
RISK FACTORS

An investment in our Shares involves various risks. You should carefully consider all the information in this prospectus and in particular the risks and uncertainties described below before making an investment in our Shares.

The occurrence of any of the following events could materially and adversely affect our business performance, financial condition, 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 investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We acted as a middleman between advertising customers and Supplier A and relied on Supplier A to acquire user traffic for our advertisers during the Track Record Period. If we fail to maintain our business relationship with Supplier A or if Supplier A loses its leading market position or popularity, our business, financial condition and results of operations could be materially and adversely affected.

During the Track Record Period, we acquired user traffic from, and placed our advertisements on, Supplier A's major content distribution platforms. We commenced our business cooperation with Toutiao, a leading news and information platform, in June 2016, and with Douyin, a leading short video platform, in February 2017 when short video became a popular and effective type of social media. Our purchase from Supplier A, as a percentage of our total purchases of user traffic, was 40.5%, 86.4%, 88.3% and 87.1% for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. Particularly, according to iResearch, Douyin was the largest short video platform in terms of average DAUs in the PRC in 2019. Due to Supplier A's leading positions in its industries and popularity among audiences, on one hand, we rely on Supplier A to acquire target consumers for our advertisers in an effective and efficient way, and on the other hand, we are capable of attracting more advertising customers by leveraging Supplier A's well-established branding. For details regarding our relationship with Supplier A, see "Business — Top Customers and Suppliers — Top Suppliers — Supplier Concentration on Supplier A." According to iResearch, Supplier A had around 100 to 250 online marketing solutions providers that have direct contractual relationships with it in the first half of 2020. To the extent Supplier A ceases to cooperate with us or we fail to maintain our business relationship with Supplier A on comparable contract terms or at all, we will have to source new online publishers for our online marketing solutions business, which could materially and adversely affect our business, financial condition and results of operations.

Supplier A also grants to us rebates calculated primarily based on our gross spending. Such rebates as a percentage of our gross spending may fluctuate and are reviewed and adjusted from time to time by Supplier A. If Supplier A ceases to offer rebates to us or offer reduced rebates as a percentage of our gross spending, our business, results of operations, financial condition, liquidity and prospect may be materially and adversely affected.

In the event Supplier A loses its leading market positions, or becomes less attractive to audiences, it may lead to a significant decrease in their audience base, which in turn, would affect the reach and popularity of our advertisements and further affect their attractiveness to our advertisers. As a result, we may fail to retain existing advertising customers or attract new ones and our business, financial condition, and results of operations could be materially and adversely affected.

RISK FACTORS

Additionally, any negative publicity associated with Supplier A, or any negative development with respect to its market positions, financial condition, maintenance of its platform infrastructure or compliance with legal or regulatory requirements in the PRC, would have an adverse impact on the attractiveness of its platforms and effectiveness of our advertisements, which in turn would materially and adversely affect our reputation, business, financial condition, and results of operations.

Furthermore, we also rely on Supplier A's platforms to collect ad performance data to analyze and develop our own data graphs. By leveraging the massive data we collect and our big data analytics and AI capabilities, we can predict and identify target audiences whom our advertisements will likely interest. For details, see "Business — Our Technology — Our Big Data Analytics and AI Capabilities." If we fail to collect ad performance data from Supplier A, our ability to optimize ad campaign performance in a cost-effective way would be harmed, which in turn could materially and adversely affect our reputation, business, financial condition, and results of operations.

We have a short operating history, in particular, short video marketing solutions business, and are subject to risks and uncertainties associated with operating in a rapidly developing and evolving industry. Our rapid historical growth may not be indicative of our future performance.

We launched our pan-entertainment content services business in 2012 and online marketing solutions business in 2013, in particular short video marketing solutions in 2017, and have subsequently experienced rapid growth. Our revenue increased from RMB235.4 million in 2017 to RMB1,186.2 million in 2018, and further to RMB2,313.0 million in 2019, representing a CAGR of 213.5%. Our net profit increased from RMB33.0 million in 2017 to RMB69.5 million in 2018, and further to RMB72.9 million in 2019, representing a CAGR of 48.6%. We expect that we will continue to expand as our industry evolves and as we further grow our customer and supplier bases and explore new market opportunities, including our development and commercialization of big data analytics, AI and content production capabilities. However, due to our limited operating history, our historical growth rate may not be indicative of our future performance. Our future performance may be susceptible to certain risks discussed below, which could adversely affect our business and prospects and future performance, including:

- our ability to maintain, expand and further develop our relationships with advertising customers, media partners and content distribution partners and meet their increasing and changing demands and requirements;
- our ability to develop and produce quality ad creatives;
- the continued growth and development of the online marketing industry;
- our ability to maintain the technological advantages of our big data analytics and AI capabilities and keep up with the technological developments or new business models of the rapidly evolving online marketing industry;
- our ability to effectively manage our growth;
- our ability to understand and adapt to the changing regulatory environment;
- our ability to compete effectively with our competitors in the online marketing industry; and
- our ability to attract and retain qualified and skilled employees.

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

RISK FACTORS

In addition, any adjustment to any of our business strategy may result in a fluctuation of our performance. For example, revenue generated from our pan-entertainment content service business decreased from RMB69.6 million in 2017 to RMB64.7 million in 2018 and to RMB30.7 million in 2019, and further decreased from RMB19.2 million in the six months ended June 30, 2019 to RMB8.6 million in the six months ended June 30, 2020, as we strategically shifted our focus to online marketing solutions business.

If online publishers transact with advertisers directly, we may be exposed to the risk of disintermediation.

As online marketing solutions provider, we help advertisers acquire user traffic from online publishers to market their products or services. We also provide value-added services, such as production of ad creatives and management of campaign performance, to advertisers to achieve better marketing effectiveness; while online publishers prefer to monetize their user traffic only rather than generate revenue from the provision of value-added services. In some cases, although it is more economically efficient for online publishers to monetize their user traffic and advertisers need online marketing solutions' value-added services to achieve better marketing effectiveness, there may be a risk that online publishers transact with advertisers directly circumventing online marketing solutions providers. For example, in 2020, customer E, which was our largest customer in 2018 and 2019 and contributed 18.6% and 28.4% of our total revenue in the same years, respectively, ceased to transact with us and began to place advertisements directly through Supplier A's short video platforms. For further details, please see "Summary — Summary of Historical Financial Information — Summary of Consolidated Statements of Profit or Loss — Revenue" and "Business — Top Customers and Suppliers — Top Customers." We cannot assure you that our advertising customers will not transact with online publishers directly in the future. Occurrence of such event may expose us to the risk of disintermediation, and our business, results of operations and financial position would be materially and adversely affected.

If we fail to retain the existing advertising customers, deepen or expand our relationships with the advertising customers, or attract new advertising customers, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We generate a substantial portion of revenue from our online marketing solutions and therefore, our business model requires us to retain and attract advertising customers. To retain and attract new advertising customers, we need to continue to provide increasingly precise marketing services that helps advertisers achieve their marketing goals effectively and efficiently.

We cannot assure you that we will successfully retain the existing advertising customers, deepen or expand our relationships with them or attract new advertising customers in the future. If our advertising customers determine that their expenditures on our online marketing solutions do not generate satisfactory returns, they may reduce their advertising budgets or terminate advertising arrangements with us as our advertising customers are typically not bound by long-term contracts. Failure to retain existing advertising customers or attract new advertising customers may materially and adversely affect our business, financial condition, results of operations and prospects.

If we fail to retain the existing media partners, deepen or expand our relationships with the media partners, or attract new media partners, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our success depends on our ability to retain the existing media partners, deepen or expand our relationships with them and attract new media partners in the future. To retain and attract new media partners, we need to continue to improve the monetization efficiency for our media partners. If our media partners are no longer satisfied with the monetization efficiency generated through us, they may reduce or

RISK FACTORS

discontinue cooperation with us and we would lose a portion or all of the advertising traffic through which we deliver advertisements for our advertising customers, as our media partners are typically not bound by long-term contracts. Media partners control the supply of advertising traffic and their processes may not always work in our favor. For example, online publishers may impose additional restrictions on the use of their traffic from time to time, including prohibiting the placement of advertisements of specific advertisers, such as their competitors. In the event that we lose media partners or access to their advertising traffic, we may not be able to serve our advertising customers in a timely manner or at all, and may incur significant costs in finding new media partners for advertising traffic, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We have no control over online publishers; if any inappropriate content is displayed on their platforms on which we place our advertisements, our reputation, business, financial conditions, results of operations and reputation may be materially and adversely affected.

We acquire user traffic from media partners to place our advertisements on the platforms of online publishers. We have no control over the content which appears on these publishers' platforms and are not able to ensure their compliance with applicable laws and regulations. If any inappropriate content is discovered on their platforms, our advertising customers may decide to pull out their advertisements from such platforms and these publishers may even be ordered by governmental authorities to suspend or terminate their operations. For instance, in April 2018, one of our major online publishers was suspended for a period of time to be downloaded by the relevant competent authority due to inappropriate content displayed on its platform. In the event that we are unable to identify suitable replaceable publishers in a timely manner, our scheduled advertising campaigns would be delayed or even cancelled, and our reputation, business, financial conditions, results of operations and reputation may be materially and adversely affected.

