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

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business operations may be affected by seasonality.

During the Track Record Period, our customers were mainly education institutions and government authorities, which were primarily financed by government funds. These customers usually adopt a pre-approval management system and centralised procurement system. In general, for integrated IT solution services, the annual budget and procurement plan are formulated at the beginning of each year, and the design of the tendering scheme is carried out. The tendering process and project execution start from the second quarter and third quarter of the year, respectively, and user acceptance tests are generally carried out in the fourth quarter of the corresponding year. As a result, since a majority of our revenue derived from integrated IT solutions services is recognised upon the user acceptance tests are passed, a majority of our revenue derived from integrated IT solution services is recognised during the fourth quarter of the year. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, revenue generated from the provision of integrated IT solution services amounted to RMB189.5 million, RMB169.3 million, RMB198.5 million and RMB5.0 million, respectively, which accounted for 91.5%, 83.9%, 81.6% and 57.6% of our total revenue, respectively. Accordingly, various aspects of our results of operations, including revenue, trade receivables, working capital and operating cashflow, are exposed to the seasonal fluctuations in demand for our services. There is also no assurance that project completion, acceptance and settlement will not be delayed, which may lead to an adverse impact on our financial performance and financial position.

Our revenue is mainly derived from projects which are non-recurring in nature and failure to secure tender contracts would affect our operations and financial results.

During the Track Record Period, a majority of our revenue was derived from contracts awarded through tendering that were non-recurring in nature. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our revenue generated from services obtained through tendering amounted to RMB125.2 million, RMB144.0 million, RMB178.0 million and RMB5.7 million, respectively, representing 60.5%, 71.4%, 73.2% and 65.8% of our total revenue, respectively for the corresponding years/period. Whether we will succeed in our tender process depends on a number of factors, such as, our track record, financial condition, qualifications and the tender price we submitted. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our overall tender success rate was 77.2%, 77.9%, 79.1% and 75.0%, respectively. There is no assurance that we will continue to meet our customers' tendering requirements, or that we will succeed in tendering for new projects with terms and conditions comparable to our existing contracts. In the event that we fail to secure new contracts or maintain comparable tender success rates in the future, our business, results of operations and financial condition may be materially and adversely affected.

During the tendering process, we may also have to lower our tender prices or offer more favourable terms to our customers in order to increase the competitiveness of our tenders. If we are unable to reduce our costs accordingly, our results of operations and financial condition may be adversely affected.

We may not be able to keep pace with the rapid changes in market demands or technological advancements.

In order to respond to changes in the IT industry and education industry and maintain our competitiveness, we devote effort and resources to the research and development of innovative software products and technologies involved in our integrated IT solutions services, which are subject to continuous evolution and upgrade. There is no assurance that our research and development efforts will be successful or that the software products or technologies developed by us will be well accepted by the market or achieve commercial success. If we are unable to develop innovative software products or technologies that meet the needs and preferences of our customers in a timely manner, or if our competitors have developed more advanced software products and technologies, our business, results of operations and financial condition may be materially and adversely affected.

Changes in government policies and/or government funds would affect the demand of our services and products and create uncertainty as to our future revenue streams.

We provide integrated IT solutions services in the education and government sectors, and we generate most of our revenue from the development and sale of such services. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our revenue generated from services provided to customers in the education sector accounted for 82.8%, 57.2%, 81.3% and 83.8% of our total revenue, respectively; and our revenue generated from services provided to customers in the government sector accounted for 11.5%, 31.6%, 3.7% and 2.4% of our total revenue, respectively for the corresponding years/period. Our major customers are primarily financed by government funds. The IT solutions market, in particular, the education IT solutions market and the government IT solutions market in the PRC, are experiencing rapid developments, driven by, among others, strong policy support and increasing public expenditure. There is no assurance that the relevant government policies would not change or the market will grow at a speed we expect or our integrated IT solutions services can gain wide acceptance in the evolving markets. Our business prospect will be heavily impacted by the level of future public expenditure. If there are any changes in government policies, or the IT solutions market fails to grow as expected, or we are unable to maintain or increase our market share, our business, results of operations and financial condition may be materially and adversely affected.

We may encounter cost overruns or delays in our integrated IT solutions projects.

