RISK FACTORS

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

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

There are certain risks involved in our operations and many of these risks are beyond our control. These risks can be characterised as: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the [REDACTED]. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS

If we fail to meet our customers' requirements of our services to suit their evolving needs, our customers may not renew our services, which, in turn, will have a material and adverse impact on our business, financial condition, results of operations and prospects.

To date, our business growth has been based on our ability to identify and anticipate the needs of our customers, in particular market-leading FMCG customers, and to provide services that empower the digitalisation and systemisation of offline commerce. Our ability to attract new customers, retain existing customers and increase sales to both new and existing customers will depend, to a large extent, on our ability to offer services that meet our customers' requirements. Customers' requirements may include (i) requiring an end-to-end sales and marketing management system, which has high accuracy and can get through and extract data with consistent data tags from other software and systems such as marketing management system, finance system or employee management system; (ii) obtaining a set of data, such as offline retail stores' potential market size and capability to achieve sales and macro market data, to assist its planning of business expansion and evaluation of the surrounding offline retail network and resources allocation; and (iii) comprehensively upgrading performance management system of dispersedly located points of sale and touchpoints and fully implementing a new salary system which is based on sales performance for touchpoints. For further details, see "Business — Our service offerings". To the extent we are not able to provide services that meet our customers' requirements, or we are not able to improve and enhance the performance, reliability, design and scalability of our services in a manner that responds to our customers' evolving needs, our existing customers may not continue to engage for or renew our services, and our business, financial condition, results of operations, and prospects will be adversely affected.

Our efforts to develop new digitalised tools or functionalities or maintain and/or improve our technology infrastructure may not succeed. If so, we may not be able to provide services that are satisfactory to our customers, which, in turn, could harm our business and prospects.

The provision of our services requires support from our digitalised tools and FMES platform, which we continuously refine and upgrade. We continuously improve, upgrade and enhance the functionality, performance, reliability, design, security and scalability of our digitalised tools and FMES platform. However, developing new digitalised tools and functionalities and maintaining and upgrading our technology infrastructure require significant investments of time and resources. Sometimes, our in-house R&D department may take months to update, code and test new or upgraded digitalised tools or functionalities. We may experience difficulties with developments in technology that could delay or prevent the development, introduction or implementation of new services. We may also experience problems with the functionality and effectiveness of our FMES platform and digitalised tools, or may be unable to maintain and continuously improve our technology infrastructure to handle our business needs. In addition, since our services are provided to customers from different industries, we may need to modify or enhance our digitalised tools to better accommodate any specific needs of our certain customers. We may not be successful in developing either these modifications or enhancements in a timely manner. Further, uncertainties regarding the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development or service delivery expenses. Any failure to develop new digitalised tools or functionalities or maintain or improve our technology infrastructure could result in our failure to provide digitalised sales and marketing services that are satisfactory to our customer, unanticipated system disruptions, slower response times or impaired customers experience, and our business, financial condition, results of operations, and prospects will be adversely affected.

We operate in a relatively competitive market and may not be able to compete successfully against our existing and future competitors. In addition, we obtain some of our revenue through competitive tender or quotation process. There is no assurance that we will succeed in the tender or quotation process.

According to the Frost & Sullivan Report, China's retail sales and marketing services market is relatively competitive. By the end of 2021, the Company, with revenue of approximately RMB416.3 million in 2021, accounted for approximately 0.03% in the FMCG retail sales and marketing services market. In addition, the Company accounted for approximately 0.02% of the overall retail sales and marketing market in the PRC in 2021. We face competition in various aspects of our business, including tendering and quotations process, research and development capabilities, customer services and retention, talents, brand awareness, commercial relationships and financial, technical, marketing and other resources.

We are subject to various threats and challenges. Our Directors are of the view that the sales and marketing services in China is relatively competitive, with a large number of participants with different skills and backgrounds. With the increasing demand for more diverse, integrated and data tracking marketing services and higher standards of data collection and more complicated sales and marketing scenario, market participants are under pressure to strengthen their competitive advantages through cross-industry or intra-industry mergers and acquisitions. Also, cyclical volatility in retail industry caused by external macroeconomic conditions can negatively impact brand owners' operations, leading to a reduction in their marketing spending, which in turn result in increasingly fierce competition for limited customer resources.

There is no guarantee that in the future, we will succeed in the tender or quotation process. If we receive a poor performance review in respect of our previous services, it may lead to a poor evaluation and this may affect our success rate for future tenders and quotations. There is no assurance that our overall score under the evaluation system of our customers will not reduce. Therefore, we may not be granted tender or quotation and our reputation, business operations and financial results may be adversely impacted.

Our competitors may be able to develop products better received by brand owners, distributors, points of sale and/or touchpoints or may be able to respond more quickly and effectively to new business opportunities and changing technologies, regulations and customers' needs. In addition, some of our competitors may quickly expand their existing customer base and adopt more aggressive pricing policies and offer more attractive pricing terms. This could cause us to lose potential customers or compel us to sell our services at lower prices to remain competitive, which may have a material adverse impact on our results of operation and financial condition. We may be subject to more competition if any of our competitors enter into business partnerships or alliances or raise significant capital, or if established companies from other market segments or geographical markets expand into our market segment or geographical market. Any existing or potential competitor may also choose to operate based on a different pricing model or lower their price in order to increase their market share. If we are unable to compete successfully against our current or potential competitors, our business, financial condition, and results of operations may be materially and adversely impacted.

Our financial results of matching service depend on, among others, performance of salespersons/frontline staff which can be adversely affected by a number of factors, some of which may be beyond our control.

Under matching service, if the sales performance of the salespersons could not meet the performance indicators (such as sales amounts of the offline retail stores or number of completed tasks) as set out in the service agreements entered into between us and our customers, we can only generate a minimal amount of revenue based on the fixed service fees. As such, our financial results depend on, among others, performance of salespersons, which can be adversely affected by a number of factors and some of the factors may be beyond our control. There is no guarantee that the salespersons could meet the performance indicators or in line with our and our customers' expectation. In particular, performance of salespersons depends on our ability to optimise the matching recommendations on touchpoint users of MiJob Square against tasks, as well as to effectively control the quality of services performed by salespersons and continuously incentivise salespersons to achieve better sales performance. Performance of salespersons might also be affected by factors which may be beyond our control, such as changes in consumer behaviour and preferences, reputation and popularity of our customers' merchandise, consumer experiences from shopping in particular offline retail stores, etc.

Our gross profit margin for matching service decreased from 39.1% for FY2019 to 32.2% for FY2020 and to 28.3% for FY2021, mainly due to the increase in labour service fees. Our gross profit margin for matching service decreased from 29.5% for 9M2021 to 26.2% for 9M2022 as cost of services increased at a higher rate than revenue, which was due to, among others, as affected by overall economic downturn, sales performance of offline retail stores involved under our matching service was affected, which in turn reduced our revenue from matching service that adopts a "performance-based" fee model.

If we are unable to provide satisfactory customer services, our business and reputation may be materially and adversely affected.

The success of our business depends on our ability to provide reliable and satisfactory customer services in a timely manner. However, there is no guarantee that we can provide satisfactory services to our customers or that we can maintain or further improve our customer retention rate. In addition, there is no assurance that our current turnover rate of staff will not increase, or the training provided to new staff will be sufficient to meet our standards, or that an influx of less experienced Group staff will not dilute the quality of our service offerings and/or customer services. If our staff fail to provide satisfactory services to customers, our brand and customer loyalty may be adversely affected. Moreover, any negative publicity or feedback regarding our customer service may damage our reputation and in turn result in the loss of customers and market share.

If our FMES platform contain serious errors or defects, we may lose our sources of revenue and our customers may lose confidence in our products and services. In addition, systems disruptions, distributed denial of service attacks, or other hacking and phishing attacks on our FMES platform, IT infrastructures or network systems may delay or interrupt services to our customers. We may incur significant costs defending or settling claims with our customers as a result of such serious errors or defects or disruptions.

Our FMES platform, IT infrastructures and network systems may be subject to system disruptions, computer virus and distributed denial of service (DDoS) attacks, a technique used by hackers to take an Internet service offline by overloading its servers and we cannot assure you that any applicable recovery system, security protocol, network protection mechanisms or other defence procedures are, or will be, adequate to prevent such network or service interruptions, system failures or data losses. Additionally, our IT infrastructure and network systems may also be breached if any vulnerabilities therein are exploited by unauthorised third parties. Our FMES platform, IT infrastructures and network systems are also vulnerable to damage or interruption from power outages, computer and telecommunications failures, security breaches and errors in usage by our staff. As at the Latest Practicable Date, there was no insurance policy to protect our FMES platform, IT infrastructures and network systems.

Given that FMES platform supports our provision of services, any error, defect, security vulnerability, service interruption, software issue, system disruption, DDoS against our FMES platform, IT infrastructures or network systems may require significant additional capital and management resources to resolve, causing material burden to our business. In addition, the said issues could result in losses to our customers. Our customers may lose confidence in the security of our services. They may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, our customers may share information about their negative experiences, which could damage our reputation and result in a loss of future sales. Even if unsuccessful, a claim brought against us by any of our customers would likely be time-consuming, costly to defend and may have a material adverse impact on our reputation and brand, making it harder for us to sell our products and services and adversely affect our business, results of operations and financial condition.

We derived a significant portion of our revenue from our major customers and we are exposed to the risk of concentration of our major customers during the Track Record Period.

A significant portion of our revenue was derived from a limited number of major customers during the Track Record Period. During the Track Record Period, the revenue derived from our top five customers contributed to RMB261.9 million, RMB269.2 million, RMB250.4 million and RMB307.7 million, representing 55.0%, 65.2%, 60.2% and 70.8% of our total revenue, respectively, and revenue derived from our largest customer contributed to RMB61.0 million, RMB71.2 million, RMB81.2 million and RMB107.2 million, representing 12.8%, 17.2%, 19.5% and 24.7% of our total revenue, respectively. These major customers may continue to account for similar or even higher proportion of our revenue in the future. As such, we face risks associated with having customer concentration in the future.

During the Track Record Period, we generally enter into framework agreements or fixed-term agreements with our customers. Our on-site solution and field force assignment projects awarded to us were typically on an as-needed basis. As such, our major customers are not obliged to continue to engage us in subsequent projects on terms favourable to us and/or at a level comparable to the past or at all.

There is no guarantee that we will be able to maintain our current business relationship with our major customers in the future. There is also no assurance that we will be able to diversify the composition of our customer base or to secure new business projects from new customers. Should there be any deterioration or discontinuation of business relationship with our major customers, our financial performance would be materially and adversely affected.

Any interruptions to or delays in services from third parties, such as labour service providers, event consumables suppliers and data service and related IT service providers, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business and results of operations.

We rely on third-party service providers, such as labour service providers, event consumables suppliers and data service and related IT service providers, in our provision of digitalised sales and marketing services. Our failure to obtain the necessary services from our suppliers in a timely manner could substantially limit our ability to provide our services to our customers. We have minimal control over the services provided by and operations of our suppliers. If our suppliers fail to provide relevant services to meet our current needs in an efficient and cost-effective manner or fail to adequately expand their services to meet our needs in the future, our ability to provide services to our customers may be limited.

In addition, we depend on our suppliers of cloud data service providers to maintain data assets accumulated on our FMES platform. Any damage to, or a failure of, cloud service providers generally, including systems of our third-party platform providers, could result in interruptions to our services. Interruptions to our services may cause us to issue credits or compensate our customers, or cause our customers to make warranty or other claims against us. Any of this would create a material and adverse effect on our attrition rates and our ability to attract new customers, all of which would reduce our revenue. Any security breach or other technological problem faced by our third-party cloud providers may thus disrupt our services and/or compromise the sensitive information we maintain, which could have a material adverse effect on our business and reputation and could result in legal claims and liabilities, which would have a negative impact on our results of operations and financial condition. Our business and reputation may also be harmed if our customers, or potential customers believe that our services are unreliable.

We engage suppliers to provide labour services in relation to third-party labour, who attend to on-site implementation of our services and thus, are important to our operations. However, we have limited control over such third-party labour. We may also subject to claims, lawsuits, arbitration proceedings, administrative actions and other legal and regulatory proceedings seeking to compensate third-party labour.