We face potential liability and harm to our business due to the nature of our business and the content of our advertisements.

Advertising may result in dispute relating to copyright or trademark infringements, public performance royalties or other claims based on the nature and content of advertising that is produced by or distributed through us. Under the Advertising Law of the PRC (《中華人民共和國廣告法》) (the “**Advertising Law**”), where an advertising operator provides advertising design, production or agency services with respect to an advertisement when it knows or should have known that the advertisement is false, fraudulent, misleading, or otherwise illegal, the competent PRC authority may confiscate the advertising operator's advertising revenue from such services, impose penalties, order it to cease dissemination of such false, fraudulent, misleading or otherwise illegal advertisement or correct such advertisement, or suspend or revoke its business licenses under certain serious circumstances. Under the Advertising Law, “advertising operators” include any natural person, legal person or other organization that provides advertising design, production, or agency services to advertisers for their advertising activities. As our online marketing solutions involve provision of “advertisement design, production and agency services” to advertisers, we are deemed as an “advertising operator” under the Advertising Law. As a result, we are obligated to ensure that the advertising content produced by, or distributed through us is true, accurate and in full compliance with applicable laws and regulations. In addition, for advertising content related to certain types of products and services, such as alcohol, cosmetics, pharmaceuticals and medical procedures, we are expected to confirm that the advertisers have obtained requisite government approvals, including operating qualifications, proof of quality inspection for the advertised products, government pre-approval of the content of the advertisements, and filings with the local authorities. Although we have an in-house legal and compliance department to review the advertising content that we distribute through our platforms or produce before delivering such content through our media partners, there can be no assurances that each advertisement that we distribute or produce and place with our media partners complies with all applicable PRC laws and regulations, or that supporting documentation

RISK FACTORS

provided by our advertising customers is authentic or complete. For the advertising content that are provided by our advertising agencies directly, though we contractually require our advertising agencies to represent to us that they ensure their advertisements comply with all applicable laws and regulations, we cannot assure you that they will make adequate measures to do so. If any of these representations are untrue, we may be exposed to potential liability and our reputation may be harmed. While our advertising customers are typically obligated to indemnify us, such indemnification may not fully cover our damages, including reputation damage or we may not even be able to collect the payments from such customers.

Increased governmental regulation of content platforms may subject us to penalties and other administrative actions.

We are subject to PRC laws and regulations with respect to online content production and distribution. Failure to comply with these laws and regulations may subject us to monetary penalties and/or other legal consequences. Recently, PRC government authorities have strengthened their oversight of content platforms similar to our *Huabian* platforms. Other than the content that is considered to be violating PRC laws and regulations, such oversight has tended to pay more attention to content that is or may be deemed misleading, obscene, pornographic, detrimental, and/or contrary to social values and morals prevailing in China, which content may subject the platform's operator to penalties and other administrative actions. For example, in April 2018, a platform that provides entertainment-oriented content was ordered by the NRTA to permanently cease its operation for delivering content that was considered to be vulgar and "deviating from mainstream values."

Government regulation of content and of content platforms generally may broaden in scope and oversee additional aspects of content platforms' operation, such as information security, user suitability management, anti-addiction, and sales and marketing, in addition to being strengthened and becoming stricter than before as to content and advertising. Any such new or broadened regulatory measures or oversight may cause us to incur higher compliance costs, change or adjust our operational strategies, target visitor groups, or promotional models, and thereby adversely affect our business and results of operations. We cannot assure you that our future content will not be deemed as violating relevant laws and regulations or inappropriate and be held for liabilities by relevant authorities.

If we fail to acquire new visitors or retain existing visitors for our *Huabian* Platform, or if visitor engagement on our platform declines, our business, results of operations and financial condition may be materially and adversely affected.

The growth of our visitor base and the level of visitor engagement are critical to the success of our pan-entertainment content services business. During the Track Record Period, the number of PVs of our *Huabian* Platform reached 6.3 billion, while our average DAUs reached more than 3.0 million and average MAUs reached more than 91.9 million, respectively. Our business has been and will continue to be significantly affected by our success in growing the number of visitors and increasing their overall level of engagement on our platforms. To the extent that our visitor growth rate slows, our success will become increasingly dependent on our ability to increase visitor engagement with our platforms. Our visitor engagement efforts, including by increasing the number of content providers and content distribution partners, expanding the breadth and enhancing the quality of content on our platforms, diversifying into new content formats, and strengthening our content recommendation capabilities, may also not achieve expected results. Visitors may no longer perceive content on our platforms to be entertaining and relevant, and we may not be able to attract visitors or increase their visiting frequency of our platforms. If we fail to execute any such new initiatives successfully or in a cost-effective manner, our business, results of operations and financial condition would be materially and adversely affected. If we are unable to grow our visitor base or the level of visitor engagement, or if the number of visitors or their level of engagement declines, this could result in our platforms being less attractive to potential new visitors and thus advertising customers may reduce part or all of their spending on our *Huabian* Platform, which would have a material and adverse impact on our business, results of operations and financial condition.

RISK FACTORS

If the online marketing industry fails to continuously develop and grow, or if the online marketing industry develops or grows at a pace slower than expected, our profitability and prospects may be materially and adversely affected.

Our business and prospects depend on the continuing development and growth of the online marketing industry as we derive substantially all of our revenue from our advertising customers. Our profitability and prospects may be thus affected by a number of factors, many of which are beyond our control, including:

- technological innovation or new business models of the online marketing industry or the evolving requirements and demands of our advertising customers;
- degree of acceptance of online marketing as an effective marketing channel and the emergence of alternative marketing channels;
- changes in governmental regulations or policies affecting the online marketing industry; and
- the growth of the global internet industry in general.

There can be no assurances as to the development and growth of the online marketing industry. Our business, financial conditions, results of operations and prospects may be materially and adversely affected if the online marketing industry fails to continuously develop and grow, or develops or grows at a pace slower than expected.

Any discontinuation or change in preferential tax treatment or government grants that currently are or may be available to us in the future could materially and adversely affect our business, financial condition and results of operations.

Our PRC subsidiaries and our Consolidated Affiliated Entity are subject to the statutory EIT rate of 25%, except Netjoy Network and Quantum Culture Media. Netjoy Network was recognized as a “software enterprise” and thus enjoyed full EIT exemption for the first two years after becoming profitable and a 50% EIT reduction (namely, a preferential EIT rate of 12.5%) for the subsequently three years. Netjoy Network was also recognized as a “high and new technology enterprise” by the local government authority and thus was entitled to a preferential EIT rate of 15%. During the Track Record Period, we chose to be subject to the preferential EIT treatment as a “software enterprise” and as a result, Netjoy Network enjoyed EIT exemption in 2015 and 2016 and was entitled to a preferential EIT rate of 12.5% from 2017 to 2019. Netjoy Network will be entitled to a preferential EIT rate of 15% as a “high and new technology enterprise” starting from 2020. The recognition of Netjoy Network as a “high and new technology enterprise” remains subject to the renewal upon its expiration in November 2021, and we cannot assure you that Netjoy Network will be able to successfully renew it upon the expiration. In addition, Quantum Culture Media has been recognized as primarily engaging in the encouraged business specified in the Catalog of Encouraged Industries in Poverty Areas of Xinjiang for Preferential Income Tax (《新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄(試行)》) and thus is eligible for EIT exemption from 2017 to 2020. As a result, we recorded tax reduction of RMB5.5 million, RMB12.6 million, RMB18.8 million and RMB13.3 million for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively, and our effective income tax rate was 6.7%, 6.9%, 7.8% and 6.1% for the same periods, respectively. Had Netjoy Network and Quantum Culture Media not enjoyed such preferential tax treatment during the Track Record Period, our income tax expense would be RMB7.9 million, RMB17.7 million, RMB25.0 million and RMB17.0 million for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. In addition, we also recorded additional deduction on research and development expenses of RMB1.0 million, RMB1.2 million, RMB1.6 million and RMB0.8 million for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively, for EIT deduction purpose according to the EIT Law and the relevant regulation.

RISK FACTORS

The PRC government has also granted us financial subsidies, comprising primarily VAT rebates and research and development grants, to support our operations. For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, we recorded government grants of RMB0.1 million, RMB0.6 million, RMB13.3 million and RMB10.5 million, respectively, in our consolidated statements of profit or loss. Please see “Financial Information — Description of Key Statements of Profit or Loss Items — Other Income and Gains.” The research and development grants were given in 2018, 2019 and the six months ended June 30, 2020 on a one-off basis and at the discretion of the local government authorities. The VAT rebates are granted by the STA to modern services enterprises and are effective from April 1, 2019 to December 31, 2021.

Our EIT exemption and VAT rebates will expire on December 31, 2020 and December 31, 2021, respectively, which may adversely affect our results of operations and financial condition. There can be no assurances that we would continue to enjoy these preferential tax treatment or financial subsidies at the historical levels, or at all. Any change, suspension or discontinuation of these preferential tax treatment and financial subsidies to us could adversely affect our financial condition, results of operations and cash flows.