In providing integrated IT solutions services to our customers, we are normally required to complete projects at a fixed price. Some of our projects are also subject to specific completion schedules. Failure to meet the project schedules may result in claims for liquidated damages by, and disputes with our customers or even termination of relevant contracts. Therefore, time and cost management is essential in ensuring that a project meets its budgeted profit margin. In this connection, we need to estimate the implementation time and cost needed in advance to determine our tender prices or project quotations. There may be various factors affecting the actual time taken and cost incurred by us in completing the projects, including, among others, integration with third party suppliers' products, technical difficulties, and other unforeseeable problems and circumstances which may lead to delay in project completion or cost overruns. There is no assurance that the actual time taken and cost incurred would not exceed our budget, which may materially and adversely affect our business, results of operations and financial condition.

Mismanagement of our working capital or failure to obtain adequate funding may interrupt our business operation and adversely affect our expansion plans.

We are usually required to pay a substantial amount of cash upfront throughout the execution of projects, such as the procurement costs of hardware, equipment and software, service costs for IT and supporting services and staff costs, whereas our customers would only make payments after project completion and acceptance. The duration of our integrated IT solutions projects may range from approximately one to three months, depending on the project specifications. Therefore, there may be periods during which we may experience net cash outflows for a particular project as well as on an overall basis.

During the Track Record Period, we utilised cash generated from our operations and borrowings to finance such costs. However, there is no assurance that we will be able to match the timing and amounts of our cash inflows with that of our payment obligations and other cash outflows. There is also no assurance that we will be able to generate sufficient cash inflows from our business operations to meet our payment obligations. If we are unable to make scheduled payments and honour other fixed payment obligations as they become due, we may need to re-negotiate the terms and conditions of such obligations or to obtain additional equity or debt financing. There is no assurance that our re-negotiation efforts will be successful or in a timely manner or that we will be able to obtain additional financing on commercially acceptable terms or at all. If we fail to effectively manage our working capital, our ability to meet our payment obligations may be impaired, and our business, liquidity and financial condition may be adversely affected. In addition, the execution of our projects and our development plans require significant capital. Our inability to obtain additional capital on favourable terms may result in project delays, curtail the expansion of our business, or force us to forego project opportunities, which may materially and adversely affect our business, results of operations and financial condition.

There is no assurance that our customers will make payment to us on time and in full and we are therefore subject to credit risks.

As at 31 December 2020, 2021 and 2022 and 30 April 2023, our gross trade receivables amounted to RMB133.5 million, RMB211.0 million, RMB217.1 million and RMB192.5 million, respectively, and the loss allowance of trade receivables according to our Group's policy amounted to RMB9.2 million, RMB10.2 million, RMB18.5 million and RMB25.1 million, respectively. Our average turnover days of trade receivables for the corresponding years/period were approximately 177 days, 295 days, 300 days and 2,543 days, respectively. See "Financial Information — Description of certain items of consolidated statements of financial position — Trade and other receivables" for further details. In particular, our major customers are primarily financed by government funds and therefore the typical settlement term for them are accustomed to a longer period during the Track Record Period. Should the credit worthiness of our customers deteriorate or should a significant number of our customers fail to settle their trade receivables in full for any reason, we may incur impairment losses and our results of operations and financial condition could be materially and adversely affected. In addition, there may be a risk of delay in payment by our customers from their respective credit period, which in turn may also result in an impairment loss provision and affect our cash flows. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, we recorded an impairment losses recognised for trade and other receivables and contract assets of RMB3.8 million, RMB0.8 million, RMB6.4 million and RMB6.5 million, respectively. There is no assurance that we will be able to fully recover our trade receivables from the customers or that they will settle our trade receivables in a timely manner. In the event that payments were not settled by our customers in a timely manner, our financial condition, profitability and cash flow may be adversely affected.

We may not be able to recover or utilise our contract assets and other deposits, prepayments and receivables.

During the Track Record Period, we recorded certain contract assets and other deposits, prepayments and receivables. Our contract assets consisted of retention money and rights to consideration for work completed but not yet reached the billing milestones which amounted to RMB7.4 million, RMB7.9 million and RMB22.6 million and RMB19.3 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively, while our other deposits, prepayments and receivables, which included prepayment to suppliers, prepaid **[REDACTED]** expenses, refund receivable from suppliers, advance to staff, retention money and performance bond, deposits and tender deposit, amounted to RMB12.8 million, RMB34.2 million, RMB56.6 million and RMB83.5 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. There is no assurance that we can fully recover or utilise such contract assets and other deposits, prepayments and receivables. Any failure to recover or utilise, in full or in part, may result in an impairment loss provision and our financial condition, profitability and cash flow may be adversely affected.