We engage third-party labour for on-site implementation of our services, in particular on-site solution, field force assignment and matching service. We do not have any employment or contractual relationship with third-party labour. Instead, we enter into service agreements with labour service suppliers, who engage touchpoints as employees or contractors. We do not directly pay third-party labour. Instead, we enter into service contract with labour service suppliers and pay them service fees, which in turn make payments of salaries/service fees to third-party labour. Since third-party labour does not have any employment relationship with us, they can choose whether or not to accept tasks published on our platform. Even though third-party labour is required to abide by service standards as stated in the tasks once they have accepted the same, we cannot assure you that third-party labour will deliver services up to our customers' standards as we have limited control over such third-party labour. Any failure in performance by such third-party labour in accordance with our instructions, policies and guidelines could materially and adversely affect customer satisfaction and our reputation.

According to our agreements with labour service suppliers, we have required our labour service suppliers to pay social insurance and housing provident funds for third-party labour who have employment relationship with them, and have required our labour service suppliers to settle service fees and declare relevant tax for third-party labour who have non-employment contractual relationship with them. We are not liable to the third-party labour if labour service suppliers fail to fulfil their contractual duties to third-party labour. However, third-party labour may still file claims against us for labour service suppliers' violation of any laws and regulations or labour service suppliers' employment agreements with the third-party labour as they provide their services on our platform. We may be subject to claims, lawsuits, arbitration proceedings, administrative actions and other legal and regulatory proceedings seeking to compensate third-party labour for labour service suppliers' violation of any laws and regulations or labour service suppliers' employment agreements with the third-party labour. We may be held liable for personal injuries and property damages caused by such third-party labour to third parties, or injuries to such third-party labour. Also, such legal and regulatory proceedings could cause us to incur significant additional expenses due to the potential application of labour and employment laws to compensate third-party labour, including employee benefits, social insurance and housing provident fund contributions, as well as the application of relevant taxes and administrative fines. We may incur significant additional expenses and legal liabilities, and our reputation, business, financial condition and results of operations could be materially and adversely affected. In addition, laws and regulations that govern such third-party labour are subject to changes and divergent interpretations by authorities, and we face uncertainties. Any such changes and divergent interpretations could cause us to change our pricing methodologies and business model, and our business, financial condition and results of operations could be materially and adversely affected.

Our business generates and processes a large amount of data and we are required to comply with constantly evolving PRC laws relating to information security and privacy protection. The improper use or disclosure of data or alleged incidents of such could have a material and adverse effect on our business and prospects.

Our business involves generation and processing of a large quantity of data. We face risks inherent in handling and protecting large volume of data. In particular, we face a number of challenges relating to data from transactions and other activities on our platforms, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behaviour or improper use by our employees or users;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, storage, transfer, disclosure and security of personal information, including any requests from regulatory and government authorities relating to such data.

The PRC regulatory and enforcement regime with regard to information security and privacy protection is evolving. To comply with the rapidly evolving laws and regulations in our industry, we have set up internal procedures. With the assistance of our external annual retainer counsel, our compliance team, who is in charge of our overall compliance, has set up internal legal compliance policies and will continue to review, monitor and oversee compliance with laws and regulations relevant to the Group's operations as well as the adequacy and effectiveness of regulatory compliance procedures and system on an ongoing basis. We may be required by PRC governmental authorities to share personal information and data that we collect to comply with PRC laws relating to information security and privacy protection. All these laws and regulations may result in additional expenses to us and subject us to negative publicity which could harm our reputation and negatively affect our trading price. There are also uncertainties with respect to how these laws will be implemented in practice. PRC regulators have been increasingly focused on regulation in the areas of information security and privacy protection. See "Regulatory Overview — Laws and regulations relating to information security and privacy protection". We expect that these areas will receive greater attention and focus from regulators, as well as attract continued or greater public scrutiny and attention going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with information security and privacy protection. Although we collect personal information and data only with users' prior consent and have adopted measures to protect the data security and minimise the risk of data loss, we cannot assure you that the measures we have taken are always sufficient and effective. If we are unable to manage these risks, we could become subject to penalties, fines, suspension of business and revocation of required licences, and our reputation and results of operations could be materially and adversely affected.

Failure to protect sensitive personal information of our customers and users against security breaches may damage our reputation and brand and substantially harm our business and results of operations.

A key focus to our business is the secure storage of sensitive personal information and its secure transmission over public networks. During our operations, we collect user data directly or indirectly via third party sources. We only collect and use real-name data and mobile phone numbers from our users when necessary, such as when they register with us and sign digital contracts. We collect such necessary user information strictly following government regulations and user privacy policies.

Maintaining complete security for the storage and transmission of sensitive personal information on our FMES is essential to maintaining our operating efficiency and customer confidence as well as complying with the applicable laws and standards. We have adopted security policies and measures to protect user data and sensitive personal information. However, advances in technology, the expertise of hackers, improper use or sharing of data, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology that we use to protect confidential information. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining such confidential or private information we hold. Such individuals or entities obtaining such confidential or private information may further engage in various other illegal activities using such information. Users of our digitalised tools may also violate their confidentiality obligations and disclose or use information about our customers illegally. Any compromise of our information security or the information security measures by users of our digitalised tools may have a material and adverse effect on our reputation of brand, business, prospects, financial condition and results of operations. Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet and mobile platforms are under increased public scrutiny.

We store user data and are subject to PRC laws and regulations regarding privacy and the protection of data. For the details, see "— We store personal information belonging to our customers and other users of our digitalised tools and engage cloud service providers for storage of such information. If our security is compromised, or such information is otherwise accessed without authorisation, our reputation may be harmed, and we may be exposed to potential liability and significant loss of business." and "Regulatory Overview — Laws and Regulations relating to Foreign Investment in the PRC".

We store personal information belonging to our customers and other users of our digitalised tools and engage cloud service providers for storage of such information. If our security is compromised, or such information is otherwise accessed without authorisation, our reputation may be harmed, and we may be exposed to potential liability and significant loss of business.

We store personally identifiable information and other confidential information relating to our customers and other users of our services and are subject to PRC laws and regulations regarding cybersecurity, information security, privacy and data protection. For further information, see "Regulatory Overview — Laws and regulations relating to information security and privacy protection — Information security". Although our digitalised tools are equipped with verification and inspection tools for detecting errors, defects or inappropriate contents in information or document uploaded by our customers and other users, we cannot guarantee that all substance and contents contained in information or document uploaded by our customers and other users are appropriate and will not infringe any laws or regulations relating to information security and privacy protection. We cannot assure you that third parties will not succeed in their attempts to obtain unauthorised access to any personally identifiable information relating to our customers and other users. Such information may also be otherwise exposed through human error (including our staff who may be involved in the manipulation of data) or other malfeasance. Any unauthorised access or compromise of such personally identifiable information could have an adverse effect on our business, financial condition and results of operations.

Our growth may not be sustainable and depends on our ability to attract new customers, diversify customer base and retain or increase revenue from existing customers.

We generate revenues through providing our digitalised sales and marketing integrated solution services to our customers. Even though the number of our customers has remained relatively stable during the Track Record Period, there can be no assurance that we will be able to retain our customers and/or increase our sales to existing customers. Our Directors consider that occasional decline in marketing spending by brand owners or distributors is experiencing a downturn, such as the COVID-19. Cyclical volatility in retail industry caused by external macroeconomic conditions can negatively impact brand owners' operations, leading to a reduction in their marketing spending. These brand owners tend to have fewer marketing budgets available and become more cautious in allocating resources to marketing campaigns. As a result, market players in the integrated marketing services market may face increasingly fierce competition for limited customer resources.

We may experience customers turnover and we may have customers who are SMEs which may be in the entrepreneurial stage of their development and there is no guarantee that their businesses will succeed. New customers engaging us for our services may also decide not to continue or renew the engagement when the relevant contracts expire for reasons outside of our control. If we are unable to retain or increase revenue from existing customers, our operating results could be adversely impacted.

We may fail to attract new customers or diversity customer base or retain or increase revenue from existing customers as a result of a number of other factors, including: reductions in our current or potential customers' spending levels; competitive factors affecting the retail support service market, including the introduction of competing platforms, discount pricing and other strategies that may be implemented by our competitors; our ability to execute on our growth strategy and operating plans; a decline in the number of offline commerce looking for digital transformation; a decline in our customers' level of satisfaction with our services; the difficulty and cost to switch to a competitor may be insignificant for many of our customers; changes in our relationships with third parties; the timeliness and success of new or enhanced services we may offer in the future; concerns relating to actual or perceived security breaches; the frequency and severity of any system outages; technological changes or problems; and our focus on long-term value over short-term results, meaning that we may make strategic decisions that may not maximise our short-term revenue or profitability if we believe that the decisions are consistent with our mission and will improve our financial performance over the long-term.

We may undertake loss-making projects in the future.

The profitability of our projects also depends on the accurate estimation of labour service fees and event consumables. The amount of total costs we incur on a project is influenced by a variety of factors, including variations in labour and changes in project scope or conditions, as well as fluctuations in the price of event consumables, many of which are beyond our control. During the Track Record Period, we undertook one loss-making on-site solution project and one loss-making matching service project. As a result, exposure to unexpected risks in execution of our projects could materially and adversely affect our business, financial condition and results of operations. In respect to the loss-making on-site solution project, we recognised revenue of RMB6.2 million and RMB2.7 million for FY2019 and FY2020, respectively, and gross loss of RMB1.0 million and RMB1.6 million for the same periods. While, in respect to the loss-making matching service project, we recognised revenue and gross loss of RMB8,600 and RMB280 for FY2020, respectively. For further details, see "Business — Our service offerings — On-site solution — Fee model" and "Business — Our service offerings — Matching service — Fee model".

Negative publicity may have an adverse impact on our reputation and business.

Our services may be publicly known or reported in social media. If any customer who is not satisfied with our works raises any complaint or anyone from the public publishes an opinion on our works on social media, whether justified or not, and such complaint or opinion comes to the attention of the public, our reputation and business may be adversely affected, which will in turn adversely affect our growth prospects and financial condition. Negative publicity or market perception associated with our Group may result in the loss of customers and potential future referrals or lead to difficulty in securing new projects based on our Group's reputation and goodwill.

Our services, digitalised tools and brand name are integral to our success. If we fail to effectively maintain, promote and enhance the popularity of our services, digitalised tools and reputation of our product name, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing services, digitalised tools and brand name is critical to expanding our business. Maintaining and enhancing our services, digitalised tools and brand name depends largely on our ability to continue to provide high-quality, well-designed, useful, reliable, and innovative products and services, which we cannot assure you we will do successfully.

Errors, defects, disruptions or other performance issues with our digitalised tools may affect the quality of our services and thus, harm our reputation and brand. Additionally, if our customers have a negative experience using our services/our products or the users have a negative experience using our digitalised tools, such an encounter may affect our brand and reputation within the industry. Our digitalised tools enables third parties, such as distributors, points of sale and touchpoints, to offer their services to our customers, such as brand owners, who engage them directly. Our reputation may be harmed if any of the services provided by these third parties do not meet our customers' expectations.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. During the Track Record Period, we primarily market our services through our direct sales force and a number of free traffic sources, including customer referrals and word-of-mouth, while in the future, we may also market our services using channel partners. Our efforts to market our brand have involved significant costs and expenses, which we believe will increase going forward. We cannot assure you, however, that our marketing spendings will expand our customer base or increase our revenue, and, even if so, such increases in profit may not be sufficient to offset expenses we incur in building and maintaining our reputation and brand name.

Our business is subject to seasonal fluctuations and unexpected interruptions.

We experienced seasonality in our business during the Track Record Period. Historically, we experienced relatively higher revenue in the fourth quarter of a calendar year than the other quarters of a calendar year, mainly because there is a higher concentration of festive seasons and other marketing campaigns and other activities, which tend to attract more users and stimulate sales, in the fourth quarter of a calendar year. Accordingly, any comparison of our results of operations between interim and annual results in a financial year may not be necessarily meaningful. As a result, our interim or quarterly results should not be referred to as an indicator of our performance for that financial year.