If we are unable to keep pace with the rapid technological changes in the industries where we operate, our business may suffer.

The online marketing industry, and the internet industry in general, are characterized by constant changes, including rapid technological evolution, continual shifts in customer demands and constant emergence of new market trends. Thus, our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner. For example, according to iResearch, since 2017, short video marketing, which is easier to capture the attention of target customers and able to deliver more digestible information, has been gaining increasing popularity among advertisers than text and image advertising. As a result, our gross billing generated from short video marketing solutions accounted for approximately 14.5%, 73.5%, 87.1% and 89.2% of our total gross billing generated from online marketing solutions business in 2017, 2018, 2019 and the six months ended June 30, 2020. If we fail to meet the evolving customer needs and to introduce market-accepted services for our existing and potential customers, we could lose our customers and our competitive position.

Our technological capabilities and infrastructure underlying our *Huabian* Platform and online marketing solutions are critical to our success. We need to anticipate the emergence of new technological developments and assess their market acceptance. New developments in big data analytics, AI and programmatic advertising could render our technologies, platforms or solutions obsolete or unattractive. There can be no assurances that we will be able to keep with such new technological developments in an efficient and cost-effective manner, which may have a material and adverse effect on our business, results of operations and financial condition.

Furthermore, the design of internet devices and operating systems is controlled by third parties with whom we do not have any formal relationship. These parties frequently introduce new devices, and from time to time they may introduce new operating systems or modify existing ones. Network carriers may also restrict our ability to access specific content on internet devices. If we fail to adapt to new generations of internet devices and operating systems, our business may become less competitive or obsolete. Any of these events could materially and adversely affect our business, financial condition, results of operations, and prospects.

RISK FACTORS

Our investments in the development of our infrastructure and technologies may not be successful, which may have an adverse impact on our financial conditions and profitability.

To adapt to the evolving online marketing industry and to keep up with the continuous technological developments or new business models, we need to invest substantial financial and human and other resources in information technology infrastructure and technologies. Please see “Business — Research and Development” for more details. For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, our research and development expenses amounted to RMB5.5 million, RMB6.9 million, RMB9.9 million and RMB4.4 million, respectively, accounting for approximately 2.3%, 0.6%, 0.4% and 0.5%, respectively, of our total revenue for the same periods. Our investments in the development of our infrastructure and technologies may not be successful due to a variety of reasons such as technical hurdles, inaccurate predictions of market demand and trends or a lack of necessary resources. Such unsuccessful investments may result in the failure to upgrade our infrastructure and technologies which may in turn reduce our profitability and have an adverse impact on our financial conditions.

If we do not effectively manage our growth, our operating performance may deteriorate and we may lose advertising customers.

We have experienced rapid growth in terms of our revenue, the number of our advertising customers and our employees during the Track Record Period. We expect continued growth in our business through organic growth and acquisitions or strategic alliances. Our expansion has placed, and will continue to place, substantial demands on our managerial, operational, technological and other resources. Our planned expansion will also require us to maintain the consistency of our service offerings to ensure that our market reputation and position do not suffer as a result of any deviations, whether actual or perceived, in the quality of our service offerings. Our future results of operations depend to a large extent on our ability to manage this expansion and growth successfully. In particular, continued growth may subject us to the following additional challenges:

- challenge in ensuring the productivity of a large employee base and the recruitment, training and retaining of highly skilled personnel, including sales and marketing, research and development, and operational specialists for our growing operations;
- challenge in successfully improving and upgrading our online marketing solutions to accommodate the evolving demands and requirements of our advertising customers;
- challenge in successfully improving our big data analytics and AI capabilities to achieve better marketing performance;
- challenge in maintaining effective operational, financial and management controls; and
- challenge in responding to evolving industry standards and governmental regulations that impact our growing business, particularly in the areas of data protection and privacy.

There can be no assurances that our current technologies, procedures, resources and controls will be adequate to support our contemplated growth. If we fail to manage our growth effectively, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If we do not effectively manage our costs and expenses, we may not be able to sustain our profitability.

We rely on the supply of advertising traffic from our media partners to place advertisements for our advertisers. Our traffic acquisition costs amounted to RMB184.3 million, RMB1,072.5 million, RMB2,134.5 million and RMB700.6 million for the years ended December 31, 2017, 2018 and 2019 and

RISK FACTORS

the six months ended June 30, 2020, respectively, accounting for approximately 99.3%, 99.5%, 99.2% and 98.3% of our total cost of sales, respectively, for the same periods. Traffic acquisition costs accounted for a significant portion of our cost of sales and any increase in traffic acquisition costs may impact our profitability and our business, financial condition and result of operations.

In addition, we have expended significant resources to grow our business in recent years by enhancing our technology capabilities and infrastructure and growing the number of our employees. Specifically, for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, our total research and development expenses amounted RMB5.5 million, RMB6.9 million, RMB9.9 million and RMB4.4 million, respectively, while our employee expenses and benefits amounted to RMB7.4 million, RMB17.1 million, RMB44.5 million and RMB22.6 million, respectively. We anticipate continued growth that could require substantial financial and other resources to, among others:

- invest in our infrastructure and improve our big data analytics and AI capabilities;
- invest in our sales and marketing team to increase our advertising customer and media partner base;
- unleash the monetization potential of our content production capability and offer full cycle services;
- pursue strategic investment, partnership and acquisition opportunities to expand our businesses; and
- cover administrative expenses and expenses relating to data protection and other compliance matters.

Our expenditures may not yield the anticipated returns or benefits to our business, and if we fail to effectively manage our costs and expenses, we may not be able to sustain profitability.

The online marketing industry in which we operate is highly competitive. If we fail to compete effectively against our competitors, we could lose advertising customers and media partners, and our revenue may decline.

As demands for online marketing solutions business continue to increase, we expect new competitors to enter the market and existing competitors to allocate additional resources to the market. As a result, we expect competition in the online marketing industry to intensify. Our competitors primarily include DSPs, PGC and MCN providers, 4A advertising companies and advertising agencies, and to a lesser extent, certain online publishers that provide online marketing services. We also compete for advertisers' overall marketing spending with direct marketing, print advertising companies and traditional media such as television, radio and cable companies. Our ability to compete successfully depends on many factors, including price, return on advertising spending, availability of quality advertising traffic, the effectiveness of technologies and the quality of customer services. If these factors are unfavorable to us, we may not be able to compete effectively or maintain our market position.

Certain of our existing and future competitors may have longer operating histories, broader reach of advertising customers and media partners and significantly greater financial, technical and marketing resources than we do. These competitors may engage in more extensive research and development and sales and marketing efforts than we can and develop or promote services that are similar to or better than ours. In addition, any increased competition is likely to result in reduced price and margin or a loss of our market leading position, any of which could cause us to lose advertising customers or media partners, which in turn may adversely affect our revenue. Occurrence of any of the above events may materially and adversely affect our business, results of operations and financial condition.

RISK FACTORS

We may face certain risks in collecting our trade receivables, and the failure to collect could have a material adverse effect on our business, financial condition and results of operations.

As of December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, our trade receivables were RMB98.5 million, RMB380.3 million, RMB457.0 million and RMB366.0 million, respectively. Our trade receivables turnover days were 55.6 days, 52.2 days, 45.1 days and 47.5 days, respectively, for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020. We recorded impairment losses on trade receivables of RMB1.9 million, RMB3.3 million, RMB29.6 million and RMB4.0 million for the same periods, respectively. As our business continues to scale, our trade receivables balance may continue to grow, which may increase our risks for uncollectible receivables. We generally do not require collateral or other security from our customers. Actual losses on trade receivables balance could differ from those that we anticipate and provide as impairment, as a result we might need to adjust our provision of impairment. Macroeconomic conditions could also result in financial difficulties for our advertising customers, including limited access to the credit markets, insolvency or bankruptcy, and COVID-19, and as a result could cause our advertising customers to delay payments to us, request modifications to their payment arrangements or default on their payment obligations to us. Under certain circumstances, we may have to sue our advertising customers for outstanding payments, which may cost our additional resources for the litigations. If we are unable to collect our trade receivables from our advertising customers, our business, financial condition and results of operations may be materially and adversely affected.

We had recorded negative cash flow from operating activities during the Track Record Period and may be subject to liquidity risks, which could constrain our operational flexibility and materially and adversely affect our business, financial condition and results of operations.

We recorded negative operating cash flow of RMB113.9 million and RMB4.0 million, respectively, in 2018 and 2019. Our operating cash outflow was primarily due to the relatively longer credit terms we granted to our clients than those media partners granted to us. For details, see “Financial Information — Liquidity and Capital Resources — Cash Flows — Operating Activities.”

We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, our business, financial condition and results of operations may be materially and adversely affected.

Inability to generate sufficient future taxable profits or adverse changes to tax laws or regulations could have a negative impact on the recoverability of our deferred tax assets, which may affect our financial position in the future.