Our high level of gearing ratio may materially and adversely affect our business and financial condition.

Our bank and other loans amounted to RMB86.1 million, RMB120.2 million, RMB157.9 million and RMB136.8 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. Our gearing ratio was at 114.2%, 92.4%, 88.3% and 84.4% as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. Our high level of gearing ratio may (i) adversely affect our financial credibility and financial condition and limit our future ability to obtain further financing from banks or financial institutions; (ii) require us to allocate a higher portion of our cash flow from operation to the repayment of the aforesaid indebtedness and finance costs, which may reduce our cash flow from operation to fund our working capital and capital expenditure; (iii) increase our exposure to inherent risk of higher interest rate and finance costs; (iv) reduce our flexibility in planning for or responding to change in our business opportunities; and (v) increase our vulnerability to adverse overall industry environment. Should we fail to obtain further financing or if we are required to accelerate the repayment of the loans for existing bank loans and finance leases, our business, financial condition and results of operations may be materially and adversely affected.

The carrying amount of our intangible assets is subject to potential impairment.

Our intangible assets were capitalised development costs which amounted to RMB6.3 million, RMB8.6 million, RMB10.8 million and RMB12.0 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. The capitalised development costs refer to the expenditure incurred in projects to develop software for customers. Intangible assets are reviewed and tested for impairment in accordance with the relevant accounting standards. An impairment loss is recognised in profit or loss if the carrying amount of the intangible asset exceeds its recoverable amount. There is no assurance that we will not incur impairment losses on our intangible assets. Any significant impairment losses could materially and adversely affect our profitability and result in net liabilities.

We are uncertain about the recoverability of our deferred tax assets.

As at 31 December 2020, 2021 and 2022 and 30 April 2023, our deferred tax assets amounted to RMB2.1 million, RMB3.1 million, RMB3.7 million and RMB6.7 million, respectively, which represented credit loss allowances, deferred government grants, right-of-use assets and lease liabilities, unrealised profits arising from intra-group transactions and cumulative tax losses. Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. There is no assurance that we can recover or predict the movement of our deferred tax assets, and to what extent they may affect our financial position in the future.

We may experience disruptions or failures on our IT system which could damage our reputation.

We are dependent on the stable operation of our IT system for the provision of our integrated IT solutions services, in particular, our software product development and design, customer communications, and the remote maintenance and support services provided to our customers. Our business success hence relies on the uninterrupted and secured operation of our IT system. Any outage, data loss or other disruption occurring to our IT system would cause damage to our reputation and expose us to liability to third parties.

We are susceptible to computer viruses, system breakdowns, power loss or telecommunications failure as a results of hardware and/or software deterioration. In addition, our infrastructure may be subject to distributed denial of service attacks, or other hacking and phishing attacks on our system or online platforms in the future and there is no assurance 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. Our infrastructure may also be breached if any vulnerabilities therein are exploited by unauthorised third parties. If we fail to repair or maintain our IT system in a timely manner, our business may be temporarily disrupted, which could have a material adverse impact on our reputation and results of operations.

Our Group may be liable for any defects in its projects. If we fail to meet specified technical standards or industry requirements, we may have to incur additional costs to remedy the defects and compensate our customers.

We generally provide a warranty period to our customers for any major quality defects and our contracts may also require us to commit to certain technical standards and industry requirements. During the Track Record Period, we generally granted to our customers a warranty period ranging from 12 months to 60 months. However, the integrated IT solutions services provided by us involve a variety of hardware and/or software supplied by our suppliers, and the quality of those hardware and/or software is not under our control. There may be design or manufacturing defects that could cause malfunctions in the hardware we provided to our customers in connection with our solutions. Similarly, the software we provided to our customers may have programming defects or errors that may impair our customers' use. The hardware and software we source from our suppliers or our self-developed products and our customers' existing IT infrastructure may also involve compatibility issues.

There is no assurance that all defects and issues would be detected and resolved to meet our customers' required standards. If we fail to adhere to the standards and industry requirements set out in the contracts or if any aspects of the projects completed by us are found to be defective during the warranty period, we would be responsible for providing or, during the warranty period offered by our suppliers, procuring our suppliers to provide hardware and equipment repairs, maintenance, and software updates and supports free of charge. Consequently, the costs borne by us might increase thereby reducing the profitability of the relevant project, which in turn may materially and adversely affect our business, results of operations, financial condition and future prospects.