If we are unable to attract and/or retain our qualified technical personnel, our business operation, financial condition and growth prospects may be adversely affected.

We believe that our continued success and growth depends, to a large extent, on our ability to attract and retain the services of our qualified personnel, who possess the technical knowledge and are familiar with the industries that our services serve.

If we lose the services of any of our qualified personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel on a timely basis, which could severely disrupt our business and growth. As we expect to expand our operations internationally, we will need to attract and retain experienced management members with experience in international operations. We will also need to recruit and retain experienced local management team to manage our operations in other countries or regions. Competition for personnel in our industry is intense, and the availability of suitable and qualified candidates is limited. We may need to increase our total compensation costs to attract and retain experienced personnel and key technical personnel required to achieve our business objectives and failure to do so may also adversely affect our business operations, financial condition and growth prospects. Despite we may enter into confidentiality and/or non-competition agreements with our staff and we may entitle to terminate the employment agreement under this scenario, we may still lose business to our competitors if any member of our management team were to join them after terminating employment with us. Although employees shall enter into the confidentiality agreement with us which entitle us to terminate the employment agreement when employees breach their confidential duty, we also cannot assure you that our departed technical personnel will not disclose our patented technologies to our competitors. Failure to attract or retain key personnel may materially and adversely affect our business, results of operation and financial condition.

Due to our limited history of commercialisation in new and developing markets, our ability to accurately forecast our future operating results and prospects is limited and subject to a number of uncertainties.

We started to digitalise our business process in 2012 and launched *Remotes* and *MiJob Square* in 2013 and then launched our matching service and SaaS+ subscription in 2019 and 2020, respectively. While our profit from SaaS+ subscription services has grown during the Track Record Period, as a result of our limited history of providing digitalised services, our ability to accurately forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model our future growth. We face various challenges and uncertainties, including the fact that we operate in new and developing markets and elements of our business strategy are new and subject to ongoing development. As a result, it may not be possible to fully discern the challenges in commercialisation that we and our business are subject to.

We cannot assure you that we will be able to achieve similar results or grow at the same rate as we had in the past or at all. Rather than relying on our historical operating and financial results to evaluate us, you should consider our business prospects in light of the risks and difficulties we may encounter as an early stage company operating in emerging and dynamic industries, including, among other things, our ability to attract and retain customers, our ability to create value for participants in our ecosystem and increase monetisation, our ability to navigate an evolving regulatory environment, our ability to develop attractive and popular digitalised tools and offer satisfactory services, build up our reputation and promote our brand, and our ability to anticipate and adapt to changing market conditions. We may not be able to successfully address these risks and difficulties, which could significantly harm our business, results of operations and financial condition.

Our services depend on the data assets and user base accumulated on and traffic generated by our FMES platform, and our business may be adversely affected if our FMES platform becomes less attractive.

Our services depend on the data assets and user base accumulated on our FMES platform. Our data assets primarily include data provided by our customers and users, the "Offline Retail Stores Digital Evaluation and Sales Performance Index" Feature Library (「終端數字化評估與賣力指數」特徵庫) that we jointly developed with Baidu Smart Cloud (百度智能雲), a leading AI company based in the PRC (further details of which are set out in "Business — Our Research and development" in this document). If we lose access to such data assets or user base, our ability to offer services and attract new customers would be materially and adversely affected, which would in turn affect our results of operations and financial conditions.

In the event that our FMES platform becomes less attractive to brand owners, distributors, points of sale or touchpoints, the user base may decrease significantly, and the reach, coverage of retail network and popularity of our services may be affected. As a result, our Directors are of the view that we may face challenges as a result of fierce market competition. The sales and marketing services in China is relatively competitive, with a large number of participants with different skills and backgrounds. With the increasing demand for more diverse, integrated and data tracking marketing services and higher standards of data collection in terms of efficiency, accuracy, and reflection speed covering various channels and more complicated sales and marketing scenario, market participants are under pressure to strengthen their competitive advantages through cross-industry or intra-industry mergers and acquisitions, so that they are able to provide more comprehensive services to gain higher market recognition and expand businesses. Consequently, our business and results of operations may be materially and adversely affected. Additionally, any negative development with respect to the market position, financial condition, maintenance of our platform infrastructure or compliance with legal or regulatory requirements in China, will likely have an adverse impact on the quality and effectiveness of our services, as well as our reputation and brand.

Our historical performance may not be indicative of our future results, and we may not be able to effectively manage our growth as a result of the increased complexity and evolving nature of our business.

We experienced continuous growth in our profit for the year/period during the Track Record Period, which amounted to RMB27.9 million, RMB53.9 million, RMB59.0 million and RMB38.8 million, respectively. Although we strive to grow our business, we cannot assure you that our profit will be able to grow at the same rate as in the past. As market competition intensifies and our industry matures, our customer base and customer engagement may not grow as we expected. In addition, labour costs have gradually increased in the PRC in the recent years. As labour costs are affected by many factors such as demand and supply of labour and inflation, we cannot guarantee that we can retain and attract sufficient qualified employees on commercially reasonable terms, or at all. We may need to increase our wage for the purpose of retaining our existing workers or recruit new workers, which would inevitably increase our operating costs. If we may not be able to pass on all or part of the increase in our labour costs to our customers, our business, financial condition and results of operations may be materially and adversely affected.

Many aspects of our business are unique and evolving. We operate in a relatively new and rapidly developing and evolving industry and is subject to significant challenges, including increasing government regulation over the Internet industry and changes in customer preferences. As such, we may not be able to predict future market trends and adjust our business accordingly. Our growth prospects should be considered in light of the risks and uncertainties that a company operating in a rapidly evolving industry may encounter, including but not limited to, changes in market conditions, increased competition within our industry, our ability to maintain business relationships with existing clients and attract new clients, retention of key personnel, and other unforeseen factors. [REDACTED] should be aware of the inherent risks in using our historical financial information as any indication of our future financial or operating performance.

The amount of revenue that we are able to derive from a project may be higher or lower than the original contract value.

The amount of revenue that we are able to derive from contracts/confirmed purchase orders, that is, the final settlement value of such contracts/confirmed purchase orders, may be different from its original amount as the final payment received by us from our customers are subject to the actual quantities of services completed by us and calculated based on the pre-agreed unit price for each service item specified in the contracts/confirmed purchase orders and the contract/confirmed purchase order amounts may include floating service fees which are calculated based on the level of achievement of performance indicators stipulated in the contracts. As such, there is no assurance that the amount of revenue expected to be derived from our contracts/confirmed purchase orders in progress and on hand will not be substantially different from the original contract/confirmed purchase order amounts as stipulated in the respective contracts/confirmed purchase orders.

We are subject to credit and liquidity risks in collecting the trade receivables due from the customers and the recoverability of our contract assets may also affect our results of operation, liquidity and financial position.

As at 31 December 2019, 2020 and 2021 and 30 September 2022, we recorded trade receivables of RMB226.3 million, RMB323.4 million, RMB393.0 million and RMB317.5 million, respectively and we had contract assets of RMB250.5 million, RMB215.7 million, RMB183.3 million and RMB215.1 million, respectively. Our trade receivables and contract assets turnover days was 106 days, 134 days, 139 days and 143 days for FY2019, FY2020, FY2021 and 9M2022, respectively. Fluctuations in our trade receivables and contract assets turnover days for the Track Record Period mainly related to (i) our policy and amount of trade receivables factoring facilities, and (ii) credit terms granted to our different customers, depending on number of factors. We recorded impairment loss on trade receivables and contract assets recognised in profit or loss of RMB49,000, RMB483,000 and RMB310,000 for FY2019, FY2021 and 9M2022, respectively and recorded reversal of impairment losses on trade receivables and contract assets of RMB298,000 for FY2020.

Generally, we granted a credit term of 30 to 180 days to our customers. Our Directors may determine and allow a longer credit period, after taking into account of our past business relationships with our major customers and their past settlement history. We may also grant our market-leading customers with a more generous credit period. For instance, we have extended credit terms of certain of our major customers during the Track Record Period. Our Directors consider that a long credit period inevitably increases the potential credit risk of our Group.

Our management closely monitors the amounts and turnover days for our trade receivables and contract assets to minimise and control credit risk. Our management also reviews the outstanding balance with our customers at regular intervals to ascertain the collectability of our trade receivables and where necessary, our business team may chase overdue balances from customers and the collection status would be required to be reported to our management on a weekly basis. Furthermore, we have adopted credit control procedures, which requires our finance team to (i) regularly provides information to senior management and business team regarding updates on trade receivables, such as ageing condition; and (ii) communicate with our customers from time to time to keep track of their business performance and financial conditions so that our finance team can be informed of any anomaly in time. Our senior management will also closely monitor the settlement status of our trade receivables. These internal credit control procedures have been adopted to minimise our credit risk. We believe our long trade receivable turnover days do not have a material adverse impact on our liquidity and cash management. However, there is no assurance that all such amounts due to our Group will be settled on time or at all. If our trade receivables turnover days were to increase further, or if our customers, fail to timely settle their accounts with us in full, require us to extend credit to them beyond the credit term we granted to them, or otherwise default on their payments, our cash flow and financial condition may be materially adversely affected. We also would need to make provisions for doubtful debts or incur additional bad debt write-offs, which may adversely affect our financial performance. Disputes that arise due to default in payment by customers may also be time consuming and costly for us in the event we decide to claim for such payments and thus, affect our liquidity, business, financial condition and results of operations. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business.

Accordingly, delay or default in payments from our customers may pose difficulties for us to manage our working capital and/or adversely impact our liquidity. Our customers' settlement day will generally be affected by their internal policies. Our efforts in strengthening our trade receivable collection and management may be in vain, and we cannot assure you that we will be able to fully recover the outstanding amounts due from our customers, if at all, or that our customers will settle the amounts in a timely manner. We might have to raise funds by resorting to internal resources and/or additional banking facilities (including trade receivables factoring receivables) in order to meet our payment obligations in full and on time, and our cash flows and results of financial position may be materially and adversely affected. Our Group's performance, liquidity and profitability will be adversely affected if significant amounts due to our Group experience prolonged delay and are not settled on time or at all. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business.

Share-based compensation expenses may cause shareholding dilution to our existing Shareholders and potentially have a material and adverse effect on our financial performance.

For FY2019, FY2020, FY2021 and 9M2022, our share-based payment amounted to approximately RMB20.5 million, nil, nil and nil, respectively. Our share-based payment for FY2019 mainly represented the total difference between the transaction consideration and the estimated fair value of the shares transferred from a director of certain subsidiaries of our Group to a shareholder and adviser of the Group. Please see "History, Reorganisation and Corporate Structure — Corporate history prior to the Reorganisation — Plus Shanghai — 8. Equity transfers in 2019 and 2020" and "Appendix 1 — Accountant's report — note 8(c)" for details. Our Company has adopted the RSU Scheme on 13 January 2022 to grant share awards to provide incentives or rewards to eligible participants for their contributions to our Group. For details, see "History, Reorganisation and Corporate Structure — RSU Scheme". The adoption of the RSU Scheme may result us to incur share-based compensation expenses in the future. To further incentivise our employees to contribute to us, we may grant additional share-based compensation in the future. As a result, issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders and expenses incurred with respect to such share-based compensation may also have a material and adverse effect on our financial performance.

We may incur impairment losses on deposits, other receivables and prepayments.

We recorded deposits, other receivables and prepayments of RMB20.2 million, RMB15.6 million, RMB14.9 million and RMB20.8 million as at 31 December 2019, 2020 and 2021 and 30 September 2022, respectively. Our deposits, other receivables and prepayments comprised (i) value-added tax receivables from customers; (ii) deposits from third parties; (iii) other receivables from staff; (iv) prepayments for [REDACTED]; and (v) prepayments to suppliers. We have made an allowance for impairment loss of prepayments, other receivables and other assets amounted to RMB85,000, RMB126,000, RMB106,000 and RMB157,000 as at 31 December 2019, 2020, 2021 and 30 September 2022, respectively. However, as the extent, the economic conditions and magnitude and duration of COVID-19 are still uncertain, we may need to change our assumption for measurement of expected credit loss, which could result in future impairment losses for deposits, other receivables and prepayments. The possible impairment losses on deposits, other receivables and prepayments may have a material and adverse effect on our financial condition and results of operations.