As of December 31, 2017, 2018 and 2019 and June 30, 2020, we recorded deferred tax assets of RMB0.5 million, RMB1.4 million, RMB12.9 million and RMB13.3 million, respectively, mainly relating to provisions for trade receivables. Please see Note 17 to the Accountants’ Report in Appendix I to this prospectus for the movements of our deferred tax assets during the Track Record Period. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses can be utilized. This requires significant judgment on the tax treatments of certain transactions and an assessment of the probability that adequate future taxable profits will be available for the deferred tax assets to be utilized. If our operating subsidiaries generate lower taxable profits than the amount we have assumed in determining our deferred tax assets, then the value of our deferred tax assets will be reduced.

RISK FACTORS

In addition, assumptions regarding the future recoverability of deferred tax assets depend on our management's estimates of future taxable profits in accordance with the tax laws and regulations applicable to our operating subsidiaries in the countries in which they operate. If our management determines that the carrying amount of any of our deferred tax assets may not be recoverable pursuant to such prevailing tax laws or regulations, the recoverable amount of such deferred tax assets may be impaired.

Our large prepayments to major suppliers may involve significant uncertainty. Failure to recover our prepayments in part or in full could have a material and adverse impact on our business and financial position.

During the Track Record Period, we made significant prepayments to leading online publishers for traffic acquisition. The balance of our prepayments for purchases of traffic as of December 31, 2017, 2018 and 2019 and June 30, 2020 was RMB9.0 million, RMB19.0 million, RMB82.1 million and RMB129.0 million, respectively. If the amounts of prepayments paid to major online publisher suppliers for traffic acquisition increase significantly in the future, we may be exposed to credit and liquidity risks as well as working capital insufficiency caused by the timing mismatch between prepayment for purchases of traffic and the collection of trade receivables. If the unit price or material terms of user traffic are materially altered, we may be subject to price pressure and may incur more traffic acquisition costs than we expected. If our suppliers fail to provide relevant traffic resources to us in a timely manner or at all, we may be exposed to prepayment default risk, which may in turn materially and adversely affect our business and financial position. Moreover, any material adverse change to the business, results of operations or financial condition of these suppliers may subject us to prepayment default risks and have an adverse impact on us.

We may not fully recover our value-added tax recoverables, which may affect our results of operations and financial position.

We recorded value-added tax recoverable of nil, RMB0.5 million, RMB11.5 million and RMB22.8 million as of December 31, 2017, 2018, 2019 and June 30, 2020, respectively. The amount of input value-added taxes and output value-added taxes are determined by the applicable value-added tax rate in effect during the periods when the purchases from our suppliers or sales to our customers are made. As the recoverability of deductible input value-added tax is dependent on the then effective applicable value-added tax rate, there is no assurance that the deductible input value-added tax can be utilized. If there is a lack of payment by customers or an adjustment of the effective applicable value-added tax rate, the output value-added tax may be in shortfall, and we may have to write down the deductible input value-added tax, which may have an adverse impact on our results of operations and financial position.

We are exposed to fair value changes for financial assets at fair value through profit or loss and valuation uncertainty due to the use of unobservable inputs that require judgement and assumptions which are inherently uncertain.

During the Track Record Period, we purchased low-risk financial assets at fair value through profit or loss, which represented wealth management products that do not have a stated maturity and are redeemable at will issued by PRC commercial banks, because we believe we can make better use of such cash by making appropriate short-term investments to enhance our income without interfering with our normal business operation or capital expenditures. As of June 30, 2020, our financial assets at fair value through profit or loss amounted to RMB42.0 million. The fair value of financial assets at fair value through profit or loss are valued by discounting their future cash flows based on expected interest rate disclosed by the issuing banks, and net changes in their fair value are recorded as our operating income or loss, and therefore directly affects our results of operations. We did not incur any fair value losses for financial assets at fair value through profit or loss during the Track Record Period. However, we cannot

RISK FACTORS

assure you that we will not incur any such fair value losses in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

We may not be able to provide online marketing solutions to our advertising customers in a timely manner or at all, which may subject us to refund of online marketing solutions service fees.

We derive revenue mainly from providing online marketing solutions to advertising customers. Under certain circumstances, including where leading online publishers require prepayments, we may require online marketing solutions service fees to be paid by our advertising customers in advance prior to the provision of the relevant underlying services, which are initially recorded as contract liabilities and are recognized as revenue when the relevant services are rendered to our advertising customers. We recorded contract liabilities of RMB5.0 million, RMB16.3 million, RMB37.4 million and RMB62.8 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The delivery of our services to our advertising customers may be disrupted by unforeseeable events, such as outbreak of contagious diseases, occurrence of force majeure events, regulatory changes and/or natural disasters. In such events, we may be unable to fulfil our obligation in respect of the contract liabilities and may need to refund a portion or all of our contract liabilities not yet recognized as revenue to our advertising customers, which could result in an adverse impact on our cash flows generated from operating activities. In the event we are unable to successfully render services to our advertising customers in the future, we may be subject to claims to refund a portion or all of our contract liabilities, which could materially and adversely affect our business, results of operations and financial condition.

Limitations on our ability to collect and use data, or challenges to our right to collect and use such data, could significantly diminish the value of our technologies and services and cause us to lose advertisers, and harm our business and results of operations.

We collect device-specific data, which includes device ID, IP address, ad performance data and other behavioral data primarily through the online publishers and our *Huabian* platforms, but we generally do not collect or store personal data such as legal name, phone number and personal ID. Please see “Business — Our Technology — Data Sources” for more details. In order to plan and optimize our advertising campaigns and effectively manage our *Huabian* platforms, we need to access and analyze such data. Certain online publishers may prohibit or limit our collection or use of such data, depending on their own internal data privacy policy or our relationships with them. Operating systems or certain apps may also impose technical restrictions on our ability to legally collect device-specific data. Our operations largely depend on our big data analytics. Interruptions, failures or defects in our data collection, as well as privacy concerns regarding the collection of device-specific data, could also limit our ability to analyze such device-specific data. In addition, there can be no assurances that the government will not adopt legislation that prohibits or limits collection of device-specific data on the internet and the use of such data, or that third parties will not bring lawsuits against us relating to internet privacy and data collection. Due to the recent development of laws and regulations on data protection and privacy, online publishers will be subject to more stringent requirements on data sharing with us, which may limit our ability to collect data from them. If any of the above occurs, we may be unable to provide effective services and lose advertising customers, and our business, financial condition and results of operations would be adversely affected. Lawsuits or administrative inquiries could also be costly and divert management resources, and the outcome of such lawsuits or inquiries may be uncertain and may harm our business.

If we are provided with inaccurate or fraudulent data, it may have an adverse impact on our business, results of operations and reputation.

We depend on the accuracy and genuineness of ad performance data and other data provided by our advertising customers and media partners in evaluating the effectiveness of campaign performance and

RISK FACTORS

determining the service fees that we receive from our advertising customers and the traffic acquisition costs that we pay to our media partners. We are not contractually required to verify the ad performance data reported by our media partners. Our advertising customers may engage Independent Third Party data tracking platforms to verify the ad performance data, the cost of which shall be borne by themselves, and any discrepancy discovered pursuant to any such data verification shall be settled between our advertising customers and our media partners directly. If the ad performance data or other data provided by our advertising customers and media partners is inaccurate or fraudulent, we will neither be able to improve audience targeting precision nor achieve better campaign performance for our advertising customers. If our system fails to detect fraudulent ad performance data or other inaccurate data, we may have to pay unnecessary traffic acquisition costs to media partners based on these fraudulent data, and advertising customers may refuse to pay us service fees due to the ineffectiveness of the advertising campaigns, which could result in disputes with our advertising customers or media partners, harm to our reputation and loss of our advertising customers and media partners, and adversely affect our business, results of operations and financial conditions.

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

The online marketing industry in which we operate in is relatively highly regulated and we are subject to a variety of laws and regulations that involve matters vital to our business, including, among others, data security and privacy, content, intellectual property, advertising, marketing, distribution, electronic contracts and communications, telecommunications, product liability and taxation. The introduction of new services, or other actions that we may take to expand or diversify our businesses may subject us to additional laws, regulations, or other government scrutiny.

These laws and regulations are constantly evolving and can be subject to significant changes. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the rapidly evolving industry in which we operate, and may be interpreted and applied inconsistently. There are also currently several proposals pending before legislative and regulatory bodies that could impose new obligations in areas affecting our business. For details, see “Regulatory Environment — Regulations Related to Foreign Investment — Regulation related to Foreign-Invested Enterprises.”