Failure to retain our qualification for the integration of the confidential information systems could materially affect our business operation and financial performance.

During the Track Record Period, we had two integrated IT solutions projects with contract value of RMB36.0 million which depended on the qualification for the integration of the confidential information systems (涉密信息系統集成資質證書) held by Nanning Maiyue. As advised by our PRC Legal Advisers, since it is expected that the proportion of foreign investors and/or their acting in concert parties will indirectly hold more than **[REDACTED]** of the equity interest of Nanning Maiyue after the **[REDACTED]** and Nanning Maiyue would no longer be able to possess or renew the license after the **[REDACTED]**, we made an application to the relevant authority for cancellation of the licence. Formal approval from the relevant authority was obtained on 30 March 2023 and the licence was subsequently being cancelled. There is no assurance that we will be able to seek for alternative projects which do not require the license in a timely manner or at all. Should we fail to do so, this will adversely affect our business, results of operations as well as damage our competitiveness and reputation in the IT solutions market.

The success of our business depends on the dedicated efforts of key members of our technical team, sales and marketing team and management team, any loss of their services may impair our ability to manage our business and adversely affect our results of operations.

The success of our Group to date has largely been attributable to the contributions, commitment, leadership and experience of our management team and key personnel, in particular their familiarity with our business operations and their experience and expertise in the IT industry. Mr. Li, our executive Director, chief executive officer and Chairman, has over 20 years of experience in the IT industry. Our executive Directors, Ms. Deng and Mr. Zhang also possess over 15 and ten years of experience in the IT industry, respectively, while Mr. Wang has over 15 years of experience in sales and corporate management in the IT industry. If we lose our key management personnel without a suitable and timely replacement or if we lose them to our competitors, our competitiveness, business performance, results of operations as well as business prospects may be materially and adversely affected.

In addition, our future growth and our ability to implement our business strategies depend on, among other factors, the successful recruitment and retention of additional skilled and experienced management and other personnel. We cannot assure you that we will be able to hire or retain such employees and the failure to do so may materially and adversely affect our business, results of operations and financial condition.

There is no assurance that our enjoyment of the preferential income tax rates will be continued.

During the Track Record Period, Nanning Maiyue was entitled to a preferential income tax rate of 15% attached to its status as a High and New Technology Enterprise and an enterprise engaged in one of the national encouraged industries located in the PRC western region and, whilst Guangxi Silunjie was also entitled to preferential income tax rates of 9% (from 2019 to 2021) and 15% (since 2022) through its engagement in national encouraged industries in the PRC western region and national autonomous areas. See Note 7 in the Accountants' Report as set out in Appendix I to this document for further details. The Corporate Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**PRC Corporate Income Tax Law**") allows enterprises to apply for certificate of High and New Technology Enterprise which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria. Nanning Maiyue was qualified as a High and New Technology Enterprise in 2016 and the qualification was renewed in 2019 and 2022 and the validity period was extended to 2024. On the other hand, (i) according to the announcement [2020] No. 23 from the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission, enterprise which is located in the PRC western region and engaged in the national encouraged industries could apply to enjoy the preferential income tax rate of 15% before 31 December 2030; and (ii) the PRC Corporate Income Tax Law and its related regulations also allow enterprise established after 1 January 2008 and located in the national autonomous areas to apply for reduction of the corporate income tax by 40%. Accordingly, Nanning Maiyue, as a High and New Technology Enterprise and being engaged in one of the national encouraged industries, is entitled to a preferential income tax rate of 15% until 31 December 2030, subject to its renewal of being a High and New Technology Enterprise, while Guangxi Silunjie, being an enterprise engaged in one of the national encouraged industries and established after 1 January 2008, is entitled to preferential income tax rates of 9% until 31 December 2021 and 15% since 1 January 2022. Therefore, we cannot assure you that Nanning Maiyue and Guangxi Silunjie will always be able to enjoy the aforementioned preferential tax rates. Loss of such enjoyment of the preferential tax rates may materially and adversely affect our operations and financial results.

If government grants that we are currently entitled to are not available or substantially reduced, our financial condition could be adversely affected.