The timing of our payment to suppliers may not match our receipt from customers.

To remain competitive in the market, we need to retain a high level of working capital to guarantee smooth business operation and support the growth in demand. The credit period offered by us to our customers with a larger scale and/or long-term relationship is generally longer than the credit period offered to us by our suppliers. During the Track Record Period, we typically granted our customers a credit term of 30 to 180 days, whereas the credit terms offered by our suppliers to us were within 90 days, except for certain suppliers required us to make prepayment. With our revenue continuously growing, the mismatch between trade receivables turnover days and trade payables turnover days may put us at liquidity risk. Further, any default or delay in payment by our customers or our failure to collect trade receivables from them may broaden our cashflow mismatch, which may result in cash flow shortcomings in the future and adversely affect our cash position and results of operations.

We may fail to optimise the fees for our services, and any adverse trend in our fee model may impact our results of operations and financial condition.

We charge our clients on a combination of fee models, depending on the type of services they require. For details, see "Business — Our service offerings". We may fail to optimise our fees, which is predominantly determined by the competitive landscape and market conditions. As competitors introduce new services that compete with ours or reduce their fees, we may be unable to attract new clients or retain existing clients based on our historical fee models.

Market-leading customers, which are a primary focus of our business, may demand substantial price concessions leveraging their significant bargaining power. In addition, if the mix of services offered changes, we may need to, or choose to, revise our fee models. In the future, we may fail to increase our fee levels, or may even be required or choose to reduce our fees or change our fee model, which could materially and adversely affect our results of operations and financial condition.

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

As at the Latest Practicable Date, our FMES has consolidated data assets of over 4 million of points of sale from more than 360 cities in 31 provinces/municipalities in China, and over 453,000 touchpoint users from more than 320 cities of 31 provinces/municipalities in China. While we are generally able to maintain adequate data transmission capacity to handle such traffic and process data transmission in a timely manner, we cannot assure you that we are able to continue achieving, or maintaining, this in the future, particularly when we encounter an unexpectedly significant increase in traffic. If we are unable to achieve or maintain adequate data transmission capacity, this may significantly reduce our customers' demand for our services. In the future, we may have to allocate resources and incur a substantial amount of expenses to build, purchase or lease additional data centres and equipment and upgrade our technology and network infrastructure in order to handle the increased traffic.

Additionally, our ability to deliver our services also depends on the development and maintenance of Internet infrastructure by third parties, including the maintenance of reliable networks with the necessary speed, data capacity and bandwidth. If one of these third parties suffers from capacity constraints, our business may be adversely affected.

We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information.

Our trade secrets, trademarks, copyrights, patents, and other intellectual property rights are critical to our success. We rely on, and expect to continue to rely on, a combination of confidentiality and non-compete and licence agreements with our employees (including our Group staff and personnel assigned by us), and third parties with whom we have business relationships, as well as our trademark, domain name, copyrights, trade secrets, patent rights, and other intellectual property rights to protect our brand. However, events beyond our control may pose a threat to our intellectual property rights, as well as to our services and business. Effective protection of trademarks, copyrights, domain names, patent rights, and other intellectual property rights is expensive and difficult to maintain, both in terms of application and costs, as well as the costs of defending and enforcing those rights. While we have taken measures to protect our intellectual property rights, we cannot assure you that such efforts are either sufficient or effective. As a result, our intellectual property rights may be infringed, misappropriated, or challenged, which could result in them being narrowed in scope or declared invalid or unenforceable.

Similarly, our reliance on unpatented proprietary information and technology, such as trade secrets and confidential information, depends in part on our confidentiality agreements with employees and third parties. These agreements may be insufficient or may be breached, either of which could potentially result in the unauthorised use or unauthorised disclosure of our trade secrets and other intellectual property, including to our competitors. As a result, we could lose our crucial competitive advantage derived from such intellectual property. Significant impairments to our intellectual property rights, and limitations on our ability to assert our intellectual property rights against others, may result in a material and adverse effect on our business.

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

We depend, to a large extent, on our ability to effectively develop and maintain intellectual property rights relating to our business. However, we cannot assure you that third parties will not put forward claims that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights which they hold, whether such claims are valid or otherwise. We may face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practice. Our products may become involved in litigious proceedings relating to allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and violations of rights of third parties. The validity, enforceability and scope of protection of intellectual property rights, particularly within China, are still evolving. As we face increasing competition, and as litigation becomes a more commonly pursued method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

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

If we fail to obtain or maintain all required licences, permits and approvals or if we are required to take actions that are time-consuming or costly, our business operations may be materially and adversely affected.

Our failure to obtain and maintain requisite approvals, licences or permits applicable to our business or any changes in government policies or regulations may have a material and adverse impact on our business, financial condition and operation results. Our business and operations have been subject to extensive regulations. The Ministry of Human Resource and Social Security of the PRC, along with other regulatory authorities such as the Ministry of Commerce of the PRC, or the MOFCOM and the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), have promulgated laws and regulations that cover many aspects of our industry including entry into such industry, scope of permitted business activities, licences and permits for various business activities and foreign investments into such industry.

We are required to obtain and maintain applicable licences, permits and approvals from different regulatory authorities in order to conduct our existing or future business in connection with our provision of the services. The government authorities may continue to pass new rules or have new interpretation and understanding to the existing laws and regulations regulating our industry and we have been continually expanding into new business operations. They may require us to obtain additional licences, permits or approvals so that we can continue to operate our existing or future businesses or otherwise prohibit our operation of the types of businesses to which the new requirements apply. We cannot assure you that if we are required to obtain these additional licences, permits or approvals, we will be able to do so in a timely manner, if at all, and any non-compliance may result in fines or other penalties being imposed to us. In addition, new regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering services and expose us to potential penalties and fines. Lastly, our existing licences may expire without proper renewal or be revoked due to violations of relevant licensure maintenance requirements. If any of our entities is deemed by governmental authorities to be operating without appropriate permits and licences or outside their authorised scopes of business or otherwise fail to comply with relevant laws and regulations, we may be subject to penalties and our business, financial condition and results of operation may be materially and adversely affected.

We have a limited number of key suppliers.

During the Track Record Period, our major suppliers were labour service providers, event consumables suppliers and data service and related IT service providers. For the Track Record Period, purchases from our five largest suppliers accounted for 58.5%, 60.6%, 58.1% and 47.0%, respectively, of our total purchases. For the Track Record Period, purchases from our largest supplier accounted for 49.8%, 36.8%, 18.6% and 17.6%, respectively, of our total purchases.

If any one of our cloud service providers terminates business with us, we may have to work with alternative cloud providers to provide similar cloud services and therefore our customers' experiences may be compromised. In addition, we expect to continue to engage limited number of cloud service providers in connection with our business operations. Any significant disruptions in services, the inability of our major suppliers to meet their obligations or the unavailability of alternative suppliers could hinder our business and marketing plans, which could, in turn, have a material adverse effect on our business, financial condition and results of operations.

Potential defects related to certain of our leased properties may adversely affect our ability to use these properties and/or we may be subject to administrative penalties.

As at the Latest Practicable Date, five of our leased properties (including four in Shanghai and one in Chengdu) had title defects, which were due to lessors' failure to prove the fulfilment or completion of legal procedures relating to collectively owned land or allocated land in the PRC. We had been actively communicating with the lessors, requiring valid authorisation for leasing. In addition, the current usage of three (all in Shanghai) out of these five leased properties, one leased property in Guangzhou and one leased property in Beijing were inconsistent with the respective permitted usage stated in the building ownership certification. Currently, these leased properties were used as offices, while the permitted usage under the building ownership certification was warehouse or hostel.

With respect to the five leased properties with title defects, as advised by our PRC Legal Adviser, in situations where a lessor fails to complete legal procedures relating to collectively owned land or allocated land in the PRC, the relevant lease agreement may not be valid or enforceable and as a result, we may face challenges from the legal owners of the properties or other third parties, and may be forced to vacate the relevant properties and relocate our offices. We may incur additional expenses during the process, and our business, financial condition and results of operations may be negatively affected. With respect to leased properties which usage were inconsistent with the respective permitted usage, as advised by our PRC Legal Adviser, we might be ordered to rectify the inconsistency within a prescribed period, failing which we may be required to vacate from such properties and relocate our office. However, we may not be able to relocate to other premises on commercially reasonable terms, or at all. In addition, any relocation would incur additional costs or interrupt our business and operations.

Pursuant to the applicable PRC laws and regulations, lease agreements must be registered with local branch of Ministry of Housing and Urban-Rural Development of the PRC within 30 days after the execution of such lease. As at the Latest Practicable Date, leases of 22 of the 24 properties had not been registered with the relevant competent authorities, primarily due to the difficulty of gaining cooperation from the landlords. Registration of lease agreements requires the landlords' cooperation, including submitting their identity documentations and building title certificates to the relevant authorities. As advised by our PRC Legal Adviser, the failure to register the lease agreements for our leased properties for actual use will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed timeframe, and the estimated total maximum penalty for those leased properties would be RMB220,000 if we fail to complete the registration within the prescribed timeframe. As at the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to register the leases described above.

There is no assurance that our landlords will honour their obligations to continue leasing these properties to us. In the event of an early termination of the lease agreements that we have entered into for any reason or any dispute or claim, we would be required to find alternative locations for our office premises, which could be expensive and disruptive to our operations. Moreover, there is no assurance that we would be able to secure alternative locations or negotiate lease agreements on commercially reasonable terms in a timely manner, or at all. If we were required to enter into new lease agreements with less favourable terms, our business, financial condition and future growth potential may be materially and adversely affected.

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

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

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

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

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. Further, insurance companies in China do not currently offer as extensive an array of insurance products as insurance companies in other more developed economies. As at the Latest Practicable Date, we had not taken out any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances, is impractical for our business and purposes. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

- retain existing customers on, and attract new customers to, our platform and increase customer engagement;
- develop and deploy diversified and distinguishable virtual and physical items, functions, features and services that are appealing to our customers;
- maintain stable relationship with our suppliers;
- defend ourselves against litigation, regulatory investigations, and intellectual property, privacy or other claims;
- develop and implement successful monetisation measures;

- maintain stable relationship with our business partners, including payment channels, mobile app distribution channels, server and bandwidth providers, and other third-party service providers;
- increase brand awareness through marketing and promotional activities;
- upgrade existing technologies and infrastructure and develop new technologies to support our increasing customer traffic, improve the customer experience and enhance our product functionality; and
- attract, retain and motivate talented employees.

All of these endeavours involve risks and will require substantial management efforts and significant resources, which could impede our ability to maintain reliable service levels for our customers, research and develop products, improve our operations, auditing and human resources management, and financial and management controls, and enhance our internal data protection systems, due to limited management resources. If we fail to achieve the necessary operational efficiency as we grow, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our ability to continue to enhance our services is dependent on adequate R&D resources. If we are not able to adequately fund our research and development efforts, we may not be able to compete effectively and our business and operating results may be harmed.

In order to remain competitive, we must continue to develop new service offerings and enhancements to our existing offerings. Maintaining adequate research and development staff and resources to meet the demands of the market is essential. If we are unable to develop digitalised tools or features due to certain constraints, such as high staff turnover, inability to hire sufficient research and development staff or a lack of other research and development resources, we may miss market opportunities. Furthermore, many of our competitors expend a considerably greater amount of funds on their research and development programmes, and those that do not may be acquired by larger companies that would allocate greater resources to our competitors' research and development programmes. Our failure to devote adequate research and development resources or compete effectively with the research and development programme of our competitors could harm our business.

We experienced net cash outflow for FY2019, FY2020 and 9M2022.

We experienced net cash outflow for FY2019, FY2020 and 9M2022. For FY2019, our net cash outflow amounted to RMB0.4 million, which was mainly attributable to our net cash used in investing activities of RMB19.4 million. For FY2020, our net cash outflow amounted to RMB10.1 million, which was mainly attributable to our net cash used in financing activities of RMB139.9 million. For 9M2022, our net cash outflow amounted to RMB2.8 million, which was mainly because of our net cash used in investing activities of RMB44.5 million and net cash used in financing activities of RMB33.7 million. For details, see "Financial Information — Liquidity and capital resources — Cash flows" in this document.

