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## RISK FACTORS

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*You should carefully consider all the information in this document and, in particular, the risks and uncertainties described below before making an [REDACTED] in our H Shares. The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the [REDACTED] price of our H Shares could decline and you may lose all or part of your [REDACTED].*

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

### RISKS RELATING TO OUR BUSINESS AND INDUSTRY

**Fluctuations in demand for our services and solutions may adversely affect our business and results of operations. Any loss of or decline in demand for our products and services could materially and adversely affect our business, results of operations and financial condition.**

We provide API marketplace and data management solutions based on the demand of our customers. For API marketplace, we charge customers based on the number of requests they make and the price of each request. For data management solutions, our revenue depends on the number of projects, the price of each project and our ability to develop new customer relationships in a timely manner. Any decrease in demand for our products and services, such as a decrease in the number of requests or the price of each request, as well as project prices or our failure to develop new customer relationships in a timely manner, may have a material adverse effect on our business, financial performance, and results of operations. A number of factors could negatively affect our demand for our products and services, including if:

- we fail to update or expand our existing services and solutions or develop new technologies;
- we suffer from negative publicity, fail to maintain our brand image or our reputation is damaged;
- we fail to address customers’ concerns related to privacy, safety or security;
- we make adverse changes to our services or become unable to provide services in response to new legislation, regulations or government policies; and
- we fail to compete effectively.

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We had a market share of 2.1% in the API-enabled data exchange service market in China and 0.2% market share in the data management solution market in China as measured by revenue in 2022. There is no guarantee that we will be able to maintain our current market position or compete with our peers effectively. See “– Failure to maintain our advantages in an increasingly competitive market may adversely affect our business and growth prospects.” Furthermore, our customers include government entities and state-owned enterprises in the public sector and companies from the internet, manufacturing, telecommunications and financial industries in the private sector. Any legislation or industrial policy that adversely affects the business in which our customers operate, or measures taken that reduce the size of such industries, may lead to a decrease in demand, thus materially and adversely impacting our business, financial condition, and results of operations. Many of our customers and suppliers are also subject to laws that safeguard data privacy and security in China, as well as licensing requirements for telecommunications services and regulations on e-commerce. Changes in their internal policies as a result of regulatory changes may also prohibit them from supplying us with data or purchasing services and solutions from us. Any termination of our access to some or all of the data sources provided by our key suppliers could materially and adversely affect our ability to meet customer demand. In addition, any reduction in the purchase of our services and solutions by our key customers could materially and adversely affect their respective revenue contribution. As we pursue new business opportunities, we may also need to implement additional compliance requirements at the request of our customers and suppliers to facilitate these endeavors. This could result in significant costs, which may in turn adversely affect our results of operations.

**Unauthorized access to our customers’, suppliers’, or our own data could harm our reputation and have a negative impact on our business and financial performance.**

Our service offerings and IT systems may be vulnerable to security breaches by hackers, employee errors, and malfeasance. Such breaches could result in unauthorized access to, or denial of authorized access to, our IT systems, our customers’ and suppliers’ data or our data.

The techniques used to breach IT systems are constantly evolving and growing more complex over time. As a result, we may be unable to anticipate or implement adequate measures to prevent future breaches. The detection, prevention and remediation of known or potential security vulnerabilities may result in additional costs and materially and adversely affect our business, financial condition and results of operations.

Moreover, we do not control our customers, suppliers or their partners’ IT or compliance systems and cannot guarantee that they have sufficient measures in place to safeguard data privacy and security. Malicious third parties may also conduct attacks designed to deny customers access to our services. A security breach could result in a loss of confidence in the security of our services and solutions or our Company, materially and adversely affecting our business, financial condition and prospects. We also cannot guarantee that our customers and their end-users would not misuse the data they process using our services and solutions, and that such misuse would not adversely affect our business and reputation.

Finally, in recent years, there have been growing concerns about data security and privacy in China. Such concerns, even if unfounded, could damage our reputation and business operations.