In particular, the PRC anti-monopoly enforcement agencies have in recent years strengthened enforcement under the PRC Anti-monopoly Law (《中華人民共和國反壟斷法》). In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the MOFCOM, the NDRC and the SAIC, respectively. Since its inception, the SAMR has continued to strengthen anti-monopoly enforcement. On December 28, 2018, the SAMR issued the Notice on Anti-monopoly Enforcement Authorization (《關於反壟斷授權執法的通知》), which grants authorities to its province-level branches to conduct anti-monopoly enforcement within their respective jurisdictions. On September 11, 2020, the SAMR issued Anti-monopoly Compliance Guideline for Operators (《經營者反壟斷合規指南》), which requires, under the PRC Anti-monopoly Law, operators to establish anti-monopoly compliance management systems to prevent anti-monopoly compliance risks. In November 2020, the State Administration for Market Regulation, or the SAMR, published a discussion draft of the Guideline on Anti-monopoly of Platform Economy Sector (《關於平臺經濟領域的反壟斷指南(徵求意見稿)》) (the “**Draft Guideline**”), aiming to improve anti-monopoly administration on online platforms. The released Draft Guideline, if enacted, will operate as a compliance guidance under the existing PRC anti-monopoly laws and regulations for platform economy operators. As advised by our PRC Legal Advisors, the Draft Guideline was released for public comment only, and its operative provisions and the anticipated adoption or

RISK FACTORS

effective date may be subject to change with substantial uncertainty. Although it is impossible to predict the impact of the Draft Guideline, if any, at this stage, we will closely monitor and assess the trajectory of the rule-making process. Currently, the Draft Guideline has no material adverse impact on our business, financial condition and results of operations. However, in the event that a final version of the Draft Guideline is adopted and in light of the substantial uncertainty over the Draft Guideline, we may face challenges in addressing its requirements and making necessary changes to our policies and practices, and may incur significant costs and expenses in an effort to do so. Any failure or perceived failure by us to comply with the enacted version of the Draft Guideline and other anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations. See “Summary — Recent Developments — Recent Developments on Our Regulatory Environment.”

These laws and regulations, as well as any associated inquiries or investigations or any other governmental actions, may be costly to comply with and may result in negative publicity, increase our cost of sales, require significant management time and attention, and subject us to remedies that may harm our business, including fines or demands or orders that we modify or cease existing business practices.

In addition, we need requisite approvals, licenses and permits to conduct our online marketing solutions business. There can be no assurances that we will be able to maintain and renew our existing approvals, licenses and permits or obtain new ones. If the PRC government considers that we were operating without the proper approvals, licenses or permits, or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it has the power, among others, to levy fines, confiscate our income, revoke our business licenses, require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material adverse effect on our business and results of operations.

Any breaches to our security measures, including unauthorized access, computer viruses and hacking, may adversely affect our database, reduce use of our services and damage our reputation and brand names.

The volume of data that we process and store makes us an attractive target and potentially vulnerable to cyberattacks, computer viruses, physical or electronic break-ins or similar disruptions. While we have established mechanisms to protect our database, our security measures could be breached. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate and timely preventative measures. Any accidental or willful security breaches or other unauthorized access to our database could cause confidential information to be stolen and used for illegal purposes. Security breaches or unauthorized access to confidential information could also expose us to liability relating to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our information technology infrastructure are exposed and exploited, our relationships with our advertising customers and media partners could be severely damaged, we could incur significant liability and our business and operations could be materially and adversely affected. The PRC Network Security Law (《中華人民共和國網路安全法》), effective on June 1, 2017, stipulates that a network operator, including value-added telecommunications services providers, among others, must adopt technical measures and other necessary measures in accordance with applicable laws and regulations as well as compulsory national and industrial standards to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. While we have adopted comprehensive measures to comply with the applicable laws, regulations and

RISK FACTORS

standards, there can be no assurances that such measures will be effective. If we were found by the governmental and regulatory authorities to have failed to comply with the PRC Network Security Law and other similar applicable laws and regulations, we would be subject to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, shutdown of our database or even criminal liability and our business, financial condition and results of operations would be materially and adversely affected.

Interruption or failure of our information technology infrastructure could impair our ability to provide our services to our advertising customers, which could cause us to lose advertising customers and media partners, and harm our business and results of operations.

Our business depends partly on the performance, reliability and stability of our information technology infrastructure. We may experience service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, hardware failure, capacity constraints due to an overwhelming number of visitors accessing our *Huabian* platforms simultaneously, computer viruses, fraud and security attacks. Any interruption or failure of our information technology infrastructure to function properly could hinder our ability to handle existing or increased traffic on our *Huabian* platforms, impair our ability to effectively deliver advertisements and provide our online marketing solutions, and cause loss of advertising customers, media partners, data assets and trade secrets, disruption to our research and development activities, transaction errors and processing inefficiencies, all of which may have a negative impact on our business operations and reputation. Our business depends as well 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 MIIT. We rely on this infrastructure to provide data communications primarily through local telecommunication lines and wireless telecommunication networks. In the event of disruptions, failures or other problems with China's internet infrastructure, we may not have access to alternative networks on a timely basis, if at all.

In addition, since we rely on online publishers to deliver our advertisements, any interruption or failure of their information technology and communications systems may undermine the effectiveness of our services and cause us to lose advertising customers.

Our intellectual property may be infringed by unauthorized third parties and we may not be able to protect our intellectual property rights effectively.

We regard our data assets, proprietary technologies, software copyrights, trademarks, domain names, know-how and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and Contractual Arrangements, including confidentiality and non-compete agreements with our employees and others, to protect our proprietary rights. For details, see "Business — Intellectual Property." Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated. It may be difficult to maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to protect our intellectual property rights or to enforce our contractual rights effectively and timely. Preventing any unauthorized use of our intellectual property is difficult and costly and the measures we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. There can be no assurances that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

RISK FACTORS

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

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

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

Our business is subject to seasonal fluctuations which could have a material impact on our revenue, cash flow and operating results.

Our revenue, cash flow, operating results and other key operating and performance metrics may vary from quarter to quarter due to the seasonal nature of the advertisers' spending on advertising campaigns. For example, e-commerce advertisers tend to allocate a larger portion of their advertising budgets around holiday seasons and shopping events when consumers tend to spend more, while online gaming advertisers may adjust their advertising timing according to the launch of their new games. Moreover, ad inventories in holiday seasons may be more expensive due to increased demands. Historically, the second half, especially the fourth quarter, of each calendar year generally contributes the largest proportion of our revenue and the first quarter of each calendar year generally contributes a smaller portion of our revenue. Please see "Business — Seasonality" for more details. As a result, our quarterly results may not be comparable to the corresponding periods of prior years, and you may not be able to predict our annual results of operations based on a quarter-to-quarter comparison of our results of operations. Our historical revenue growth has masked the impact of seasonality, but if our growth rate declines or seasonal spending becomes more pronounced, seasonality could have a material impact on our revenue, cash flow and operating results from period to period.

Our limited insurance coverage could expose us to significant costs and business disruption.

Insurance companies in China generally do not offer as extensive an array of insurance products as they do in countries with more developed economies. To the best of our Directors' knowledge, no insurance products that have been specifically designed for protecting the risks related to the Contractual Arrangements have been made available on the market. In line with general industry practice in China, we do not maintain business interruption insurance, key man life insurance, any insurance for our information technology infrastructure and systems or any insurance for our leased properties.

Any disruption in our information technology infrastructure or business operations, litigation or natural disasters may result in our incurring substantial costs and the diversion of our resources, and we have no insurance to cover such losses. As a result, our business, financial condition and results of operations could be materially and adversely affected.

RISK FACTORS

We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations and financial condition.

We may be subject to legal proceedings from time to time in the ordinary course of our business, which could have a material adverse effect on our business, results of operations and financial condition. We may receive formal and informal inquiries from governmental authorities and regulators regarding our compliance with applicable laws and regulations, many of which are evolving and subject to interpretation. Claims arising out of actual or alleged violations of laws could be asserted against us by our advertising customers, media partners, competitors, governmental entities in civil or criminal investigations and proceedings or other third parties. These claims could be asserted under a variety of laws, including but not limited to advertising laws, internet information services laws, intellectual property laws, unfair competition laws, data protection and privacy laws, labor and employment laws, securities laws, real estate laws, tort laws, contract laws, property laws and employee benefit laws. We may also be subject to lawsuits due to actions by our media partners or advertising customers.

There can be no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. Even if we are successful in our attempt to defend ourselves in legal and administrative actions or to assert our rights under various laws, enforcing our rights against the various parties involved may be expensive, time-consuming and ultimately futile. These actions may expose us to negative publicity, substantial monetary damages and legal defense costs, injunctive relief, and criminal and civil fines and penalties, including but not limited to suspension or revocation of our licenses to conduct business.

The continuing and collaborative efforts of our senior management and other key personnel are crucial to our success, and our business may be harmed if we lose their services.

Our business operations depend on the continued services of our senior management team and other key personnel, some of whom have been with us since our inception. In particular, we rely on the expertise, experience and leadership of our co-founders, Mr. Wang and Mr. Xu, who have on average ten years, respectively, of industry experience and have worked for leading technology and internet companies. Please see “Directors and Senior Management” for more details about our senior management team.

If one or more of our key personnel were unable or unwilling to continue to serve in their present positions, we may not be able to find suitable replacements, our future growth may be constrained, our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected. In addition, although we have entered into confidentiality and non-compete agreements with our key personnel, there can be no assurances that none of our key personnel will join our competitors or form a new competing business. If any dispute arises between our current or former key personnel and us, we may have to incur substantial costs and expenses to enforce such agreements or we may not be able to enforce them at all.