While we generated net cash inflow for FY2021 and 9M2022, we cannot assure you that we will be able to continue to do so in the future or the amounts of cash generated from operating activities will increase due to the expansion of our business and the corresponding increases in the level of inventories and in trade and bills receivables. If we record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our liquidity and financial condition. If we do not have sufficient working capital and are unable to generate sufficient revenue or raise additional funds, we may delay the completion of or significantly reduce the scope of our current business plan or substantially curtail our operations, any of which could materially and adversely affect our business, financial condition and results of operations. In addition, if we determine that our cash requirements exceed our available cash on hand, we may seek to issue debt or equity securities or obtain a credit facility. We cannot assure you that we would be able to obtain debt or equity financing at a reasonable cost, or at all, in the current economic environment. In addition, any issuance of equity or equity-linked securities could dilute our Shareholders' ownership, while any incurrence of indebtedness could increase our debt service obligations and cause us to be subject to restrictive operating and financial covenants. As a result, we may face liquidity issues and our business, financial condition and results of operations may be materially and adversely affected.

Our operations may subject us to litigation, claims or other disputes.

We may encounter disputes arising from contracts with our customers, suppliers or other third parties, which may involve claims against them or us. Should any future claims against us or initiated by us fall outside the scope and/or limit of insurance coverage, if any, our financial position may be adversely affected. Regardless of the merits, legal proceedings can be time-consuming and costly, and may divert our management's attention away from our business operation, thereby adversely affecting our business operation and financial position. Legal proceedings that result in unfavourable judgement may harm our reputation, cause financial losses and damage our prospects of winning future contracts, thereby materially and adversely affecting our business, financial position, results of operations and prospect.

Further, any labour dispute or strikes that take place in our production bases may disrupt our operations. We cannot assure that the above events will not occur in the future or we will be able to resolve them shortly when any of them occurs. If a labour dispute or a strike takes place and we fail to deal with it in a short period of time, our operations could be materially and adversely affected, which would impact our business, financial condition and results of operations negatively.

The failure of our operating entities to pay us dividends would negatively affect our financial condition.

We conduct most of our operations through our operating entities, comprising our subsidiaries. Most of our assets are held by, and substantially all of our earnings and cash flows are attributable to, our operating entities. If the earnings from our operating entities were to decline, our cash flows would be negatively affected, which could in turn affect our ability to pay dividends to our Shareholders, including the [REDACTED], or to meet our debt obligations. The ability of our operating entities to pay dividends depends on a number of business considerations and regulatory restrictions. Under the applicable PRC law, dividends may be paid only out of distributable profits. Distributable profits are our net profit as determined under PRC Generally Accepted Accounting Principles, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. These restrictions could reduce the number of distributions that we receive from our operating entities, which would restrict our ability to pay dividends. There can be no assurance that our operating entities will generate enough earnings and cash flows to pay dividends to enable us to meet our obligations or declare dividends to our Shareholders.

We rely on information systems in managing our operations and any system failures or deficiencies of our information systems may have an adverse effect on our business, financial conditions and result of operations.

We depend on the capabilities of our information systems to process and store our business and operational data on a timely and accurate basis. The proper functioning of our financial control, risk management, credit analysis and reporting, accounting, customer service and other information systems are critical for us to conduct our business in an orderly manner and to increase our competitiveness.

Our business activities could be materially disrupted if there is a partial failure or complete breakdown of any of our information systems. Such failure can be caused by a variety of reasons, including natural disasters, extended power outages, accidental power failures, breakdown of key hardware and systems, software malfunction and computer viruses. The proper functioning of our information systems also depends on accurate and reliable data input and installation of ancillary systems, which are subject to error.

Our competitiveness will to some extent depend on our ability to upgrade and optimise our information systems on a timely and cost-effective basis. In addition, the information available to and received by us through our existing information systems may not be timely or sufficient for us to manage risks and prepare for, and respond to, market changes and other developments in our current operating environment. Any failure to improve or upgrade our information systems effectively or on a timely basis could materially and adversely affect our competitiveness, results of operations and financial condition.

Fluctuation of our financial assets at fair value through profit or loss, due to the use of unobservable inputs in their valuation, has affected our results of operations during the Track Record Period and may continue to affect our results of operations in the future.

We recorded fair value of financial assets at fair value through profit or loss of nil, RMB9.2 million, RMB4.0 million and RMB49.0 million as at 31 December 2019, 2020 and 2021 and 30 September 2022, respectively, which represented short-term treasury investment products issued by reputable licensed commercial banks in the PRC. The fluctuations in our financial assets at fair value through profit or loss as at the end of each reporting period was primarily the result of (i) the different maturity profile of the treasury investment products that we invested in; and (ii) the timing and amount we purchased and redeemed the treasury investment products during each reporting period. We are exposed to credit risk in relation to our investments in treasury investment products which may adversely affect the net changes in their fair value. We cannot assure you that market conditions and regulatory environment will create fair value gains on the treasury investment products we invest in or we will not incur any fair value losses on our investments in the treasury investment products in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected. For details of our valuation techniques and the unobservable inputs, please refer to Note 23 to the Accountant's Report in Appendix I to this document. The valuation techniques are subject to uncertainty. We cannot assure you that the fair value of our financial assets will not decrease in the future and any significant decreases in the fair value of our financial assets would materially and adversely affect our financial condition.

We face risk regarding the recoverability of deferred income tax assets.

As at 31 December 2019, 2020 and 2021 and 30 September 2022, our Group's deferred income tax assets amounted to RMB2.2 million, RMB2.7 million, RMB2.1 million and RMB1.2 million, respectively, which may enable our Group to reduce future income tax payment. However, the recoverability of such deferred income tax assets is dependent on our Group's ability to generate sufficient future taxable profit. There is no assurance that the deferred income tax assets can be fully recovered. In the case that the deferred income tax assets are determined to be non-recoverable, our Group may have to write-down the deferred income tax assets, which may significantly affect our expenditure, profit and loss and financial condition for the respective year.

We used third-party agencies to make contributions under various government-sponsored employee benefits plans, which may subject us to penalties.

Companies operating in China are required to complete related registration with the competent authorities and contribute to the government-sponsored employee benefits plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based.

During the Track Record Period, certain of our PRC subsidiaries engaged third-party human resources agencies to pay social insurance and housing provident funds for certain of its respective employees since some of our employees scattered in different areas of the PRC and it would be less likely for us to incorporate companies in every city which we have employees. Pursuant to the agreements entered into between such third-party human resources agencies and our Company or our relevant PRC subsidiaries, the third-party human resources agencies have the obligation to pay social insurance and housing provident funds for our relevant employees, while in return we pay service fees to such agencies. Also, we are required to provide details necessary for the contribution and declaration of social insurance and housing provident funds, such as the amount of contribution. In particular, it is a term in the agreement that such agencies do not have the obligation to advance any contribution of social insurance and housing provident funds and in case we delay our payment to such agencies, such agencies are entitled to suspend their services. As at the Latest Practicable Date, we are not aware of our Group companies having received any administrative penalty imposed by the relevant PRC authorities or labour arbitration application from employees for its agency arrangement with third-party human resources agencies and we are also not aware of the third-party human resources agencies that we cooperate with having failed to pay, or delayed in paying, any social insurance premium or housing provident fund contributions for our employees. Major third-party human resources agencies which in aggregate cover no less than 90% of the total amount paid by the Group during the Track Record Period have confirmed in writing that it had paid such contributions according to our agreements with them. However, if any of such human resources agencies fail to pay the social insurance or housing provident funds for and on behalf of us as required by applicable PRC laws and regulations or if the relevant competent government authorities determine that our use of such agency arrangements does not satisfy the requirements under the relevant PRC laws and regulations, we may be subject to additional contribution, late payment fee and/or penalties imposed by the relevant PRC authorities for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify. This in turn may adversely affect our financial condition and results of operations. In respect of housing provident funds, if we fail to process housing provident fund registrations or open housing provident fund accounts for employees, we shall be ordered by the housing provident fund administration centre to complete such procedures within a prescribed time limit; where failing to do so, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. If we fail to pay the full amount of housing provident fund as required, the housing provident fund management centre may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. As to the social insurance, if we fail to file the registration for social insurance, we shall be ordered rectification within a certain period of time; where failing to do so, we shall be fined more than one time and less than three times the amount of social insurance payable, and its directly responsible supervisors and other directly responsible persons shall be fined more than RMB500 and less than RMB3,000. We might be ordered to pay the outstanding balance within a certain period of time and might be subject to a daily overdue charge of 0.05% of the delayed payment amount, and the failure to contribute the social insurance within such a prescribed period may subject us to a fine of one to three times of the overdue amount further imposed by the competent authorities. As advised by our PRC Legal Adviser, if we can pay the outstanding balance to the relevant authorities within a certain period of time when we are required to do so, the likelihood of us being subject to fines by the relevant government authorities is low.

Our future plan relating to strategic investment, acquisition and cooperation may fail and may result in material and adverse impact on our business, results of operations and financial condition.

As part of our future plans, we intend to continuously pursue strategic cooperation with selected institutions and enterprises, including but not limited to strategic alliance, investment, joint venture and/or acquisition, that may be complementary to our growth strategies, particularly those that can help us enrich our service offerings, enhance our technologies and FMES platform, and expand our customer and user base. We also intend to enrich our existing capabilities, enhance our core competencies and supplement our strategic business development plan relating to international presence. Our ability to implement our investment, acquisition and cooperation strategy will depend on our ability to identify suitable targets, our ability to reach agreements with them on commercially reasonable terms, and within a desired timeframe, and the availability of financing to complete such investments, acquisitions and/or cooperation, as well as our ability to obtain any required Shareholder or government approvals. Our strategic investments, acquisitions and cooperation could subject us to uncertainties and risks, including high acquisition and financing costs, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve our intended objectives, benefits or revenue-enhancing opportunities, uncertainty of entering into markets in which we have limited or no experience, and in which competitors have stronger market positions, costs associated with, and difficulties in, integrating acquired businesses and managing a larger business, and diversion of our resources and management attention. Our failure to address these uncertainties and risks may have a material adverse effect on our business, results of operations and financial condition. Even if we are able to successfully acquire or invest in suitable businesses, we cannot assure that we will achieve our expected returns on such investments, acquisitions and cooperation. If we fail to identify or acquire suitable projects or achieve our expected returns on such investments, acquisitions and cooperation in the future, our business, results of operations and financial condition may be materially and adversely affected.

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

Any discontinuation, reduction or delay of government grants that may be available to us in the future could materially and adversely affect our business, financial condition and results of operations.

For the Track Record Period, we received government grants of RMB4.2 million, RMB3.7 million, RMB22.8 million and RMB22.2 million, respectively which consisted of financial support from local authorities in the PRC to incentivise the development of our Group based on our Group's income tax payment and our business scale, as well as job-subsidy programme. There were no unfulfilled conditions or contingencies relating to the government grants. In addition, we enjoyed certain exemptions from making employer contributions to employee social security schemes in FY2020 due to the introduction of Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration of the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises《人力資源社會保障部、財政部、稅務總局關於階段性減免企業社會保險費的通知》and Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration on the extension of the implementation period of the policy of phased reduction and exemption of enterprise social insurance premiums and other issues《人力資源社會保障部、財政部、稅務總局關於延長階段性減免企業社會保險費政策實施期限等問題的通知》. However, the timing, amounts and conditions of the government grants were within the sole discretion of the government and may fluctuate from time to time. Since certain of these government grants were provided on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In some cases, we may be required to satisfy certain conditions or contractual obligations before receiving government grants. However, there can be no assurance that we will be able to fully satisfy these conditions or perform such obligations, and it may be possible that governmental authorities may discontinue such grants, or require us to repay part or all of the government grants we previously received.

Such government grants may be adjusted or revoked at any time in the future at the relevant government authorities' discretion. There is no assurance that we could continue to be able to meet the requirements to be entitled to such government grants. There can further be no assurance that the government grants that we currently enjoy will not be challenged, altered or discontinued. Any alteration, suspension or termination of our government grants could have a material adverse effect on our business, financial condition, results of operations, cash flows, profitability and prospects.