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**Our ability to attract and retain qualified personnel could materially affect our business and the results of operations. Rising labor costs in China could make it more costly to attract and retain qualified personnel and adversely affect our results of operations.**

Our business requires a large number of information technology talents, including software development engineers, algorithm engineers, and core technology personnel. Competition for high-end talents in the industry is fierce. If we lose key R&D professionals to competitors and fail to attract talents that can effectively replace them in time, our core technical and R&D teams will be negatively affected, and our business and results of operations may be materially affected. Our financial performance in the future will also depend, in part, on our ability to recruit, train and retain a sufficient number of new experienced research and development, sales and other key employees. Our recent hires and planned hires may not become as productive and efficient as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future. Our future performance also depends on the continued services and contributions of our senior management. Any loss of service of our senior management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and results of operations.

In addition, the average wage in China has risen in recent years and is expected to continue to rise. In the technology and data service industry, in particular, fierce competition for high-end talents has led to a notable increase in wages for experienced and highly educated personnel. Moreover, we are required by PRC laws and regulations to pay various statutory employee benefits, such as pension, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. Unless we are able to control our labor costs or pass on these increased labor costs to our customers, we may not be able to attract and retain qualified personnel, and our financial condition and results of operations may be adversely affected.

**If we cannot continue to innovate or effectively respond to the rapidly evolving technology, market demands, industry dynamics and other risks and uncertainties, our business, results of operations and prospects would be materially and adversely affected.**

If we fail to innovate, our position in the industry could be damaged, which in turn would materially and adversely affect our business, financial condition, results of operations and prospects. Sustained innovation requires us to invest significant resources in identifying unmet or underserved customer needs, developing new technologies and services, and attracting talents, among other things. Our investments in innovation, which could be costly, may not generate the expected economic benefits in the near term, or at all, in which case our business, results of operations, financial condition and prospects may be materially and adversely affected. In addition, if we are unable to respond to technological developments or changing market dynamics in a cost-effective and timely manner, our business, financial condition and results of operations may also be materially and adversely affected.

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We need to anticipate customer preferences and market trends and respond to changes in our markets in a timely and effective manner. In addition, we face uncertainties in relation to the intensifying competition and evolving regulatory environment in China’s data technology sector. Market changes and developments may from time to time require us to re-evaluate and adjust our business model, upgrade our offerings, and adopt significant changes to our business strategies and plans. We cannot assure you that we will be successful in implementing these initiatives. If we fail to adapt to these developments promptly, or at all, our business, financial condition, results of operations and prospects may be materially and adversely affected.

**Our services and solutions depend on the performance of internet infrastructure, third-party service providers and our technologies. Unexpected system failures, interruptions, and inadequacies may harm our business and results of operations.**

Our API marketplace relies on the proper functioning of cloud-based internet infrastructure leased from third-party service providers. Our data management solutions rely on the proper functioning of our customers’ internet infrastructure. We cannot guarantee that the internet infrastructure we lease will be able to accommodate the rising number of API requests made by our customers. Regarding our data management solutions, we typically have no control over our customers’ internet infrastructure. Hence, we cannot assure you of the continued efficient operation of our data management solutions. With the expansion of our business, we may be required to upgrade our IT systems or lease additional internet infrastructure to keep up with the increasing traffic we need to run our systems. There is no guarantee that we can do so in a timely and cost-efficient manner or secure additional internet infrastructure that meets our needs, if at all.

The services and solutions we offer are reliant upon our technologies and the software and hardware from our suppliers, which we also use in developing our services and solutions. However, our suppliers may encounter technical errors that prevent their products or services from operating properly, which could in turn adversely affect the quality of our services and solutions and other aspects of our business where we rely upon their services. Our query APIs rely on the supply from data service suppliers. We offer SMS notice services through SMS service providers and mobile top-up services through top-up service providers or telecommunication operators. See “Business – Our Services and Solutions – API Marketplace – Service Types” for more details. Uninterrupted services of API marketplace rely on the proper functioning of data service providers, SMS service providers, top-up service providers and telecommunications operators and their continued abilities and qualifications to supply services to us. Any disruptions in, or failure to procure their services could lead to interruptions or low quality of our services, which could adversely affect our business and results of operations. In addition, performance problems, defects or errors in our data management solutions may arise and may result from any defects and errors that were undetected in our testing. Such defects and errors, and any failure by us to identify and address them, could result in a loss of revenue or market share, diversion of R&D resources, harm to our reputation and increased service and maintenance costs. If our services and solutions do not function reliably or fail to meet our customers’ expectations in terms of performance, we may lose existing customers or fail to attract new ones, which may damage our reputation and adversely affect our business.