Our future success depends on our ability to attract, hire, retain and motivate highly skilled employees and increases in employees’ wages and benefits may adversely affect our business and ability to sustain profitability.

As of June 30, 2020, we had a total number of 290 employees. We believe our future success depends on our continued ability to attract, hire, retain and motivate qualified and skilled employees. In particular, experienced experts are critical in improving our infrastructure and technologies and optimizing our operations. Competition for recruitment of highly skilled professionals is extremely intense, which could also increase our costs to attract and retain talented employees. The average

RISK FACTORS

compensation level for our employees generally increased during the Track Record Period and are expected to continue to grow. We may not be able to hire and retain our skilled employees at compensation levels consistent with our existing compensation level and structure. Some of the companies with which we compete for experienced employees may have greater resources than we do and may be able to offer more attractive terms of employment. In addition, we invest significant time and resources in training our employees to ensure their competitiveness, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training new employees, and our ability to provide our services consistently could diminish, resulting in a material adverse effect on our business and ability to sustain profitability.

We may need additional capital to support or expand our business, and we may be unable to obtain such capital in a timely manner or on acceptable terms, or at all.

Although we believe that our anticipated cash flows from operating activities, together with cash on hand and net proceeds from the Global Offering, will be sufficient to meet our anticipated working capital requirements and capital expenditures in the ordinary course of business for the next twelve months, we cannot assure you this will be the case. We may need additional cash resources in the future if we experience changes in current conditions or pursue business expansions. We may also need additional cash resources in the future if we pursue opportunities for investments, acquisitions or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholding. The incurrence of indebtedness would result in increased fixed obligations and could result in operational and financial covenants that would restrict our operations. We have historically used bank borrowings to partially finance our operations. We cannot assure you that additional financing will be available in amounts sufficient or on terms acceptable to us, if at all.

We face risks relating to natural and man-made disasters, acts of war and health epidemics.

Our business could be materially and adversely affected by natural and man-made disasters, acts of war, health epidemics, such as the human swine influenza (H1N1), H5N1 avian flu and coronavirus disease 2019 (COVID-19), or other public safety concerns. Natural disasters may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services. Our business could also be adversely affected if our employees are affected by health epidemics. In addition, our results of operations could be adversely affected to the extent that any health epidemic harms the national economy in general. Our headquarters is located in Shanghai, where most of our management and employees currently reside. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Shanghai or other cities where our other offices are located, our operation may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the Global Offering, our Controlling Shareholders will retain substantial control over our Company. Subject to our Articles of Association and the Cayman Islands Companies Law, our Controlling Shareholders will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of our Controlling Shareholders may differ from the interests of other Shareholders and they are free (other than on any matters that they are required to abstain from voting) to exercise their votes

RISK FACTORS

according to their interests. To the extent that the interests of our Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

If the PRC government finds that the agreements that establish the structure for operating our businesses in the PRC do not comply with applicable PRC laws and regulations, or if these laws or regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entity.

Current PRC laws and regulations impose certain restrictions and prohibitions on foreign ownership of companies that engage in the provision of “value-added telecommunications services” and “radio and television program production and operation services.” In particular, under the Special Management Measures for the Market Entry of Foreign Investment (Negative List) (2019 Version) (《外商投資准入特別管理措施(負面清單)》(2019年版)), foreign investment in value-added telecommunications businesses is restricted where foreign equity interest in such value-added telecommunications services provider shall not exceed 50%, and foreign investment in radio and television program production and operation business is prohibited. For details, see “Regulatory Environment — Regulations Related to Foreign Investment — Regulations related to Foreign Investment Industrial Policy.”

On March 15, 2019, the 2nd meeting of the 13th Standing Committee of the National People’s Congress approved the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》) (the “**FIL**”), which became effective on January 1, 2020. According to the FIL, the “foreign investment” refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organizations (hereinafter referred to as “**Foreign Investors**”), including the following: (1) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or collectively with other investors; and (4) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. For details, see “Regulatory Environment — Regulations Related to Foreign Investment — Regulation related to Foreign-Invested Enterprises.”

The Company was incorporated under the laws of the Cayman Islands, and Yunxiang Information, our wholly-owned PRC subsidiary, is considered as a foreign-invested enterprise and thereby shall be subject to the FIL. To comply with the PRC laws and regulations, we conduct our online marketing solutions and pan-entertainment content services business which involve “value-added telecommunications services” and “radio and television program production and operation services” in the PRC through Netjoy Network, based on the Contractual Arrangements, which enable us to (i) have the power to direct the activities that most significantly affect the economic performance of Netjoy Network; (ii) receive substantially all of the economic benefits from Netjoy Network in consideration for the services provided by the Yunxiang Information; and (iii) have an exclusive option to purchase all or part of the equity interests and assets of Netjoy Network when and to the extent permitted by PRC law, or request Netjoy Network or any existing shareholder(s) of it to transfer any or part of the equity interest and assets of Netjoy Network to another PRC person or entity designated by us at any time at our discretion. Because of these Contractual Arrangements, we are the primary beneficiary of Netjoy Network and hence treat Netjoy Network as our consolidated affiliated entity, and consolidate its and its subsidiaries’ results of operations into ours. Our Consolidated Affiliated Entity holds the licenses, approvals and key assets that are essential for our business operations.

In the opinion of our PRC Legal Advisors, (i) the ownership structures of our Company, Yunxiang Information and our Consolidated Affiliated Entity are in compliance with the existing PRC laws and

RISK FACTORS

regulations, (ii) the Contractual Arrangements are valid, binding and enforceable, and will not result in any violation of the PRC laws or regulations currently in effect, and (iii) the business operations of our Company, Yunxiang Information and our Consolidated Affiliated Entity, as described in this prospectus, are in compliance with the existing PRC laws and regulations. However, there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations, including the FIL. The relevant PRC regulatory authorities have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. Particularly, the FIL stipulates that foreign investment includes “Foreign Investors investing in China through many other methods under laws, administrative regulations or provisions prescribed by the State Council.” We cannot assure you that Contractual Arrangements will not be deemed as a form of foreign investment under laws, regulations or provisions prescribed by the State Council in the future, as a result of which, it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and the impact on the above-mentioned Contractual Arrangements. Thus, we cannot assure you that the PRC government will not ultimately take a view contrary to the opinion of our PRC Legal Advisors. If the PRC government finds that the Contractual Arrangements do not comply with its restrictions on foreign investment in the relevant businesses in the PRC, or the Contractual Arrangements are determined as illegal or invalid by the PRC government, or if the PRC government otherwise finds that we, Yunxiang Information or our Consolidated Affiliated Entity are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities, including the MOFCOM, MIIT and NRTA, would have broad discretion in dealing with such violations or failures, including, without limitation:

- revoking our business and/or operating licenses;
- discontinuing or restricting our operations;
- imposing fines or confiscating any of our income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements which we or our PRC subsidiaries and our Consolidated Affiliated Entity may not be able to comply with;
- requiring us or our PRC subsidiaries and our Consolidated Affiliated Entity to restructure the relevant ownership structure or operations;
- restricting or prohibiting our use of the proceeds from the Global Offering or other of our financing activities to finance the business and operations of our Consolidated Affiliated Entity; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of our Consolidated Affiliated Entity in our consolidated financial statements, if the PRC governmental authorities find our legal structure and Contractual Arrangements to be in violation of the PRC laws, rules and regulations. If any of these penalties results in our inability to direct the activities of our Consolidated Affiliated Entity that most significantly impact its economic performance and/or our failure to receive the economic benefits from our Consolidated Affiliated Entity, we may not be able to consolidate our Consolidated Affiliated Entity into our consolidated financial statements in accordance with the IFRSs, thus adversely affect our results of operations.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. Netjoy Network and its shareholders may fail to perform their obligations under our Contractual Arrangements.

Due to the PRC restrictions or prohibitions on foreign ownership of companies that engage in the provision of “value-added telecommunications services” and “radio and television program production

RISK FACTORS

and operation services” in China, we operate a substantial portion of our business in the PRC through our Consolidated Affiliated Entity, in which we have no ownership interest. We rely on the Contractual Arrangements to control and operate our Consolidated Affiliated Entity’s business. The Contractual Arrangements are intended to provide us with effective control over our Consolidated Affiliated Entity and allow us to obtain economic benefits from them. See “Contractual Arrangements” for further details.

Although we have been advised by our PRC Legal Advisors that our Contractual Arrangements constitute valid and binding obligations enforceable against each party of such agreements in accordance with their terms, these Contractual Arrangements may not be as effective in providing control over our Consolidated Affiliated Entity as direct ownership. If Netjoy Network or its shareholders fail to perform their respective obligations under the Contractual Arrangements, we may incur substantial costs and expend substantial resources to enforce our rights. All of these Contractual Arrangements are governed by and interpreted in accordance with PRC laws, and disputes arising from these Contractual Arrangements will be resolved through arbitration or litigation in China. However, there are very few precedents and little official guidance as to how Contractual Arrangements in the context of a variable interest entity should be interpreted or enforced under the relevant PRC laws. There remain significant uncertainties regarding the outcome of arbitration or litigation. These uncertainties could limit our ability to enforce these Contractual Arrangements. In the event that we are unable to enforce these Contractual Arrangements or we experience significant delays or other obstacles in the process of enforcing these Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entity and may lose control over the assets owned by our Consolidated Affiliated Entity. As a result, we may be unable to consolidate the financial results of our Consolidated Affiliated Entity and our ability to conduct our business may be negatively affected.