If we fail to perform our services in accordance with our service agreements, we could be subject to significant costs or liability and our reputation could be harmed.

We enter into service agreements with our customers to provide a wide range of services to assist them in various industries, including but not limited to FMCG, finance, electronic consumables, etc.. The relevant services may be complex and subject to various requirements requested by our customers, and any mistake or failure to perform in accordance with specifications on our part could result in our customers suing us for breach of agreements as well as other severe consequences, which may deter prospective customers and our business development.

RISKS RELATING TO OUR INDUSTRY

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

Beginning from December 2019, a novel strain of coronavirus, or the COVID-19, resulted in prolonged mandatory quarantines, lockdown, closures of businesses and facilities and travel restrictions imposed by the Chinese government and other countries around the world. The COVID-19 pandemic, as well as the restrictions imposed and actions taken by the governments and society as a whole in response to the COVID-19 pandemic, could present significant challenges and uncertainties. We have taken a series of measures in response to the outbreak, including, among others, remote working arrangements for some of our employees, suspension of our offline customer acquisition activities and cancellation of non-essential business travels to ensure the safety and health of our employees. These measures temporarily reduced the capacity and efficiency of our operations.

Although conditions have substantially improved since late March 2020 in the PRC, there was a slight rebound of number of confirmed cases of COVID-19 in certain cities afterwards. In 2022, a number of positive COVID-19 cases appeared in certain areas of Shanghai and other locations in China. Further, there was relaxation in the national COVID-19 policy in December 2022 and resurgence of COVID-19 in the PRC in late December 2022 and early January 2023. In addition, any recurrence of the COVID-19 outbreak in China or continuance of the outbreak in other parts of the world could cause a temporary decline in the business activities in various industries in which our customers operate and the restricted movement of individuals has disrupted the operations of the offline retail network and consumer demand for certain FMCG merchandise.

During the Track Record Period and up to the Latest Practicable Date, our business operations and financial performance have been temporarily disrupted by COVID-19 and we believe that the business operations of our customers were adversely affected by the COVID-19 pandemic which in turn reduced their willingness in conducting sales and marketing activities, in particular:

- ***FY2020 —*** Our revenue decreased by 13.1% from FY2019 to FY2020 mainly because the decrease in revenue from our on-site solution outweighed the increase in revenue from our other services for FY2020. Our revenue from on-site solution decreased by 20.7%. This was because, among other reasons, the COVID-19 pandemic and the corresponding restrictions had a negative impact on (i) the overall sales performance of offline commerce in China; and (ii) our customers' business operations (including but not limited to change in sales and marketing strategies and temporary closure of offline retail stores), and thus, their demands for our on-site solution. Meanwhile, our gross profit decreased by 4.5% from FY2019 to FY2020, and in particular, our gross profit from on-site solution decreased by 15.9%. This was because, among other reasons, our customers' demands for roadshows and marketing campaigns shrank as a result of the COVID-19 pandemic. On the other hand, our employee benefit expenses associated with cost of services, administrative expenses and selling and marketing expenses decreased in FY2020 mainly due to the introduction of Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration of the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises《人力資源社會保障部、財政部、稅務總局關於階段性減免企業社會保險費的通知》and Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration on the extension of the implementation period of the policy of phased reduction and exemption of enterprise social insurance premiums and other issues《人力資源社會保障部、財政部、稅務總局關於延長階段性減免企業社會保險費政策實施期限等問題的通知》. According to the two said Notice, the deduction in social insurance amounted to RMB5.5 million. For FY2020, there was no cancellation or postponement of contracts/projects and we did not incur any expense for projects that could not be recovered as a result of COVID-19.

- ***FY2021*** — Although there was no large-scale outbreak of COVID-19 in FY2021, our revenue from field force assignment decreased because the negative impact of the COVID-19 pandemic caused a slowdown in our customers' sales, which led to a decrease in the number of customers who engaged us for field force assignment. Nevertheless, we still maintained a stable financial performance with 0.7% growth in our revenue and improvement in gross profit margin from 39.6% for FY2020 to 40.9% for FY2021 as we had successfully promoted our matching service and SaaS+ subscription during the year. For FY2021, there was no cancellation or postponement of contracts/projects and we did not incur any expense for projects that could not be recovered as a result of COVID-19 and we did not receive any government subsidies that are directly related to COVID-19.

- ***9M2022*** — Notwithstanding the COVID-19 outbreak in early 2022, our revenue increased by 37.8% for 9M2022 as compared to 9M2021 mainly due to the increase in our revenue from on-site solution. Nonetheless, for the same period, 15 contracts were cancelled, postponed or adjusted with less service scope and our Directors estimated and believed that it had resulted in a loss in revenue by RMB13.2 million, representing 3.0% of total revenue for 9M2022. Our Directors believe that such cancelled, postponed or adjusted contracts were attributable to the change in our customers' sales and marketing strategies after having considered, among others, impact of COVID-19 and temporary closure of offline retail stores. In addition, we experienced temporary disruption in daily operations, such as our prolonged settlement process to suppliers as a result of administrative disruptions caused by the COVID-19 pandemic and certain of our offices were only allowed to remain opened to a limited extent and thus, most of our Group staff were required to work from home from time to time in response to local social distancing measures. Nonetheless, we had not experienced any material difficulties in collecting payments from our customers. For 9M2022 and up to the Latest Practicable Date, save for the said 15 contracts, there was no cancellation, postponement or adjustment of contracts/projects. As of the Latest Practicable Date, all such postponed contracts remained postponed and had not resumed. Further, for 9M2022 and up to the Latest Practicable Date, we did not incur any expense for delayed and cancelled projects that could not be recovered as a result of COVID-19 and we did not receive any government subsidies that are directly related to COVID-19.

We cannot assure you that our efforts to mitigate the impact of the COVID-19 pandemic on our business operations will always be effective or at all. Furthermore, we may in the future experience additional disruptions caused by the COVID-19 pandemic that could materially and adversely impact our business operations, financial condition and results of operations, including but not limited to:

- global economic recessions due to reduced level of economic activities and lockdown restrictions, which in turn resulted in decrease in revenue from our services, reductions in subscription duration and value, slower adoption of new technologies and increased price competition;

- inefficiencies, delays and additional costs in sales and marketing and customer service efforts;

- delays or failure to collect receivables from our customers impacted by the COVID-19 pandemic; and

- the possibility that one or more clusters of COVID-19 cases could occur at one of our locations, third-party cloud services providers or other third-party providers, affecting our employees or employees of our customers or other third parties on which we depend;

There are no comparable recent events that provide guidance as to the effect the COVID-19 outbreak as a global pandemic may have, and, as a result, the ultimate impact of the pandemic is highly uncertain and subject to change, even though conditions have been gradually improving in China where we conduct substantially all of our business. We do not yet know the full extent of the impacts on our business, our operations or the global economy as a whole. The extent to which the COVID-19 pandemic may impact our business will depend on future developments, which are highly uncertain and unpredictable, such as the duration of the outbreak, the effectiveness of travel restrictions and other measures to contain the outbreak and its impact, such as social distancing, quarantines and lockdowns across China where we and our customers operate.

Moreover, our operation efficiency was affected to a certain extent because our staff were required to work from home from time to time. There remains substantial uncertainties about the dynamic of the COVID-19 pandemic, which may have potential continuing impacts on subsequent periods if the pandemic and the resulting disruption were to extend over a prolonged period. To the extent the global spread of COVID-19 and deterioration cannot be contained, the risks and uncertainties set forth in this document may be exacerbated or accelerated at a heightened level.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases in the PRC may materially and adversely affect our business, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including COVID-19, avian influenza, severe acute respiratory syndrome, H1N1 influenza or Ebola virus, may materially and adversely affect our business, financial condition and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business. Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in the PRC may materially and adversely affect its economy and therefore our business. We cannot assure you that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases, including COVID-19, avian influenza, severe acute respiratory syndrome, H1N1 influenza or other epidemics, or the measures taken by the PRC government or other countries in response to such contagious diseases, will not seriously disrupt our operations or those of our customers, which may materially and adversely affect our business, financial condition and results of operations.

The retail market and retail sales and marketing services market in China is subject to various uncertainties.

Being a digitalised sales and marketing service provider which primarily serve FMCG customers in the PRC, our operations are subject to the impact of the China's offline retail market and we face competition from the retail sales and marketing services market in China. For instance, the retail sales and marketing services market is subject to the threats and challenges of fierce market competition and occasional decline in marketing spending. Cyclical volatility in China's retail industry caused by external macroeconomic conditions can negatively impact brand owners' operations, which in turn could lead to a reduction in their marketing spending. These brand owners tend to have less marketing budget available and might become more cautious in allocating resources to offline marketing campaigns. As a result, we may face increasingly fierce competition for limited customer resources.

China's retail market can be further categorised into online and offline channels. The online channel is the faster-growing segment and increased rapidly at a CAGR of 26.5% from 2017 to 2021, whereas the offline channel only grew at a CAGR of 4.1% for the same period. Going forward, online retail market is expected to increase at a CAGR of 11.9% from 2021 to 2026, while offline retail market is expected to grow at a CAGR of 3.3% during the same years. Moreover, considering challenges faced by brand owners in offline retail market, such as fragmented distribution network, information asymmetry in the retail value chain and deferred information flow, brand owners are motivated to implement their sales and marketing activities through online channels. Accordingly, considering our current business is primarily offline-focused, such transformation may adversely affect our operations and performance and the growth of our business due to the slower growth momentum of the offline retail channels.

In addition, our Directors consider that since sales and marketing may be conducted through a combination of online and offline channels, technology capability has gradually become the next core competency of sales and marketing services providers. Nowadays, established services providers strive to offer holistic marketing solutions to advertisers in one stop. Big data and cloud computing technology enable sales and marketing services providers to gather a vast amount of information to build a comprehensive customer profile for advertisers based on multiple tools and platforms. In addition, new domestic FMCG brands normally were born from internet and are not familiar with offline interactions, which urges sales and marketing services providers to digitalise their offline operations in order to improve marketing efficiency for brand owners and distributors. As more advanced technologies emerge and are applied, sales and marketing services providers are becoming more integrated and technology-driven. We cannot assure you that we could advance our technology capability successfully or we could provide digitalised services that are satisfactory to our customers. As a result, we cannot predict with certainty the future growth rate and size of the market of our business. Further, given the regulations in relation to cybersecurity and data privacy in the PRC, we may also face unpredictable restrictions on the adoption and development of different digitalised tools.

Our business, growth and prospects are significantly affected by the growth in retail support service industry and usage of digitalised tools in China.

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

Regulatory, legislative or self-regulatory developments for online businesses may be expensive to comply with, not clearly defined and rapidly evolving, which might create unexpected costs, subject us to enforcement actions for compliance failures, or restrict portions of our business. These might also have a material and adverse impact on our business, prospects, results of operations and financial condition.

The PRC government extensively regulates the Internet industry. Therefore, we may face challenges with respect to the complex and evolving legislations and regulations regarding cybersecurity and data privacy. We collect personal data from our users in order to better understand them and their needs, and are subject to cybersecurity and data privacy laws in China and other applicable jurisdictions, including without limitation the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), the PRC Data Security Law (《中華人民共和國數據安全法》), the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), Measures for Cybersecurity Review (《網絡安全審查辦法》), the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), and "Network Data Security Management Regulations" (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft for Comments**").

Pursuant to above legislation and regulation, we are required to maintain the confidentiality, integrity, and availability of the information of our users, customers, and suppliers, which is also essential to maintaining their confidence in our services. Therefore, we may be subject to litigation or enforcement action or reduced demand for our services if we or our clients fail to abide by applicable data security, cybersecurity and privacy laws, or to provide adequate notice and/or obtain consent from end users. Any proceeding or perception of concerns relating to our collection, use, disclosure, and retention of data and personal information, including our security measures applicable to the data and personal information we collect, whether or not valid, could adversely affect our reputation, force us to spend significant amounts on defence of these proceedings, distract our management, increase our costs of doing business, which could materially and adversely affect our business, results of operations and prospects.

