in numerous confirmed cases and deaths. Any future outbreak of COVID-19, avian flu or other similar adverse epidemics or pandemics may, among others, significantly disrupt our business. If there is any disruption to transportation or even our office is forced to close during our usual operating hours, our normal business operations including promotion and advertising services may be delayed to the extent that the marketing campaigns are not managed by automatic rules operated by our API connections. The frequency and magnitude of effect brought by these risks are beyond our control and we could not guarantee that our IT infrastructure that allow for remote access of computer systems could adequately support our business operations. Also, the outbreak may severely affect and restrict the level of economic activity as the government may impose regulatory or administrative measures quarantining affected areas or other measures to control or contain the outbreak of the infectious disease, which in turn may have a material and adverse effect on our business, financial position and results of operations. There is also no assurance that the COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations. To minimise the impact of the COVID-19 outbreak, we have also implemented company-wide self-protection policies for employees to either work remotely or onsite with protective measures. Currently, most of our management and employees reside in Hangzhou and Xi'an. Consequently, if any natural disasters, health epidemics or pandemics or other public safety concerns were to affect Hangzhou and/or Beijing or in our other offices in the PRC, our operations may experience material disruptions, which may materially and adversely affect our business, financial conditions and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Changes in China's economic, political, and social conditions, as well as government policies may have an adverse effect on us.

Our operations are conducted in China. All our customers and suppliers are companies operating business in the PRC. Accordingly, PRC economic, political, and social conditions, as well as government policies significantly affect our business, financial condition, results of operations, and prospects. The Chinese economy differs from the economies of most developed countries in many respects, including the structure, degree of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. While the Chinese economy has experienced significant growth in the past decades, growth has been uneven both geographically and across different sectors.

The PRC Government exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Any adverse change in the economic, political and social conditions as well as government policies in the PRC laws, regulations and policies could materially and adversely affect China overall economic growth, and such impact could adversely affect our businesses, leading to a reduction in demand from advertisers, which could adversely affect our competitive position.

The legal system of China is not fully developed, and inherent uncertainties may affect the protection afforded to our business and our Shareholders.

The legal system in China is a civil law system based on written statutes and PRC laws and regulations are interpreted by the Standing Committee of the NPC. Unlike common law systems, it is a system in which decided legal cases have little precedential value. The legal system in China evolves rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies. In addition, PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms. Therefore, it is difficult to evaluate the outcome of administrative and court proceedings and the actual level of legal protection we enjoy. These uncertainties may affect our judgement on the relevance of legal requirements and our decisions on the measures and actions to be taken to comply therewith, and may affect our ability to realise our rights under laws in connection with contract or tort. Further, we cannot predict the effect of future legal developments in China, particularly with regard to internet-related industries, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-exemption of local regulations by national laws. We cannot therefore assure that we will enjoy the same level of legal protection in the future, nor such new laws and regulations will not affect our operations, causing adverse effects on our financial condition and results.

PRC governmental control of currency conversion may limit our ability to utilise our revenue effectively and affect the value of [REDACTED].

The PRC Government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of money out of China. Shortages in the availability of foreign currency may restrict the ability of Hangzhou Rego to remit sufficient foreign currency to pay dividends or other payments to our Company, or otherwise satisfy the foreign currency-denominated obligations. Approval or registration from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

The PRC Government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Under existing PRC foreign exchange regulations, payment of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currencies and remitted out of China to pay capital expenses. The PRC Government may also exercise its discretion to restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

Fluctuations in exchange rate of the Renminbi may materially and adversely affect [REDACTED].

The conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, is based on rates set by the People's Bank of China. On 30 November 2015, the Executive Board of the International Monetary Fund completed the regular five-year review of the basket of currencies that make up the Special Drawing Right (the "**SDR**") and decided that with effect from 1 October 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen, and the British pound. With the development of the foreign exchange market and progress toward interest rate liberalisation and Renminbi internationalisation, the PRC Government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or the U.S. dollar in the future.

The [**REDACTED**] from the [**REDACTED**] are expected to be deposited overseas in currencies other than Renminbi. In case we decide to use a portion of the [**REDACTED**] in the PRC, we need to obtain necessary approvals and filings from relevant PRC regulatory authorities to convert these [**REDACTED**] into onshore Renminbi. If the [**REDACTED**] cannot be converted into onshore Renminbi in a timely manner, our ability to deploy these [**REDACTED**] efficiently may be affected, as we will not be able to invest these [**REDACTED**] on RMB-denominated assets onshore or deploy them in uses onshore where Renminbi is required, which may adversely affect our business, results of operation and financial condition.