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Furthermore, we have no control over the costs of the services provided by telecommunications operators. If the prices we pay for telecommunications and internet services rise significantly, and we fail to mitigate the increased costs by passing on them to our customers, our results of operations may be materially and adversely affected. Our internet infrastructure may encounter disruptions or other outages caused by problems or defects in our technologies and systems, such as software malfunctions or network overload. We may encounter problems when upgrading our systems or services and solutions and there may be undetected programming errors, which could adversely affect the performance of our operating systems and customer experience.

**We have experienced, and in the future may continue to experience, net operating cash outflow, an increase in trade receivables turnover days and a substantial amount of unbilled trade receivables, all of which could expose us to liquidity risks.**

For the years ended December 31, 2021 and 2022, we had net cash outflows from operating activities of RMB33.8 million and RMB36.8 million, respectively. We had net operating cash outflows during these years primarily because of (i) increases in our trade receivables, driven by increases in our post-paid API marketplace customers and data management solution customers; (ii) increases in our prepayments, deposits and other receivables to strengthen our relationships with our suppliers and ensure steady supply of data services for our API marketplace and specialized software and hardware for our data management solutions; and (iii) an increase in our inventories in 2021, primarily because we had yet to deliver certain data management solutions to our customers at the end of the year, and the cost of sales related to these projects were accounted for as inventories.

The increase in our receivable turnover days and reduction in our payable turnover days during the Track Record Period also led to a longer cash conversion cycle, which further impacted our cash flow and working capital. A large portion of our current assets consists of trade receivables. As of December 31, 2021, 2022 and 2023, our trade receivables, net of impairment loss allowance, totaled RMB91.2 million, RMB124.0 million, and RMB175.1 million, respectively. These amounts accounted for 21.7%, 28.6%, and 36.4% of our total current assets, respectively. A substantial portion of the trade receivables were unbilled trade receivables. As of December 31, 2021, 2022 and 2023, the unbilled receivables for API marketplace were RMB43.9 million, RMB60.2 million and RMB90.0 million, respectively, and the unbilled receivables for data management solutions were RMB39.3 million, RMB34.7 million and RMB37.1 million, respectively. These unbilled receivables were primarily due to the prolonged process from revenue recognition to payment settlement of our API marketplace and the fact that we issue invoices after the data management solution customers have fulfilled their internal protocols to make payments. See “Business – Our Customers – General Terms of Contracts with Customers”. We have experienced an increase in the turnover days of trade receivables from 114 days in 2021 to 133 days in 2023. This increase was primarily due to our acquisition of major customers, which include large internet companies and government organizations, which typically settle payments after using our API services or after the delivery and acceptance of data management solution projects. In addition, before we issue invoices to our customers, we have to wait for the long internal approval process by our customers’

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business and/or finance departments, which can take weeks or even months. For our monthly settled API marketplace customers, they take time to reconcile their internal records with our records in order to ascertain that they have been charged for the correct number of API requests. All these reasons contribute to our increased turnover days of trade receivables. The increased turnover days potentially expose us to higher credit risks. If our customers encounter capital turnover issues, some of our trade receivables may not be collected on time, or they may even become bad debts. This could affect our capital turnover, liquidity, and cash flow.

Our trade payables primarily consist of amounts owed to our suppliers. There was a decrease in turnover days for our trade payables from 95 days in 2021 to 57 days in 2023. This decrease was primarily due to our efforts to accelerate the settlement of payables to ensure a steady supply of data services and specialized software and hardware, and to strengthen our relationships with our suppliers. The reduction in turnover days may lead to a longer cash conversion cycle, which could further add pressure to our cash flow and working capital.

Due to the changes in turnover days of our trade receivables and trade payables, we recorded net cash outflows from operating activities of RMB33.8 million and RMB36.8 million in 2021 and 2022, respectively. Beyond these changes, we cannot guarantee that future business activities or other external factors, such as market competition and macroeconomic shifts, will not negatively impact our operating cash flow, potentially leading to net operating cash outflows in the future. Net operating cash outflow may require us to seek additional financing from [REDACTED] or [REDACTED] our H Shares, and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed may have a material adverse effect on our business, financial condition, results of operations and prospects.