However, the interpretation and implementation of such laws in China and elsewhere are often subject to uncertainties. Although we have employed resources to develop and maintain our cybersecurity measures, we cannot assure you that we always comply with all legislation and regulation mentioned-above. As a result, these laws and regulations might adversely affect the demand for or effectiveness and value of our brand, force us to incur substantial costs, or require us to change our business practices in a manner that could adversely affect our business. In addition, some foreign countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services.

Our industry face ethical and reputational risks associated with the use of AI technology.

During the Track Record Period and up to the Latest Practicable Date, we apply AI technologies in our services, for example *Site DNA* provides data analysis using AI algorithm. Alongside our business expansion and continued investment in research and development activities, our application of AI technologies may expand which may in turn produce biassed analysis and discrimination against inquiry subjects in certain stereotypes, such as unequal risk scoring based on racial or cultural background or gender. If the recommendations, forecasts, or analyses that our future AI applications assist in producing are deficient or inaccurate, we could be subjected to competitive harm, potential legal liability, and ethical or reputational harm. If the AI-based services we offer in the future are controversial because of their purported or real impact on human rights, privacy, employment, or other social issues, we may experience ethical or reputational harm and negative corporate social responsibility record and regulatory compliance issues.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in the economic, political and social conditions and government policies of the PRC may continue to affect our business and prospects.

All of our operations, business, assets and revenues are located in China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole. The PRC government regulates the economy and the industries by imposing industrial policies and regulating the PRC's macro economy through fiscal and monetary policies.

The Chinese economy may have many differences compare to the economies of most developed countries in many respects, which mainly including the involvement of government, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has taken measures which could enhance the utilisation of market forces for economic reform, meanwhile reducing the state ownership of productive assets and the establishing the improved corporate governance in business enterprises, a substantial portion of productive assets in China may be still owned by the government. Further, the Chinese government may still be able to impose industrial policies so as to regulate the industry development. The Chinese government may also have significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

The performance of our Group has been and would continue to be affected by China's economy, which in turn may be influenced by the global economy. The uncertainties of the global economy and the political environment in various regions of the world would continue to influence China's economic growth. Due to the significant growth of Chinese economy over the past decades, growth could be uneven among different geographical sectors and among various economic sectors.

The successful operations of our business and our growth depend upon the Internet infrastructure and telecommunication network in the PRC.

Our business depends on the performance and reliability of the Internet infrastructure in China. Almost all access to the Internet is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology of China. In addition, the national networks in China are connected to the Internet through state-owned international gateways, which are the only channels through which a domestic user can connect to the Internet outside of China. We may not have access to alternative networks in the event of disruptions, failures or other problems with China's Internet infrastructure. In addition, the Internet infrastructure in China may not support the demands associated with continued growth in Internet usage.

The failure of telecommunications network operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our websites. We have no control over the costs of the services provided by the national telecommunications operators. If the prices that we pay for telecommunications and Internet services rise significantly, our profit margins could be adversely affected. In addition, if Internet access fees or other charges to Internet users increase, our user traffic may decrease, which in turn may significantly reduce our revenues.

The approval of the China Securities Regulatory Commission may be required in connection with the [REDACTED], and, if required, we cannot predict whether we will be able to obtain such approval.

The M&A Rules require an overseas special purpose vehicle formed for [REDACTED] purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the China Securities Regulatory Commission, or the CSRC, prior to the [REDACTED] and [REDACTED] of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear, and the [REDACTED] may ultimately require approval from the CSRC. If the CSRC approval is required, it is uncertain how long it will take us to obtain such approval and any failure to obtain or delay in obtaining the approval for the [REDACTED] would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies, which could include fines and penalties on our operations in China, restrictions or limitations on our ability to pay dividends outside of China. In addition, on 24 December 2021, the CSRC published the draft Administrative Provisions of the State Council on the Overseas Issuance and Listing of Securities by Domestic Companies (Draft for Comments) (國務院關於境內企業境外發行證券和上市的管理規定(草稿徵求意見稿)), or the Administrative Provisions, and the draft Measures for the Overseas Issuance and Listing of Securities Record-filings by Domestic Companies (Draft for Comments) (境內企業境外發行證券和上市備案管理辦法(徵求意見稿)) for public comments. Pursuant to these drafts, PRC domestic companies that directly or indirectly [REDACTED] or [REDACTED] their securities in an overseas market, which include (i) any PRC company limited by shares, and (ii) any offshore company that conducts its business operations primarily in China and contemplates to [REDACTED] or [REDACTED] its securities in an overseas market based on its onshore equities, assets or similar interests, are required to file with the CSRC within three business days after submitting its [REDACTED] documents to the relevant regulator in the place of intended [REDACTED]. Failure to complete the filing under the Administrative Provisions may subject a PRC domestic company to a warning or a fine of RMB1 million to RMB10 million. If the circumstances are serious, the PRC domestic company may be ordered to suspend its business or suspend its business until rectification, or its permits or business licences may be revoked. As at the Latest Practicable Date, these drafts Overseas Listing Administration had been released for public comments only and the final version and effective date of such regulations are subject to change with substantial uncertainties.

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

M&A Rules jointly issued by the MOFCOM, the SASAC, the STA, the CSRC, SAIC, and the SAFE on 8 August 2006, effective on 8 September 2006 and amended on 22 June 2009, and some other established regulations and rules concerning mergers and acquisitions, as well as additional procedures and requirements, could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements that the approval from the MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or natural persons acquire an affiliated PRC domestic enterprise. Since the PRC Foreign Investment Law and its Implementation Regulations became effective on 1 January 2020, the provisions of the M&A Rules remain effective to the extent they are not inconsistent with the PRC Foreign Investment Law and its Implementation Regulations. Moreover, the Anti-Monopoly Law requires that SAMR shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM, the SAMR, or other PRC government authorities may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

In addition, the Provisions of the Ministry of Commerce on the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (商務部實施外國投資者併購境內企業安全審查制度的規定) issued by the PRC government authorities that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defence and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the PRC government authorities, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In December 2020, the NDRC and the MOFCOM promulgated the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》), which came into effect on 18 January 2021. The NDRC and the MOFCOM will establish a working mechanism office in charge of the security review of foreign investment. Such measures define foreign investment as direct or indirect investment by foreign investors in the PRC, which includes (i) investment in new onshore projects or establishment of wholly foreign owned onshore companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. Investment in certain key areas with bearing on national security, such as important cultural products and services, important information technology and internet services and products, key technologies and other important areas with bearing on national security which results in the acquisition of de facto control of investee companies, shall be filed with a specifically established office before such investment is carried out. Failure to make such filing may subject such foreign investor to rectification within prescribed period, and will be recorded as negative credit information of such foreign investor in the relevant national credit information system, which would then subject such investors to joint punishment as provided by relevant rules. If such investor fails to or refuses to undertake such rectification, it would be ordered to dispose of the equity or asset and to take any other necessary measures so as to return to the status quo and to erase the impact to national security. As these measures are recently promulgated, official guidance has not been issued by the designated office in charge of such security review yet. At this stage, the interpretation of those measures remains unclear in many aspects such as what would constitute "important information technology and internet services and products" and whether these measures may apply to foreign investment that is implemented or completed before the enactment of these new measures.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defence and security" or "national security" concerns. However, the MOFCOM or other government authorities may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC may be closely scrutinised or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

We are likely to be classified as the "PRC resident enterprise" under PRC Enterprise Income Tax law, therefore our profitability and the value of your [REDACTED] maybe affected adversely.

According to the Enterprise Income Tax ("**EIT**") Law and implementation rules, an enterprise incorporated outside of the PRC but with a "de facto management body" in PRC may also be classified as the resident enterprise of the PRC. The definition of "de facto management body" means the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, July 2011 and January 2014, the STA issued several circulars, which provide certain specific criteria for determining whether it is the "de facto management body" for foreign enterprises controlled by PRC enterprises.

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 in our case. If the PRC tax authorities determine that our Company, or any of our subsidiaries outside of China, is a PRC resident enterprise for PRC enterprise income tax purposes, then our Company or 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.

Moreover, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realised on the [REDACTED] or other [REDACTED] of our ordinary shares may be subject to PRC tax, and dividends we pay may be subject to PRC withholding tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains or dividends are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would be able to obtain the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your [REDACTED] in our Shares.

Inflation in the PRC could materially and adversely affect our profitability and growth.

Since the economy of China has been experiencing significant growth in past decades, inflation may occur and labour costs may keep increasing. According to the statistics from National Bureau of Statistics of China, the year-on-year growth in the consumer price index in China was 0.9% from 2020 to 2021. The overall economy of the PRC and the average salary in the PRC are more likely to keep increasing, therefore future increases in China's inflation and material increases in the cost of labour is likely to affect our profitability and operations adversely.

PRC governmental control and restrictions on the convertibility of Renminbi may affect the value of your [REDACTED].

The PRC government imposes controls and restrictions on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. The majority of our income is received in Renminbi and shortages in the availability of foreign currencies may restrict our ability to pay dividends or other payments, or otherwise satisfy their foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements. Approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may, at its discretion, impose restrictions on access to foreign currencies for current account transactions and if this occurs in the future, we may not be able to pay dividends in foreign currencies to our Shareholders.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The value of the RMB against the Hong Kong dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar or other currencies in the future. In addition, the PBOC may regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policy goals.

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

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

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in the PRC. Foreign investors or foreign-funded enterprises shall submit investment information to the competent commerce departments through the Enterprise Registration System and the National Enterprise Credit Information Publicity System. In addition, foreign-invested enterprises submitting a change report shall submit the change in basic information, investors and their actual controllers, investment transaction information and other information. We may not be able to complete such recording or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the [REDACTED] of this [REDACTED] and to capitalise our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On 30 March 2015, the SAFE promulgated the "Notice on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises" (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**"), which took effect on 1 June 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using RMB funds converted from their foreign exchange capital for expenditures beyond their business scopes. On 9 June 2016, the SAFE promulgated the "Notice on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange" (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"). SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope, investment and financing (except for securities investment or non-guaranteed bank products), providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to and use in the PRC the [REDACTED] from this [REDACTED], which may materially and adversely affect our business, financial condition and results of operations.

We may be subject to penalties, including restrictions on our ability to inject capital into our PRC subsidiaries and our PRC subsidiaries' ability to distribute profits to us, if our PRC resident Shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local counterparts of the SAFE in connection with their direct or indirect offshore investment activities. The "Notice on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Round tripping by Chinese Residents through Special Purpose Vehicles" (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**"), was promulgated by the SAFE in July 2014 and requires PRC residents or entities to register with SAFE or its local counterparts in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our Shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local counterpart of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger or division. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas or into the PRC within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into the PRC and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We have requested PRC residents holding direct or indirect interest in our Company to our knowledge to make the necessary applications, filings and amendments as required by applicable foreign exchange regulations. However, we may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC residents and, therefore, we may not be able to identify all our shareholders or beneficial owners who are PRC residents to ensure their compliance with Circular 37 or other related regulations. In addition, we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by Circular 37 or other related regulations in a timely manner. Failure by any such Shareholders to comply with Circular 37 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could materially and adversely affect our business and prospects.

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

In February 2012, SAFE promulgated the "Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies" (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**SAFE Circular 7**"), which replaces the previous rules issued by SAFE in March 2007. Under the new SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local counterparts and complete certain other procedures. PRC residents who are also the participants of a stock incentive plan must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. Also, SAFE Circular 7 requires that PRC residents who participate in a share incentive plan of an overseas non-publicly-listed special purpose company may register with SAFE or its local counterparts before they exercise the share options. We and our PRC employees who have been granted share options will be subject to these regulations upon the completion of this [REDACTED]. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiaries' ability to distribute dividends to us, or otherwise materially and adversely affect our business.

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

The majority of our operations are conducted in China, and are governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. There has been significantly increase in the overall effect of legislation over the past three decades in the protections afforded to various forms of foreign or private-sector investment in China. Our subsidiaries are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively have not been enforced for a long time and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties.

Certain judgements obtained against us by our shareholders may experience some difficulties in enforcement.