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

The majority of our Directors and senior management reside in China and their assets may also be substantially located in China. Accordingly, it may not be possible for investors to effect service of process from outside China upon us or these persons or to enforce against us or them in China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan, and many other countries or jurisdictions. Therefore, the recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult or even impossible.

The Supreme People's Court of the PRC and the Government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院互相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**") on 14 July 2006, and further signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"). The 2019 Arrangement establishes a bilateral legal mechanism with greater clarity and certainty for reciprocal recognition and enforcement of judgments between Hong Kong and the PRC in civil and commercial matters under both Hong Kong and PRC law. The 2019 Arrangement will only take effect on a date to be announced by Hong Kong and China, after both places have completed the necessary procedures to enable implementation and will apply to judgments made by the courts of Hong Kong and China on or after the commencement date of the 2019 Arrangement. Upon effective date of the 2019 Arrangement, the 2006 Arrangement will be superseded. However, the 2006 Arrangement will remain applicable to a "choice of court agreement in writing" within the meaning of 2006 Arrangement which is made before the effective date of 2019 Arrangement. Although the 2019 Arrangement has been signed, it remains unclear as to its effective date and uncertain as to the outcome and effectiveness of any action brought under the 2019 Arrangement.

Any termination of, or changes to, the preferential tax treatment that we enjoy could adversely affect our profitability

We enjoyed certain preferential tax rates in relation to our operations during the Track Record Period. Certain current and former members of the Group, including Hangzhou Rego, Zhejiang Runye, Jiangxi Yunjia and Xi'an Tiantai, were entitled to preferential tax treatment as a results of their accreditation as software enterprises and high and new technology enterprises. In addition, as enterprises engaging in research and development activities, certain member of our Group was entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses and our estimated deduction to be claimed thereunder was amounted to RMB2.0 million, RMB2.9 million and RMB3.9 million, respectively. As a result of the preferential tax treatment enjoyed by our Group, including but not limited to the foregoing, our effective income tax rate, which is calculated by dividing income tax expenses by profit before income tax for the same period, was approximately 4.5%, 8.9% and 12.7% for FY2019, FY2020 and FY2021, respectively. However, there is no assurance that we will continue to enjoy preferential EIT rates or be entitled to preferential tax treatment in the future. The discontinuation of any preferential tax treatment currently available to us would cause our effective tax rate to increase, which could have an adverse effect on our results of operations.

We may be classified as a PRC resident enterprise for PRC income tax purposes, which could result in unfavourable tax consequences to us and our non-PRC Shareholders.

Under the PRC EIT Law, and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC 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 define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In 22 April 2009, the SAT issued the Circular of the SAT on Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the Actual Standards of Organisational Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) implemented from 1 January 2008 (the "**SAT Circular 82**"), which provides certain specific criteria for recognising the "de facto management body" when all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organisations or personnel in China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China. Further to Circular 82, the SAT issued Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (《境外註冊中資控股居民企業所得稅管理辦法(試行)》) (the "**Bulletin 45**"), which took effect on 1 September 2011, to clarify the reporting and filing obligations of such "Chinese-controlled offshore incorporated resident enterprises."

Circular 82 and Bulletin 45 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general, however, these rules apply only to offshore enterprises controlled by PRC enterprise, not those invested in or controlled by PRC individuals, like our type. Currently there are no further detailed rules or precedents applicable to us. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations.

Laws and regulations governing the internet industry and related businesses in China are evolving and may involve significant uncertainty.

The PRC Government extensively regulates the internet industry, including the foreign ownership of, and the licensing and permit requirements pertaining to, companies in the Internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. In addition, risks and uncertainties relating to PRC regulation of internet businesses include new laws, regulations or policies may be promulgated or announced that will regulate internet activities, including online marketing businesses. If these new laws, regulations or policies are promulgated, additional licences may be required for our operations. If our operations do not comply with these new regulations after they become effective, or if we fail to obtain any licences required under these new laws and regulations, we could be subject to penalties and our business operations may be disrupted.

Enforcement of stricter labour laws and regulations may adversely affect our business and our profitability.