For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our government grants amounted to RMB5.0 million, RMB4.9 million, RMB2.6 million and RMB1.1 million. The government grants include value-added tax refunds and non-recurring subsidies in relation to development of technological innovation. The conditions of applying and obtaining these grants include, among others, the recognition of High and New Technology Enterprises, registration certificate of software, requirement on annual revenue and proportion of research and development expenses. Therefore, such government grants may be discretionary and are subject to certain selection criteria and procedures stipulated by the local governments, which we may not be qualified for in the future. There is no assurance that we will be able to receive any such government grants in the future, or at all. If we do not receive government grants, our financial condition for such periods may be adversely affected.

We may not be able to adequately protect our intellectual property rights and may be exposed to third-party claims of infringement or misappropriation of intellectual property rights.

As at the Latest Practicable Date, we were the registered owner of (i) 34 trademarks in the PRC and Hong Kong; (ii) 14 patents in the PRC; (iii) one domain name; and (iv) 84 software copyrights in the PRC, which are material to our business. See "Statutory and General Information — B. Further Information About Our Business — 2. Intellectual Property Rights" in Appendix IV to this document for further details of our intellectual property rights. We cannot assure you that the steps we have taken to protect and safeguard our intellectual property rights are adequate or that our intellectual property rights will not be infringed by any third party in the future. We may resort to legal proceedings in order to protect and enforce our intellectual property rights, which may be costly and could have adverse impact on our business, results of operations and financial condition.

In addition, there is no assurance that our business operations do not or will not inadvertently infringe the copyright or other intellectual property rights of third parties or become a party to such dispute. The exact determination of the scope of copyright or other intellectual property rights can be complex and costly. In the event that we have infringed the intellectual property rights of third parties, they may initiate litigation or other proceedings against us for the alleged infringement. Intellectual property disputes may last for a significant period of time and require considerable personnel and financial resources. If the outcome of such a legal dispute is adverse to us, we could be ordered to pay substantial licence fees, royalties and/or damages. Any infringement of third party copyrights or other intellectual property rights or any lawsuits relating thereto could have a material adverse effect on our business, results of operations, financial condition and reputation.

Failure to protect customer information and data may adversely affect our reputation, results of operations and business prospects.

We may handle sensitive and personal information relating to our customers throughout our provision of services. Confidential information we collect and maintain may be compromised as a result of security breaches, attacks on our systems by third parties, system errors, human errors, or computer viruses affecting our IT system or online platforms.

In addition, we are required to collect, use and secure the personal data in accordance with PRC personal data protection laws and not to collect, use or disclose such information without consent from the users. If we fail to comply with relevant laws and regulations, we may be subject to potential penalties or legal proceedings. We cannot assure you that our measures for data protection will be successful and sufficient to counter all current and emerging technology threats to the security of our information technology system and online platforms. Concerns about our collection, security or use of personal data or other privacy-related matters, even if ungrounded, could also materially and adversely affect our reputation, results of operations and business prospects.

Furthermore, we may be subject to more stringent data and privacy-related requirements in the future. Implementation of additional internal measures to comply with such enhanced compliance requirements may increase our costs and adversely affect our business operations and results of operations.

Our employees or workers may engage in bribery, corrupt practices or other improper conduct.

During the Track Record Period, we obtained, and expect to continue to obtain, some of our projects, which are financed by public funds in the PRC. As advised by our PRC Legal Advisers, we are therefore subject to anti-corruption measures provided in the related laws and regulations in the PRC. In addition, the State Council and various PRC governmental authorities have, in recent years, intensified and stepped up their efforts to combat bribery, corrupt practices and other improper conduct in the PRC. As such, we are subject to risks in relation to actions taken by our Directors or employees if they engage in bribery, corrupt practices or other misconduct. There is no assurance that our internal control measures and corporate governance system will prevent or detect any improper or illegal act by our Directors or employees on a timely basis or at all. Our failure to effectively supervise and monitor our employees, or to comply with the anti-bribery, anti-corruption and other related laws and regulations in the PRC, may subject us to financial losses and may materially and adversely affect our reputation, results of operations and future prospects.

We may be subject to fines and penalties as a result of our non-compliance incident during the Track Record Period.

During the Track Record Period, we failed to make social insurance and housing provident fund contributions in full in the PRC. See "Business — Legal Proceedings and Non-compliance Incident — Non-Compliance Incident" for further details.