We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by our Consolidated Affiliated Entity that are material to our business operations if our Consolidated Affiliated Entity declares bankruptcy or become subject to a dissolution or liquidation proceeding.

We do not have priority pledges and liens against the assets of our Consolidated Affiliated Entity. If our Consolidated Affiliated Entity undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of our Consolidated Affiliated Entity’s assets and we may not have priority against such third-party creditors on the assets of our Consolidated Affiliated Entity. If our Consolidated Affiliated Entity liquidates, we may take part in the liquidation procedures as a general creditor under the PRC Enterprise Bankruptcy Law (《中華人民共和國企業破產法》) and recover any outstanding liabilities owed by our Consolidated Affiliated Entity to Yunxiang Information under the applicable service agreement.

If the shareholders of Netjoy Network were to attempt to voluntarily liquidate our Consolidated Affiliated Entity without obtaining our prior consent, we could effectively prevent such unauthorized voluntary liquidation by exercising our right to request the shareholders of Netjoy Network to transfer all of their respective equity ownership interests in the Consolidated Affiliated Entity to a PRC entity or individual designated by us in accordance with the option agreement with Netjoy Network and its shareholders. In addition, under the Contractual Arrangements, the shareholders of Netjoy Network do not have the right to issue dividends to themselves or otherwise distribute the retained earnings or other assets of Netjoy Network without our consent. In the event that the shareholders of Netjoy Network initiate a voluntary liquidation proceeding without our authorization or attempt to distribute the retained earnings or assets of Netjoy Network without our prior consent, we may need to resort to legal proceedings to enforce the terms of the Contractual Arrangements. Any such legal proceeding may be costly and may divert our management’s time and attention away from the operation of our business, and the outcome of such legal proceeding will be uncertain.

RISK FACTORS

The shareholders of Netjoy Network may have conflicts of interest with us, which may materially and adversely affect our business.

We have designated persons consisting of PRC nationals and entities to be the shareholders of Netjoy Network. These persons may have conflicts of interest with us. Our Consolidated Affiliated Entity is partially beneficially owned by certain members of our management team, namely, Mr. Wang, Mr. Qin, Mr. Xu and Mr. Dai. Conflicts of interest may arise between the roles of these individuals as shareholders, directors and/or officers of our Company and as shareholders, directors and/or officers of Netjoy Network. We rely on these individuals to abide by the laws of the Cayman Islands which impose fiduciary duties upon directors and officers of our Company. Such duties include the duty to act bona fide in what they consider to be in the best interest of our Company as a whole and not to place themselves in a position where there is a conflict between their duties to our Company and their personal interests. On the other hand, PRC laws also provide that a director or a management officer owes a loyalty and fiduciary duty to the company that he or she directs or manages. We cannot assure you that when conflicts arise, shareholders of Netjoy Network will act in the best interest of our Company or that conflicts will be resolved in our favor. These individuals may breach or cause Netjoy Network to breach the existing Contractual Arrangements. If we cannot resolve any conflicts of interest or disputes between us and these shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

If we exercise the option to acquire equity ownership of Netjoy Network, the ownership transfer may subject us to certain limitations and substantial costs.

Pursuant to the Contractual Arrangements, Yunxiang Information or its designated person(s) has the exclusive right to purchase all or any part of the equity interests in Netjoy Network from its shareholders at a nominal price, unless the relevant PRC governmental authorities or PRC laws request that another amount be used as the purchase price and in which case the purchase price shall be the lowest amount under such request.

The equity transfer may be subject to registrations and filings with the SAMR and MOFCOM and/or their local counterparts. In addition, the equity transfer price may be subject to review and tax adjustment with reference to its market value by the relevant PRC tax authorities. The shareholders of Netjoy Network shall pay the equity transfer price that they receive to Yunxiang Information or its designated person(s) under the Contractual Arrangements. The amounts of such equity transfer to be received by Yunxiang Information may also be subject to EIT, in which case the tax amounts could be substantial.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

Under the PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements among our PRC subsidiaries and our Consolidated Affiliated Entity do not represent an arms-length price and adjust our Consolidated Affiliated Entity's income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among others, result in a reduction, for PRC tax purposes, of expense deductions recorded by our Consolidated Affiliated Entity, which could in turn increase its tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties on our Consolidated Affiliated Entity for under-paid taxes. Our results of operations may be materially and adversely affected if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

RISK FACTORS

RISKS RELATING TO THE PRC

China’s economic, political and social conditions and government policies, as well as the global economy, may continue to affect our business.

Substantially all of our businesses, assets, operations and revenue are located in or derived from our operations in the PRC and, as a result, our business, financial condition and results of operations are subject, to a significant degree, to the economic, political, social and regulatory environment in the PRC. 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 PRC economy has undergone a transition from a planned economy to a market-oriented economy. The PRC government has, in recent years, taken various actions to introduce market forces for economic reform, to reduce State ownership of productive assets and to promote the establishment of sound corporate governance in business entities. However, a substantial portion of productive assets in the PRC are still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the economy and the industries by issuing industrial policies. The PRC government still retains significant control over the PRC’s economic growth through the allocation of resources, monetary policies and preferential treatments to particular industries or enterprises.

Our performance has been and will continue to be affected by China’s economy, which in turn is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to impact China’s economic growth. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa, which have resulted in market volatility. There have been concerns on the relationship between China and other countries, including the surrounding Asian countries, which may potentially have adverse economic effects. There have also been concerns on the trade war initiated by the United States against China and other countries. While China’s economy has experienced significant growth in the past few decades, growth has been uneven across different regions and economic sectors and there is no assurance that such growth can be sustained. The global economic slowdown and the turmoil in the global financial markets that began in the second half of 2008, continued weakness in the U.S. economy and the sovereign debt crisis in Europe have collectively added downward pressure to economic growth in China. The growth rate of China’s real GDP has decreased from 6.8% in 2017 to 6.6% in 2018 and further decreased to 6.1% in 2019.

We are unable to predict all the risks and uncertainties that we face as a result of current economic, political, social, and regulatory developments and many of these risks are beyond our control. All such factors may materially and adversely affect our business and operations as well as our financial performance.

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.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”), adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes

RISK FACTORS

control of a PRC domestic enterprise. For details, see “Regulatory Environment — Regulations Related to Foreign Investment — Regulations related to M&A.” The M&A Rules further require that, among others, an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, in particular if the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for shares of offshore companies.

Moreover, the Anti-Monopoly Law (《反壟斷法》) requires that the MOFCOM shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors issued by the MOFCOM (《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》) that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. 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, which could affect our ability to expand our business or maintain our market share.

We may be deemed to be a PRC tax resident enterprise under the EIT Law, which may materially and adversely affect our profitability and the value of your investments.

We are a company incorporated under the laws of the Cayman Islands. Pursuant to the EIT Law and its implementation rules, if an enterprise incorporated outside the PRC has its “de facto management bodies” within China, such enterprise would generally be deemed as a “PRC resident enterprise” for tax purposes and be subject to an EIT rate of 25% on its global income. “De facto management bodies” is defined as 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 to clarify certain criteria for the determination of the “de facto management bodies” for foreign enterprises controlled by PRC enterprises. We are currently not regarded as a PRC tax resident enterprise. However, if we are regarded as a PRC tax resident enterprise by the PRC tax authorities, we would have to pay PRC EIT at a rate of 25% for our entire global income, which may materially and adversely affect our profits and hence our retained profit available for distribution to our Shareholders. For details, see “Regulatory Environment — Regulations Related to Taxation — Regulations related to Enterprise Income Tax.”

You may be subject to PRC withholding tax on dividends from us and PRC income tax on any gain realized on the transfer of our Shares.

Under the EIT law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides otherwise, PRC withholding tax at a rate of 10% is normally applicable to dividends from a PRC source paid to investors that are “non-resident enterprises,” which do not have an establishment or place of business in China, or which have such establishment or place of business but whose relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is generally subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China. For details, see “Regulatory Environment — Regulations Related to Taxation — Regulations related to Enterprise Income Tax.”

RISK FACTORS

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

If we are treated as a PRC resident enterprise as described under “— We may be deemed to be a PRC tax resident enterprise under the EIT Law, which may materially and adversely affect our profitability and the value of your investments,” dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within China and as a result be subject to the PRC income taxes described above. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected.

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

The value of the RMB against the Hong Kong dollar, the U.S. 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, the U.S. dollar or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policy goals.

The proceeds from the Global Offering 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 proceeds from the Global Offering. 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.