Although we are an exempted company incorporated in Cayman Islands with limited liability, all our substantial assets and business operation are located in the PRC. On the other hand, all of our directors and senior managements are nationals and residents of China and most of their assets are also located in the PRC. Therefore, it is less likely for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. The PRC has not entered into treaties or arrangements regarding the recognition and enforcement of judgements made by courts of most other jurisdictions. On 14 July 2006, Hong Kong and the PRC entered into the "Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned" (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"). Under the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgement requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgement. Therefore, if the parties in the dispute did not agree to enter into a choice of court agreement in writing, it may not be possible to enforce that judgement. As a result, it may be difficult or impossible for investors to effect service of process against certain of our assets or Directors in the PRC in order to seek recognition and enforcement of foreign judgements in the PRC.

Furthermore, on 18 January 2019, the Supreme People's Court of the PRC and the government of the Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "New Arrangement"). Although the New Arrangement has been signed, it remains unclear when it will come into effect. When the New Arrangement become effective, it will supersede the Arrangement and any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgements in civil and commercial cases under the New Arrangement but will be subject to the conditions set forth in the New Arrangement. Therefore, the outcome and effectiveness of any action brought under the New Arrangement is still uncertain. We cannot assure you that an effective judgement that complies with the New Arrangement can be recognised and enforced in a PRC court.

Any failure to comply with anti-corruption and anti-bribery laws of China and other jurisdictions could subject us to penalties and other adverse effects.

We are subject to the anti-bribery laws of the jurisdictions in which we operate, particularly the PRC. In addition, many of our customers are subject to the Foreign Corrupt Practices Act, or FCPA, enacted in the United States, that generally bans an entity from bribery or corruption, which means directly or indirectly, making improper payments to foreign officials for the purpose of obtaining or retaining business. As a result, our service contracts often include anti-bribery provisions which require us to comply with the applicable anti-bribery laws.

Although we have procedures and controls to monitor anti-bribery compliance, we cannot guarantee these measures can fully protect us from reckless or criminal acts committed by our employees or agents. Furthermore, we could be held liable for actions taken by our employees or agents, which could expose us to risks of regulatory investigations and penalties. If we fail to comply with applicable anti-bribery laws due to our own deliberate or inadvertent acts or those of our employees, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and significant expenses, which could have a material adverse effect on our business, financial condition and results of operations.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of Internet-related businesses and companies, and any lack of requisite approvals, licences, permits or filings applicable to our business may have a material adverse effect on our business and results of operations.

The PRC government extensively regulates the Internet industry and the licencing 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 uncertainties. As a result, in certain circumstances, it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations.

Complying with such laws and regulations may require substantial expense, and any non-compliance may expose us to liability. However, we cannot guarantee that we will be able to obtain all requisite approvals, licences, permits and certifications in connection with our business operation and conduct our business within the business scope as described in the approvals, licences, permits, fillings and certifications held by us. Regulatory authorities who have extensive authority to supervise and regulate the industry we operate in may not interpret relevant laws and regulations the way we do. In addition, as the regulatory regime for Internet-related industry in China continues to evolve, new laws, regulations and regulatory requirements are promulgated and implemented from time to time, and the interpretation and application of existing laws, regulations and regulatory requirements are subject to changes. We may be required to obtain approvals, licences, permits and certifications that we do not currently have for our existing business or new scope of business that we may expand into in the future. In the event of non-compliance, we may have to incur significant expenses and divert substantial management time to rectify the incidents. In the future, If we fail to obtain all the necessary approvals, licences, permits, fillings and certifications required by relevant laws and regulations or if we are deemed to have conducted business operations requesting certain approvals, licences, permits and certifications without having one, we may be subject to administrative penalties or the suspension of operations of the relevant business that do not have all the requisite approvals, licences, permits and certifications, which could materially and adversely affect our business and results of operations. For further details on the requisite approvals, licences, permits and certifications for business operations, see "Regulatory Overview". We may also experience adverse publicity arising from non-compliance with government regulations, which would negatively impact our reputation.

Furthermore, in the event that we are required to renew our existing licences or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or that the relevant government authorities will always, if ever, exercise their discretion in our favour. There may also be delays on the part of government authorities in reviewing our applications and granting approvals, whether due to the lack of human resources or the imposition of new rules, regulations, government policies or their implementation, interpretation and enforcement. The eligibility criteria and requirements for such licences, certificates, approvals and permits may change from time to time and may become more stringent in the future. The introduction of any new and/or more stringent laws, regulations, licences, certificates, approvals or permits requirements relevant to our business operations may significantly escalate our compliance and maintenance costs or may limit our ability to continue with our existing operations or may limit or prohibit us from expanding our business. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our Shares and there can be no assurance that an active market would develop after the [REDACTED].

Prior to completion of the [REDACTED], there has been no [REDACTED] for our Shares. Following the completion of the [REDACTED], there can be no guarantee that an active [REDACTED] for our Shares will develop or be sustained. The [REDACTED] is the result of negotiations between our Company and the [REDACTED] (for themselves and on behalf of the [REDACTED]), may not be indicative of the [REDACTED] of the Shares following the completion of the [REDACTED]. The [REDACTED] of our Shares may be materially and adversely affected at any time after completion of the [REDACTED]. Factors such as variations in our revenue, earnings and cash flows or any other developments of us may affect the [REDACTED] and [REDACTED] at which our Shares will be [REDACTED].

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

The [REDACTED] of our Shares may be volatile and could fluctuate widely in response to many factors, some of which maybe beyond our control, including: our financial results, changes in securities analysts' estimates, if any, of our financial performance, general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world and the performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC that have listed their securities in Hong Kong may affect the volatility in the [REDACTED] of and [REDACTED] for our Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the [REDACTED] of our Shares. These broad market and industry factors may significantly affect the market [REDACTED] and [REDACTED] of our Shares, regardless of our actual operating performance.

Because the [REDACTED] [REDACTED] per Share is higher than the net tangible book value per Share, purchasers of our Shares may incur immediate and substantial dilution in the [REDACTED] and may experience further dilution in the future.

As the [REDACTED] of our Shares is higher than the net tangible book value per Share immediately prior to the [REDACTED], as a result purchasers of our Shares in the [REDACTED] will experience an immediate dilution in terms of the [REDACTED] net tangible book value. If the [REDACTED], on behalf of the [REDACTED], exercises the [REDACTED] or if we obtain additional capital in the future through equity [REDACTED], [REDACTED] of our [REDACTED] may experience further dilution.

Substantial actual [REDACTED] or future [REDACTED] or the expectation of substantial [REDACTED] of our Shares in the [REDACTED], especially by our Directors, executive officers and Controlling Shareholders may cause the [REDACTED] of our Shares to decline.

[REDACTED] of substantial amounts of Shares in the [REDACTED] after the completion of the [REDACTED], especially by our Directors, executive officers and Controlling Shareholders, or the perception or anticipation of such [REDACTED] could adversely affect the [REDACTED] of our Shares and could materially impair our future ability to raise capital through [REDACTED] of our Shares.

The Shares owned by our Controlling Shareholders are subject to certain lock-up periods. There can be no assurance that they will not dispose of these Shares following the expiration of the lock-up periods, or any Shares they may come to own in the future. We cannot predict what effect, if any, significant future [REDACTED] will have on the [REDACTED] of our Shares.

Since there will be a gap of several days between [REDACTED] and [REDACTED] of our Shares, holders of our Shares are subject to the risk that the [REDACTED] of our Shares could fall during the period before [REDACTED] of our Shares begins.

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

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

During the Track Record Period and up to the Latest Practicable Date, no dividend has been proposed, paid or declared by our Company, and save for the dividends of RMB165,000,000 declared and paid by Plus Shanghai to its then shareholders for FY2020, no dividend was declared or paid by our Group during the Track Record Period and up to the date of this document. Distribution of dividends shall be at the discretion of our Board and subject to Shareholders' approval. Any declaration and payment as well as the amount of such dividends may depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors may consider relevant. We also cannot guarantee when and in what form dividends will be paid on our Shares following the [REDACTED]. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. For further information, see "Financial Information — Dividend." On the other hand, it would also be subject to our Articles of Association and the PRC laws or Cayman Islands laws, including (where required) the approvals from our shareholders and our Directors. As a result, there can be no assurance whether, when and in what manner we will pay dividends in the future.

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

We have applied for, and the Stock Exchange has granted to us, a number of waivers from strict compliance with the Listing Rules. For details, see "Waivers from Strict Compliance with the Listing Rules and Exemption from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance". There is no assurance that the Stock Exchange will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations, incur additional compliance costs and face uncertainties arising from issues of multijurisdictional compliance, all of which could adversely affect us and our Shareholders.

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 to our shareholders. We plan to use the [REDACTED] from the [REDACTED] mainly (i) to enhance our core technology capabilities and fundamental R&D, which includes upgrading our FMES platform and digitalised tools, enhancing our IT infrastructure, establishing a cloud-based sales and marketing platform as a service (PaaS) system and building an advanced digitalised R&D management system; (ii) to pursue strategic investment, acquisition and cooperation; (iii) to enhance our capabilities in sales and marketing to further our business growth and brand awareness; (iv) to expand into overseas markets and increase our market share in the PRC and (v) to supply our working capital. For details, see "Future Plans and [REDACTED] — [REDACTED]". However, our management will have discretion as to the actual application of our [REDACTED]. You are entrusting your funds to our management, whose judgement you must depend on, for the specific uses we will make of the [REDACTED] from this [REDACTED].

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from the laws of Hong Kong and other jurisdictions.

Our corporate affairs are governed by, among other things, our Memorandum of Association and Articles of Association, the Cayman Companies Act, and the common law of the Cayman Islands. The rights of our Shareholders to take action against our Directors, the rights of minority shareholders to instigate actions and the fiduciary duties of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary duties of our Directors under Cayman Islands law may not be the same as they would be under statutes or judicial precedent in Hong Kong or other jurisdictions. This may mean that the remedies available to our minority Shareholders may be different from those available under the laws of Hong Kong or other jurisdictions. In particular, the Cayman Islands have different securities laws as compared to Hong Kong and may not provide the same protection to investors. Furthermore, shareholders of Cayman Islands companies may not have standing to initiate a shareholder derivative action in a Hong Kong court. A summary of the constitution of our Company and the Cayman Islands Company Act is set out in Appendix IV to this document.

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

This document contains certain forward-looking statements and uses forward-looking words such as "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" "vision," "aspire," "target," "schedules." Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change.

[REDACTED] of our Shares are cautioned that reliance on any forward-looking statement involves risks and uncertainties, and that any or all of those assumptions could prove to be inaccurate, and thus the forward-looking statements which are based on those assumptions could be incorrect. The uncertainties in this regard include those that are specified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and targets will be achieved. The forward-looking statements should be considered in light of various factors that are worth noting, including the factors mentioned above. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Hong Kong Stock Exchange. [REDACTED] should not place undue reliance on such forward-looking statements. For details, see "Forward-looking Statements".

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

If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our Shares or publishes inaccurate or unfavourable research about our business, the [REDACTED] for our Shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial [REDACTED], which, in turn, could cause the [REDACTED] or [REDACTED] for our Shares to decline.

Facts and statistics in this document may come from various sources and may not be fully reliable.

Certain facts and statistics in this document, including, but not limited to, the information and statistics are derived from various publicly available publications of governmental agencies or Independent Third Parties, which our Directors believe to be reliable.

However, we cannot guarantee the quality or reliability of such facts and statistics. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. 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. No independent verification has been carried out on the information and statistics from official government sources by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any other parties involved in the [REDACTED] or their respective directors, officers, employees, advisers, or agents, and no representation is given as to the accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. Further, we cannot assure our [REDACTED] 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, our [REDACTED] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

[REDACTED] should read the entire [REDACTED] carefully and we strongly caution you not to place any reliance on the information in any press article or other media coverage which contains information not being disclosed or which is inconsistent with the information included in this document.

There may be, subsequent to the Latest Practicable Date but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED], which contained, 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 other 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, [REDACTED] are cautioned to make their [REDACTED] decisions 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 your [REDACTED] decision 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, [REDACTED] should not rely on any such information, reports or publications in making their decisions as to whether to [REDACTED] in our [REDACTED]. By [REDACTED] to [REDACTED] 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].