There is no assurance that we will not be subject to late payments, fines or penalties imposed by the relevant PRC governmental authorities as a result of the non-compliance incident, requested by the relevant PRC governmental authorities to pay the unpaid social insurance payments or housing provident fund contributions, or any order to rectify such non-compliance incident. In particular, according to the relevant PRC laws and regulations, the social insurance authority may order us to pay the overdue fine equivalent to 0.05% of the outstanding amount within a specified time limit. We may also be required to pay off any shortfall of housing provident fund contributions by a stipulated deadline, and if we fail to do so, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. In addition, we may incur additional costs to comply with the relevant laws and regulations imposed by the relevant PRC governmental authorities. There is also no assurance that there will be no employee complaint against us in relation to our failure to make full social insurance and housing provident fund contributions in the PRC. Any such events may harm our corporate image and may have an adverse effect on our results of operations and financial condition.

Risks associated with the operation of our business may not be sufficiently covered by insurance.

Certain risks associated with the operation of our business could not be covered fully by insurance as such insurance is either not available or not available on commercially reasonable terms. See "Business — Insurance" for further information on our insurance coverage. Furthermore, our reputation may be damaged or we may be exposed to liability in excess of our insurance coverage or suffer loss depending on the severity and frequency of various events, such as accidents and business interruption, labour disputes, and acts of God. We cannot assure you that the loss arising from these or any other events would be sufficiently covered by insurance or that we will be able to renew existing insurance cover on commercially reasonable terms, if at all. We may be liable for financial obligations relating to impacted people or property if an incident occurs in relation to which we have inadequate insurance cover or have no insurance cover. Any payment we make to cover any loss, damage, or liability could have a material adverse effect on our business, results of operations and financial condition. If we fail to make such payment, our assets could be subject to attachment, confiscation, or restraint under various judicial procedures. Our business, results of operations, and financial condition could be adversely and materially affected by any of these occurrences.

Successful implementation of our business strategies and future plans are subject to uncertainties.

We plan to achieve our business growth by implementing a series of strategies. See "Business — Our Business Strategies" and "Future Plans and **[REDACTED]**" for further details. There is no assurance that we will be able to implement any of our business strategies and future plans successfully, which in turn are subject to uncertainties and changing market, economic and political conditions. Our plans for development and business expansion are formulated based on assumptions on the occurrence of certain future events, which may or may not materialise. The success of our potential investments will also depend on our ability to identify suitable targets, our ability to reach agreements with them on commercially reasonable terms and the availability of financing to complete the investments, as well as our ability to obtain any required shareholder or government approvals. We may also not have timely access to adequate capital financing when suitable business opportunities arise. Furthermore, there is no assurance that any of our business strategies will yield the benefits or achieve the level of profitability we anticipate. The profit from the implementation of our business strategies may not be sufficient to justify the start-up expenses and the increased operating costs.

Increasing depreciation expenses from additional capital expenditure on our property, plant and equipment may affect our financial performance.

We intend to expand our operations by setting up our third research and development centre in Shenzhen, upgrading our existing research and development centres and upgrading our own IT infrastructure. See "Business — Our Business Strategies" and "Future Plans and **[REDACTED]**" for further details. It is estimated that there would be an increase in depreciation expense of RMB1.2 million per annum for two years after the establishment of the new research and development centre in Shenzhen. While the depreciation expenses in respect of the acquisition of additional hardware, software, equipment and accessories would increase, there is no assurance that our revenue or gross profit would increase accordingly and may therefore adversely affect our future results of operations and financial expense performance.

There is no assurance that the development of business park will be implemented as expected.

During the Track Record Period, we had invested in the development of a business park with a focus on the development of big data analytic technology. The costs which has been paid by us was mainly considered in determining our respective equity interests owned in Guangxi Qianyue. See "Business — Properties — Business park development" for further details. There is no assurance that the business park could be developed as planned. In particular, there is no assurance that our business partners would fulfil their obligation under the agreements, which may incur us loss on our investment.

The investment in Guangxi Qianyue is subject to revaluation which may affect our financial performance.

It is our intention, to account for our investment in Guangxi Qianyue as financial assets. Financial assets are subject to revaluations at fair value which involve uncertainties in assumptions and estimates due to the application of significant unobservable inputs such as estimated rental value and discount rate. Any change in those assumptions and estimates will affect the valuation. Any adverse performance of Guangxi Qianyue, such as the business park is not operated as planned, may also affect the valuation of our investment in Guangxi Qianyue.