The PRC government’s control of foreign currency conversion and restrictions on the remittance of RMB out of the PRC may limit our foreign exchange transactions and our ability to pay dividends and meet other obligations, and affect the value of your investment.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenue in RMB. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of dividends declared in respect of our Shares, if any. Shortage in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency out of China, or otherwise satisfy their foreign currency denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

RISK FACTORS

In light of the flood of capital outflows of China in 2016 due to the weakening of the RMB, the PRC government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movements. More restrictions and substantial vetting process are put in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC government may at its discretion further restrict access to foreign currencies in the future for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds from the Global Offering to make loans or additional capital contributions to our PRC subsidiaries or our Consolidated Affiliated Entity, 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 China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System, or FICMIS, and registration with other governmental authorities in China. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local counterparts, and (ii) each of our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount as recorded in FICMIS. For details, see “Regulatory Environment — Regulations Related to Foreign Debt.” Any medium or long-term loan to be provided by us to our Consolidated Affiliated Entity must be recorded and registered by the NDRC and the SAFE or its local counterparts. 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 proceeds of this Global Offering and to capitalize our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business. For details, see “Regulatory Environment — Regulations Related to Foreign Exchange.”

On March 30, 2015, the SAFE promulgated the Circular 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》) (“SAFE Circular 19”), which took effect on June 1, 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 June 9, 2016, the SAFE promulgated the Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange (《國家外匯管理局關於改革和規範資本專案結匯管理政策的通知》) (“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 China the proceeds from this Global Offering, which may materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

The heightened scrutiny over acquisitions from the PRC tax authorities may have a material and adverse impact on our business, acquisition or restructuring strategies or the value of your investment in us.

The STA promulgated several rules and notices to tighten the scrutiny over acquisitions in recent years. On February 3, 2015, the STA issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (“**Circular 7**”), which abolished certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on Non-resident Enterprises (《關於加強非居民企業股權轉讓企業所得稅管理的通知》) (“**Circular 698**”), which was previously issued by the STA on December 10, 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities’ scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (“**PRC Taxable Assets**”).

For example, Circular 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Except as provided in Circular 7, transfers of Chinese taxable property under the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to PRC enterprise income tax: (i) more than 75% of the value of the overseas enterprise is directly or indirectly from Chinese taxable properties; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in China at any time during the year prior to the indirect transfer of Chinese taxable property, or more than 90% of the income of the overseas enterprise is directly or indirectly from China during the year prior to the indirect transfer of Chinese taxable property; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold Chinese taxable property and have registered with the relevant authorities in the host countries (regions) in order to meet the local legal requirements in relation to organization forms, yet prove to be inadequate in their ability to perform their intended functions and withstand risks as their alleged organization forms suggest; or (iv) the income tax from the indirect transfer of Chinese taxable property payable abroad is lower than the income tax in China that may be imposed on the direct transfer of such PRC Taxable Assets.

Although Circular 7 contains certain exemptions (including, (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional PRC tax reporting obligations or tax liabilities.

RISK FACTORS

Provisions of Circular 7, which impose PRC tax liabilities and reporting obligations, do not apply to “a non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market” (the “**Public Market Safe Harbor**”), which is determined by whether the parties and number and price of the shares acquired and disposed are not previously agreed upon, but determined in accordance with general trading rules in the public securities markets, according to one implementing rule for Circular 698. In general, transfers of the Shares by Shareholders on the Stock Exchange or other public markets would not be subject to the PRC tax liabilities and reporting obligations imposed under the Circular 7 if the transfers fall under the Public Market Safe Harbor. As stated in “Information about this Prospectus and the Global Offering,” potential investors should consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in the Shares.

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 Circular on Relevant Issues Relating to Domestic Resident’s Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司投融資及返程投資外匯管理有關問題的通知》) (“**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 deemed to have been evasive or illegal 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 that to our knowledge hold direct or indirect interest in our Company to make the necessary applications, filings and amendments as required by applicable foreign exchange regulations. Each of our individual beneficial owners who is required to complete the registration under SAFE Circular 37 has duly completed the foreign exchange registrations in relation to their offshore investments as PRC residents. However, there can be no assurance that the subsequent amendment of registration, when required, can be successfully completed 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 adversely affect our business and prospects.

RISK FACTORS

As there is uncertainty concerning the reconciliation of these foreign exchange regulations with other approval requirements, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant governmental authorities. We cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may materially and adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could materially and adversely affect our business and prospects.

Failure to comply with PRC regulations regarding the registration requirements for 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 Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies (《關於境內個人參與境外上市公司股權激勵計畫外匯管理有關問題的通知》) (“SAFE Circular 7”), replacing the previous rules issued by SAFE in March 2007. Under the 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. Participants of a stock incentive plan who are PRC residents 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 stipulates 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 Global Offering. 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 subsidiaries, limit our PRC subsidiaries’ ability to distribute dividends to us, or otherwise materially and adversely affect our business.

The STA has also issued relevant rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon exercise of the share options. Our PRC subsidiaries have obligations to file documents with respect to the granted share options with relevant tax authorities and to withhold individual income taxes for their employees upon exercise of the share options. If our employees fail to pay or we fail to withhold their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent governmental authorities.

RISK FACTORS

The legal system in the PRC has inherent uncertainties that could limit the legal protections available to our Shareholders.

The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court of the PRC and may not be as comprehensive or developed as that of other jurisdictions. Prior court decisions may be cited for reference but have limited precedential value. Accordingly, the outcome of dispute resolutions may not be consistent or predictable.

Although efforts have been made by the PRC Government to enhance protection of foreign investment in the PRC, the PRC has not yet developed a fully integrated legal system. Newly enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC and there is much uncertainty in their application, interpretation and enforcement. Furthermore, the PRC legal system is partly based on government policies and administrative rules that may take effect retrospectively. As a result, we may not be aware of our violations of certain policies or rules in a timely manner.

The legal protection available to us under the PRC laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted, which may result in the diversion of our resources and management attention. In addition, the outcome of dispute resolutions may not be consistent or predictable and it may be difficult to enforce judgments and arbitration awards in the PRC.

These uncertainties relating to the interpretation, implementation and enforcement of the PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions can affect the legal remedies and protections available to you, and may adversely affect the value of your investment.

You may experience difficulties in effecting service of legal process and enforcing judgments or bringing original actions in the PRC or Hong Kong based on foreign laws against us and our Directors and management.

We are an exempted company incorporated in the Cayman Islands and substantially all of our assets are located in China and substantially all of our current operations are conducted in China as well. In addition, a majority of our current Directors and officers are nationals and residents of China and substantially all of the assets of these persons are located in China. It may not be possible for investors to effect service of process upon us or those persons in the PRC for disputes brought in courts outside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 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**”), pursuant to which a party with an enforceable final court judgment rendered by any designated PRC court or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant PRC court or Hong Kong court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute did not agree to enter into a choice of court agreement in writing. 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 judgments in the PRC.

RISK FACTORS

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares.

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

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

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world. In particular, 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 price of and trading volumes 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 trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

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

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma net tangible book value, and existing Shareholders will receive an increase in pro forma net tangible book value. If we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and Controlling Shareholders, could adversely affect the market price of our Shares.

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

The Shares held by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

RISK FACTORS

There is no assurance if and when we will pay dividends in the future.

Distribution of dividends will be at the discretion of our Board and subject to Shareholders' approval. A decision to declare or pay dividends and the amount of such dividends will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. See "Financial Information — Dividends" for details. As a result, there can be no assurances whether, when and in what manner we will pay dividends in the future.

Since there may be a gap of several Business Days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins.

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several Business Days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may be different from those in Hong Kong.

Our corporate affairs are governed by the Articles of Association, the Cayman Islands Companies Law and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes or judicial precedents in existence in Hong Kong. This means that the remedies available to our minority Shareholders may be different from those available under the laws of Hong Kong or other jurisdictions. A summary of the constitution of our Company and the Cayman Islands Companies Law is set out in Appendix III to this prospectus.

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

Some of the facts and statistics in this prospectus are derived from various publications of governmental agencies or publicly available sources and obtained during communications with various government agencies or independent third parties that our Directors believe are reliable. However, our Directors cannot guarantee the quality or reliability of such materials. Our Directors believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing such information. They do not believe that such information is false or misleading in any material aspect or that any material fact has been omitted that would render such information false or misleading. The information has not been independently verified by our Group, the Sole Sponsor or any other parties involved in the Global Offering and no representation is given as to its accuracy or completeness. Due to the possibly flawed or ineffective sampling or discrepancies between published information and market practices or other reasons, such facts and statistics may be inaccurate or may not be comparable to official statistics. You should not place undue reliance on them. You should consider how much weight or importance such facts or statistics carry and should not place undue reliance on them.

RISK FACTORS

Prospective investors should read the entire prospectus carefully and are strongly cautioned against placing 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 prospectus.

You are strongly advised to read the entire prospectus carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this prospectus.

Prior to the completion of the Global Offering, there may be press and media coverage regarding our Group and the Global Offering. Our Directors would like to emphasize to prospective investors that we do not accept any responsibility for the accuracy or completeness of such information and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our Shares. In making decisions as to whether to invest in our Shares, prospective investors should rely only on the financial, operational and other information included in this prospectus.