**Failure to maintain our advantages in an increasingly competitive market may adversely affect our business and growth prospects.**

We face competition from large internet companies who possess strong technological and financial resources, are well-known in the market and have well-established customer networks. It would be difficult for us to reach a comparable business scale in the short term that would allow us to compete against them on the same level. We had a market share of 2.1% in the API-enabled data exchange service market in China and 0.2% market share in the data management solution market in China as measured by revenue in 2022. The top market players of the integrated API-enabled data exchange service market, which is a component of the API-enabled data exchange service market, include a business unit of a leading public AI company listed on both the Stock Exchange and NASDAQ, a business unit of a Chinese multinational technology company listed on the Stock Exchange and the New York Stock Exchange, and two API-enabled data exchange companies that specialize in providing API-enabled data exchange platforms. There is no guarantee that we will be able to maintain our market position or compete with large internet and technology competitors effectively. Another type of market player in API-enabled data exchange service market is industry-specific API-enabled data exchange service providers. They focus on providing API-enabled data exchange service with specific types of data. We also face competition from them on

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certain projects. There are three types of participants in the data management solution market: traditional IT infrastructure providers, whose competitive advantages are that they are experienced in providing hardware products to enterprises; internet giant-affiliated service providers, whose competitive advantages are that they enjoy a strong reputation in providing data management services; and data management service providers such as us. We had a relatively small market share in the data management solution market. Participants like internet giant-affiliated service providers and traditional IT infrastructure providers may negatively affect our market position by leveraging their business scale, customer networks or their reputation. Failure to compete with other players in the API-enabled data exchange service or data management solution market effectively may lead to a loss of our current market position and a decrease in our revenue, in turn negatively affecting our business, financial condition, results of operations and prospects. In addition, as the PRC government has been supporting the development of China’s digital economy, the API-enabled service market and data management solution market in China have been developing rapidly. The increasing number of new market entrants has led to heightened competition. If we cannot keep up with new market trends and maintain our competitive advantages, we may lose market share to competitors, and our business, financial condition, results of operations and prospects may be adversely affected.

### **Our business is subject to seasonality.**

Both our API marketplace and data management solution business lines are subject to seasonal fluctuations and generally experience higher revenue and profitability in the fourth quarter of the year. Our revenue from API marketplace, in particular revenue derived from our internet company customers, generally experiences spikes in the fourth quarter due to these internet companies’ increased customer flow from online shopping festivals that occur toward the end of the year, such as annual sales on November 11, or “Double Eleven” (雙十一), and annual sales on December 12, or “Double Twelve” (雙十二). For data management solutions, we generally provide solutions to customers in the form of projects, for which we commence work in the first quarter and deliver our solutions in the fourth quarter. We recognize the revenue from these projects when the software platform and related services are delivered to and accepted by the customers. As a result, our business typically experiences seasonal fluctuations. Comparing our results of operations on a quarter-by-quarter basis, whether for our API marketplace or data management solutions, may not be meaningful.

### **We experienced customer and supplier concentration during the Track Record Period and may continue to be exposed to the risk of such concentration in the future.**

During the Track Record Period, our top five suppliers and top five customers included PRC government entities, local SOEs, telecommunications operators and internet companies. Our revenue generated from our top five customers accounted for approximately 41.1%, 43.7%, and 62.3% of our total revenue for each of the years ended December 31, 2021, 2022 and 2023, respectively. Our purchases from our top five suppliers combined accounted for 56.2%, 69.9% and 83.2% of our total purchases for each of the years ended December 31, 2021, 2022 and 2023, respectively. Furthermore, we had only limited number of data management

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solution customers during the Track Record Period. In 2021, 2022 and 2023, 18, 21 and 29 customers purchased our data management solutions, respectively. There is no guarantee that we will be able to maintain our business relationship with our existing customers and suppliers or secure new contracts from them in the future. If we are unable to secure projects of comparable contract value and quantity from new customers, or obtain sufficient new business from existing customers in a timely manner or at all, our business, results of operations and financial condition would be materially and adversely affected, and it may cause material fluctuations in our revenue. In addition, should any of our major customers delay or default in making payments to us or at all, our cash flow and financial position would be adversely affected. Meanwhile, any significant increase in the prices charged by our suppliers will increase our costs and may adversely affect our results of operations if we are not able to pass on the increased costs to our customers in a timely manner or at all. The prices charged by our suppliers may be affected by factors beyond our control, such as inflation, regulatory developments and economic cycles. We cannot assure you that we will not experience any of the above factors in the future.