As at 31 December 2021, we had a total number of 182 employees and all of them were located in our offices in China. We have been subject to stricter regulatory requirements in terms of entering into labour contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees.

Pursuant to the PRC Labour Contract Law (《中華人民共和國勞動合同法》) and its implementation rules, employers are subject to stricter requirements in terms of signing labour contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labour contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labour practices, the PRC Labour Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees.

As the interpretation and implementation of labour-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labour-related laws and regulations in China, which may subject us to labour disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labour-related law and regulations regarding including those relating to obligations to make social insurance payments and contribute to the housing provident fund. If we are deemed to have violated relevant labour laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

If we receive dividends from our subsidiaries in the PRC, such dividends may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our Shareholders.

We are a holding company incorporated under the laws of Cayman Islands and have subsidiaries in the PRC, from which we may receive dividends. Pursuant to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), a withholding tax rate of 10% currently applies to dividends paid by a PRC "resident enterprise" to a foreign enterprise, unless the jurisdiction of the foreign investor's tax residence has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Double Tax Avoidance Arrangement and relevant PRC tax laws on the interpretation of the Arrangement, a preferential withholding tax rate of 5% may apply if the PRC enterprise is at least 25% held by the Hong Kong enterprise for at least 12 consecutive months prior to distribution of the dividends and certain other conditions, e.g., the beneficial ownership requirement, are met. Furthermore, under the Announcement of the SAT on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (《國家稅務總局關於發佈<非居民納稅人享受稅收協定待遇管理辦法>的公告》), which was issued in August 2015, the applicant for the preferential withholding rate is required to make a recordal with its in-charge tax authority and submit all the requisite application materials. No government approval for the application is required, although the relevant tax authorities may challenge the applicability of the preferential withholding rate later on. Please see "Regulatory Overview — Part II Summary of Regulatory Legislation — VII. Regulations on Taxation Supervision" in this document for further details. We cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment will not be challenged by the relevant PRC tax authority or we will be able to complete the necessary filings with the relevant PRC tax authority and enjoy the preferential withholding tax rate under the Double Taxation Arrangement with respect to dividends to be paid by our PRC subsidiaries to our Company.

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

Our Company is a holding company incorporated in the Cayman Islands and our business operations are conducted through our subsidiaries in the PRC. Therefore, the availability of funds to pay dividends to our Shareholders and to service any of our indebtedness depends on dividends received from these subsidiaries. If our subsidiaries incur any debt or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends or other distributions and to service our indebtedness will be restricted. PRC law requires that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC law also requires foreign invested enterprises, such as our subsidiaries in China, to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends.

PRC regulations on loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from making loans or additional capital contributions to our PRC entities.

As an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Such loans to our subsidiaries in China and capital contributions are subject to PRC regulations and approvals. For example, loans by us to our subsidiaries cannot exceed statutory limits and must be registered with SAFE or its local branch. Capital contributions to our PRC subsidiaries must be approved by or filed with the PRC Ministry of Commerce or its local counterpart. In addition, the PRC Government also restricts the convertibility of foreign currencies into Renminbi and use of the [**REDACTED**] in case we use a portion of the [**REDACTED**] in China. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. Violations of the applicable circulars and rules may result in severe penalties, including substantial fines as set forth in the PRC Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》). If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

RISKS RELATING TO THE [REDACTED]

If we fail to comply with the applicable PRC laws or the Gambling Ordinance (Chapter 148 of the Laws of Hong Kong), the Stock Exchange may suspend the dealings in our Shares or cancel our [REDACTED].

During the Track Record Period, we had engaged in the sale of lottery tickets through offline shops. Our revenue generated from the sale of lottery tickets represented less than 2.0% of our total revenue in each year during the Track Record Period. As confirmed by our PRC Legal Advisers, we have obtained all necessary licences issued by the relevant lottery centres operated by the PRC government and we have complied with all the applicable laws and regulations in respect of our sale of lottery tickets in all material respects. For details, please see "Regulatory Overview" in this document. Nevertheless, if our licences for the sale of lottery tickets are revoked by the relevant government authorities or we are unable to renew such licences after expiry, any continued sale of lottery tickets by us may not be in compliance with the applicable laws in the PRC. Pursuant to Guidance Letter HKEX-GL71-14, if our sale of lottery business tickets (i) fail to comply with the applicable laws in the areas where such activities operate (namely, PRC), and/or (ii) contravene the Gambling Ordinance (Chapter 148 of the Laws of Hong Kong), we or our business may be considered unsuitable for [**REDACTED**] under Rule 8.04 of the Listing Rules. Depending on the circumstances of the case, the Stock Exchange may require us to take remedial actions, and/or may suspend the dealings in, or may cancel the [**REDACTED**] of, our Shares pursuant to Rule 6.01 of the Listing Rules.