The outbreak of contagious disease or epidemic such as, COVID-19, or a general apprehension of such events may significantly and adversely impact on our business and operating results.

Similar to many other businesses, our operations could be adversely affected or disrupted by terrorist attack, natural disasters such as earthquake, flood, fire, typhoons or other natural disaster, outbreak of contagious diseases or other events including but not limited to (i) invasion, act of foreign enemies, rebellion, revolution, insurrection, military or usurped power, war and radio-active contamination; (ii) riot or commotion; (iii) denial of the use of any railway, port, airport, shipping service or other means of public transport; and (iv) strike or lock-out or other industrial action by workers or employers.

For instance, the outbreak of COVID-19 in late 2019, or other disease or epidemic such as Severe Acute Respiratory Syndrome (SARS), Ebola virus disease, Middle East Respiratory Syndrome Coronavirus (MERS), H1N1 influenza, H7N9 influenza or swine influenza in the PRC, or a general apprehension of such outbreaks might have short term impact on the education IT solutions market. Recurrence of any contagious or infectious disease or epidemic or a general apprehension of such outbreaks in the PRC may cause disruption of economic activities and our customers' business operations, thereby reducing demand for our services, and in turn may materially and adversely affect our business, results of operations and financial condition. We may also encounter interruption in the supply of hardware, equipment or software from our suppliers or may be required to suspend our business operations temporarily, as a result of any outbreak of contagious disease or epidemic. Any natural disasters, war, acts of terrorism or other instability in the PRC or other parts of the world could also result in disruption to our business or the businesses of our customers.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

We are subject to the political, economic and social development as well as laws, rules and regulations in the PRC.

All of our businesses and revenue are located in or derived from our operations in the PRC, and as a result, our business, results of operations and financial condition are subject to the economic, political, social and regulatory environment in the PRC.

In particular, our performance has been and will continue to be affected by the PRC's economy. The PRC's economic growth is also influenced by global economic conditions, such as the outbreak of COVID-19. Any unfavourable political, economic or social development in the PRC, or unfavourable change in the PRC's laws, regulations, rules and licensing requirements, may adversely affect our business, results of operations and financial condition. We are unable to accurately predict the precise nature of all the risks and uncertainties that we face as the current economic, political, social and regulatory conditions and many of the associated risks are beyond our control.

Changes to the PRC legal system could have an adverse effect on us.

Our business operations in the PRC are governed by the legal system of the PRC. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. The PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, finance, foreign exchange and trade with a view to develop a comprehensive system of commercial law. However, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retrospective effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Any litigation in the PRC may also be protracted, resulting in substantial costs being incurred and the diversion of resources and management's attention. In addition, the legal system in the PRC is under the process of development and laws and regulations are subject to amendment from time to time, and we cannot predict the effect of future developments in the PRC legal system. The materialisation of all or any of these changes could have an adverse effect on our business, results of operations and financial condition.

Policies regarding currency conversion may affect our ability to utilise our cash effectively, which may adversely affect the value of your [REDACTED].

The PRC Government imposes policies regarding the conversion of the RMB into foreign currencies and, in certain cases, the remittance of foreign currency out of the PRC. We receive our revenue in RMB, and the conversion of which into any foreign currency has to comply with the relevant laws and regulations. As our Company is a Cayman Islands holding company, we may, to a certain extent, rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividend, or otherwise satisfy foreign currency denominated obligations.

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditure from the trade-related transactions, can be made in foreign currencies without the prior approval from the SAFE, by complying with certain procedural requirements. However, payments under the capital account items, including capital transfers, direct investment, securities investment, and the repayment of the principal amount of the borrowings, are subject to significant foreign exchange policies and require the prior approval from the SAFE or the registration with the SAFE or the banks. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay certain of our expenses as they come due.

It may be difficult to enforce any judgements obtained from non-PRC courts against our Company or our Directors or senior management residing in the PRC.