### **We are subject to risks relating to Third-Party Payment Arrangements.**

Our customers may use the Third-Party Payment Arrangements (as defined in “Business – Regulatory Compliance – Third-Party Payment Arrangements”) to pay for our services. Such Third-Party Payment Arrangements include, among other things, circumstances where settling payments through their affiliates, including their shareholders, subsidiaries or entities that are under common control, or their employees, business partners or friends and families to make payments on their behalf or mainly through Alipay. We have not and will not acquire all third-party payment authorization letters due to several reasons, such as dissolution of some corporate customers, their refusal to cooperate or our failure to reach such customers. We have not been subject to any disputes or complaints over the Third-Party Payment Arrangements during the Track Record Period. However, we cannot guarantee that in the future, we will not be subject to potential disputes, claims or liabilities in relation thereto, which may adversely affect our reputation and business.

In addition, we are subject to various risks and uncertainties associated with the Third-Party Payment Arrangements, such as payment collection issues, fraud, money laundering and other illegal activities in connection with these payments. In addition, we do not have control over the third-party paying entities. If these third-party payment entities experience any non-compliance incidents, they may be subject to fines and may make us liable for the non-compliance payments and may not be able to provide uninterrupted payment to our Group, which in turn would adversely affect our business. In addition, we have ceased all Third-Party Payment Arrangements since November 27, 2023, upon which some customers need to rectify their payment approach. If they cannot timely rectify, our business and financial results may be adversely affected.



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**Our failure to comply with existing or future laws and regulations related to data security, data protection, cybersecurity or personal information protection could lead to suspension of our business operations, liabilities, administrative penalties or other regulatory actions, which could negatively affect our results of operations and business.**

Similar to many other jurisdictions, the PRC government has in recent years tightened the regulation of data collection, storage, sharing, use, disclosure and protection. To address concerns regarding misuse of data, the PRC government has enacted a series of laws to safeguard data privacy and security, including without limitation the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), the PRC Data Security Law (《中華人民共和國數據安全法》), the PRC Personal Information Protection Law, Cybersecurity Review Measures (《網絡安全審查辦法》), the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), and the Network Data Security Management Regulations (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》). These PRC laws and regulations require internet service providers and other network operators, among other things, to clearly state the authorized purpose, methods and scope of the collection and usage of data and obtain the consent of users for the processing of this data, and to establish user information protection systems with remedial measures. For example, the PRC Personal Information Protection Law stipulates details of the general rules and principles on personal information processing and further increases the potential liability of personal information processor.

Cybersecurity Review Measures stipulate that critical information infrastructure operators (the “CIIOs”) (關鍵信息基礎設施運營者) who purchase network products and services that affect or may affect national security, as well as internet platform operators conducting data processing activities that affect or may affect national security, shall be subject to a cybersecurity review. Internet platform operators who hold more than one million users’ personal information must also apply for a cybersecurity review before seeking a listing abroad (赴國外上市).

Uncertainties remain with respect to the regulatory regime, and there is no assurance that we will always be deemed to fully comply with the requirements of the Cybersecurity Review Measures or other similar legal and regulatory developments. In such cases, we may be ordered to rectify or terminate our activities that are deemed illegal by regulatory authorities.

The CAC promulgated the Regulations on Network Data Security Management (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) on November 14, 2021. The draft stipulates that a data processor contemplating to list its securities on a stock exchange in Hong Kong is required to apply for a cybersecurity review pursuant to relevant rules and regulations, if the proposed [REDACTED] will affect or may affect national security. However, the draft does not provide the standard to determine under what specific circumstances such listings would “affect or may affect national security.” As of the Latest Practicable Date, the draft was only released for public comments and its final version and effective date may be subject to change and uncertainty. Provided that the draft is implemented in its current form, and our proposed [REDACTED] were deemed to “affect or may affect national security,” and we failed to initiate and apply for a cybersecurity review in line with relevant requirements, we would be subject to requests of rectification, warning, suspension or termination of operations, or other penalties, which may materially affect our business and financial conditions.