There has been no prior public market for the Shares and an active trading market may not develop.

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

The trading price of our Shares may be volatile, which could result in substantial losses to you.

The price and trading volume of our Shares may be volatile as a result of the following factors, as well as others, which are discussed in this section or elsewhere in this document, some of which are beyond our control:

- actual or anticipated fluctuations in our results of operations;
- news regarding recruitment or loss of key personnel by us or our customers;

- announcements of competitive developments, acquisitions or strategic alliances in our industry;

- changes in earnings estimates or recommendations by financial analysts;

- potential litigation or regulatory investigations;

- changes in general economic conditions or other developments affecting us or our industry;

- price movements on international stock markets, the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and

- release of lock-up or other transfer restrictions on our outstanding Shares or sale or perceived sale of additional Shares by us, the Controlling Shareholders or other Shareholders.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related or disproportionate to the operating performance of particular companies. Any such developments may result in large and sudden changes in the trading volume and price of our Shares. We cannot assure you that these developments will not occur in the future.

Investors will experience immediate dilution.

As the [**REDACTED**] of our Shares is higher than the consolidated net tangible assets per share immediately prior to the [**REDACTED**], purchasers of our Shares in the [**REDACTED**] will experience an immediate dilution. Our existing Shareholders will receive an increase in the pro forma 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.

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

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

The market price of our Shares when trading begins could be lower than the [REDACTED] as a result of, among other things, adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

The [**REDACTED**] will be determined on the [**REDACTED**]. However, the [**REDACTED**] will not commence trading on the Stock Exchange until they are delivered, which is expected to be a few business days after the [**REDACTED**]. As a result, investors may not be able to sell or otherwise deal in the [**REDACTED**] during that period. Accordingly, holders of the [**REDACTED**] are subject to the risk that the price of the [**REDACTED**] when trading begins could be lower than the [**REDACTED**] as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

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

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

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

The amount of dividends actually distributed to our Shareholders will depend on our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, Shareholders' interests and such other conditions and other factors that our Directors may deem relevant and will be subject to approval of our Shareholders. Our Board has the absolute discretion to recommend any dividends. Please see "Financial Information — Dividends and Dividend Policy" in this document for further details. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. Our future payments of dividends will be at the absolute discretion of our Board. We cannot assure you when or whether we will pay dividends in the future.

We have not independently verified certain facts, forecasts and other statistics obtained from various government publications contained in this document.

Certain facts, statistics, and data in this document are derived from official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. While our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by us, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the Controlling Shareholders, any of their or our Company's respective directors, officers or representatives, or any other person involved in the [**REDACTED**]. Therefore none of them makes any representation as to the accuracy or completeness of such facts, statistics, and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice, and other problems, the statistics in this document may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance 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, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Investors should read the entire [REDACTED] carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this document.

There may be, subsequent to the date of this document but prior to the completion of the [**REDACTED**], press and media coverage regarding us and the [**REDACTED**], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. We have not authorised the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their [**REDACTED**] on the basis of the information contained in this document only and should not rely on any other information.

You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in Hong Kong in making [**REDACTED**] regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our [**REDACTED**]. By applying to purchase our Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the [**REDACTED**].

Investors may experience difficulties in enforcing Shareholder rights.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where investors may be located. The corporate affairs of our Company are governed by the Memorandum and the Articles, the Cayman Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Company and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to our Company under Cayman Islands laws 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. Shareholders may have different remedies in exercising their rights in the face of actions taken by the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions.

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

Our management may spend the [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favourable return. For details of our intended use of [**REDACTED**], please refer to "Future Plans and Use of [**REDACTED**]" in this document. However, our management will have discretion as to the actual application of our [**REDACTED**]. You are entrusting your funds to our management, upon whose judgement you must depend, for the specific uses we will make of the [**REDACTED**] from the [**REDACTED**]. We will make appropriate announcement and comply with all applicable requirements under the Listing Rules in the event that we change the [**REDACTED**] as disclosed in this document.