Most of our executive Directors and senior management reside in the PRC. As a result, it may be difficult, complicated and time-consuming for **[REDACTED]** to effect service process upon those persons residing in the PRC. While final judgements for civil and commercial cases and arbitral awards obtained in a recognised Hong Kong court or Hong Kong arbitral tribunal, provided that certain conditions are satisfied, may be enforced in the PRC, there are uncertainties as to the outcome of any applications to recognise and enforce such judgements and arbitral awards in the PRC. In addition, judgements of a court of any other jurisdiction related to any matter not subject to a binding arbitration provision may be difficult or impossible to enforce.

Our results of operations may be materially and adversely affected by tax reforms in the PRC.

According to the "Notice of the MOF and the SAT on the Adjustment of VAT rates" (《財政部、稅務總局關於調整增值稅稅率的通知》) that took effect on 1 May 2018, for taxpayers engaged in taxable sales of VAT or imported goods, the original tax rates of 17% and 11% were adjusted to 16% and 10%, and further adjusted to 13% and 9%, respectively, in accordance with the "Announcement of the MOF, the SAT and the General Administration of Customs on Deepening the Value-Added Tax Reform" (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) that took effect on 1 April 2019. Furthermore, according to the "Interim Provisions on Levying Educational Surcharges" (《徵收教育費附加的暫行規定》) which was last revised on 8 January 2011, and the Interim Provisions of the People's Republic of China on Urban Maintenance and Construction Tax (《中華人民共和國城市維護建設稅暫行條例》) which was last revised on 8 January 2011 and the "Notice of the SAT on the Collection of Urban Maintenance and Construction Tax" (《國家稅務總局關於城市維護建設稅徵收問題的通知》) that came into effect on 12 March 1994, all entities and individuals that pay consumption tax, value-added tax and business tax shall pay (i) educational surcharges at the rate of 3%; and (ii) urban maintenance and construction tax at the rates of 7%, 5% and 1% for taxpayers located in the urban areas, counties or towns, and other areas, respectively.

There is no assurance that the PRC governmental authorities will not impose a higher tax rate that is applicable to the education IT solutions market or the IT industry in the future. Any tax reform introduced by the PRC governmental authorities may increase our tax burden and have a material adverse impact on our results of operations and financial condition.

RISKS RELATING TO THE [REDACTED]

[REDACTED]

[REDACTED]

Any disposal by our Controlling Shareholders of a substantial number of Shares in the public [REDACTED] could materially and adversely affect the [REDACTED] of our Shares.

There is no assurance that our Controlling Shareholders will not dispose of their Shares following the expiration of the respective lock-up periods after the **[REDACTED]**. We cannot predict the effect, if any, of any future disposal of our Shares by any of our Controlling Shareholders, or that the availability of our Shares for disposal by any of our Controlling Shareholders may have on the **[REDACTED]** of our Shares. Disposal of a substantial number of Shares by any of our Controlling Shareholders or the market perception that any such disposal may occur could materially and adversely affect the prevailing **[REDACTED]** of our Shares.

The interests of our Controlling Shareholders may not always coincide with the interests of our Group and those of our other Shareholders.

Upon completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account our Shares which may be issued pursuant to the exercise of the **[REDACTED]** and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will own, in aggregate, **[REDACTED]** of our Shares. Our Controlling Shareholders will therefore have significant influence over the operations and business strategies of our Group, and may have the ability to require our Group to effect corporate actions according to their own desires. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our Group's business to pursue strategic objectives that conflict with the interests of other Shareholders, the interests of our Group or of those other Shareholders may be adversely affected as a result.

You may face difficulties in protecting your interests under Cayman Islands law.

Our corporate affairs are governed by, among other things, our Memorandum of Association and Articles of Association and by the Cayman Companies Act and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of interests of minority shareholders, in some respects, differ from those established under statutes or judicial precedent in existence in Hong Kong. The rights of Shareholders to take action against our Directors, the rights of minority shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. A summary of Cayman Companies Act is set out in Appendix III to this document.

[REDACTED] should read this document in detail and should not place undue reliance on industry-related information and statistics derived from official government publications contained in this document.

Certain statistics, facts, data and forecasts presented in "Industry Overview" and elsewhere in this document including those related to the economy and education IT solutions market in the PRC have been derived, in part, from various publications and industry-related sources prepared by government officials or independent third parties. Our Company, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, any of our or their respective directors, agents, employees or advisers, or any other person or party involved in the **[REDACTED]** have not verified such statistics, facts, data and forecasts and give no representation as to their accuracy and completeness. As such, potential **[REDACTED]** should not place undue reliance on such information.

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