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Pursuant to the Measures for the Security Assessment of Outbound Data (《數據出境安全評估辦法》), which were promulgated by the CAC on July 7, 2022 and came into effect on September 1, 2022, to provide data abroad, a data processor falling under any of the following circumstances shall, through the local cyberspace administration at the provincial level, apply to the CAC for security assessment of outbound data: (i) where a data processor provides important data abroad; (ii) where a CIO or a data processor processing the personal information of more than one million individuals provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers is required. As of the Latest Practicable Date, we had not been involved in any cross-border data transfer during our daily operations. However, in the event that the regulatory authorities deem certain of our activities as a cross-border data transfer, we will be subject to the relevant requirements. Such failure to report or any material legal impediments during the process of reporting security assessments for cross-border data transfers for us may materially and adversely impact on our business operation or the [REDACTED].

Compliance with applicable personal information and data security laws and regulations is a rigorous and time-intensive process. As data protection laws and regulations increase in number and complexity, we cannot assure you that our data protection systems will be considered sufficient under all applicable laws and regulations. Furthermore, we cannot assure you that the information we process for our customers and the information we receive from our suppliers are obtained and transmitted to us in full compliance with relevant laws and regulations by our customers and suppliers. Moreover, there could be new laws, regulations or industry standards that require us to acquire additional licenses, change our business practices and privacy policies, and we may also be required to put in place additional mechanisms ensuring compliance with new data protection laws, all of which may increase our costs and materially harm our business, prospects, financial condition and results of operations. Any failure or perceived failure by us to comply with applicable laws and regulations or acquire additional licenses could result in the suspension of our business operations, monetary damage, or proceedings or actions against us by governmental entities, individuals or others. Our reputation could also be adversely affected by actions taken by the PRC government in response to data security and privacy threats. Future government actions and unfavorable restrictions, whether targeted at us or imposed on all companies that offer data-related services and solutions, may materially and adversely affect our business, financial conditions, results of operations and prospects.

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**Any leak of our core technologies and business secrets could adversely affect our business and results of operations.**

There can be no assurance that our core technologies and other business secrets would not be leaked due to illegal competition or other reasons. Our confidentiality and non-compete agreements with key personnel and other precautionary measures may not be sufficient to protect our core technologies and other business secrets. If any of our core technologies or business secrets is leaked, our competitive advantage may suffer as a result, and our business and results of operations may be materially and adversely affected.

**Our research and development efforts may not yield the benefits we expect, and our business and results of operations may be materially and adversely affected.**

Our research and development costs incurred were approximately RMB16.9 million, RMB26.3 million and RMB24.3 million in 2021, 2022 and 2023, respectively, accounting for approximately 6.5%, 8.0% and 5.5% of our revenue for each of the corresponding years, respectively. However, we need to continuously invest financial and human resources in technological research and development to remain competitive in the market.

In addition, the outcome of research and development is inherently uncertain, and we may encounter practical difficulties in commercializing our research development results. Our expenditures on research and development may not generate benefits as we expect. We may not be able to timely upgrade our technologies in an efficient and cost-effective manner, or at all. New technologies in our industry could render our research and development efforts and the services and solutions that we are developing or expect to develop in the future obsolete, not commercially viable or unattractive, thereby limiting our ability to recover related development costs, which could result in a decline in our revenue, profitability and market share.

**Failure to comply with the labor and social insurance-related laws and regulations may adversely affect our business, financial condition, and results of operations.**

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

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During the Track Record Period, we did not pay social insurance and housing provident fund in full for certain of our employees, primarily in relation to their discretionary bonus. We have also engaged third-party human resources agencies to pay on our behalf social insurance premium and housing provident funds for a small portion of our Company and Tianju Renhe employees (the “**Employee Third-Party HRA Payment**”). As a result, we may be required by competent authorities to pay the outstanding amount and may be subject to additional contribution and late payment penalties. For the years ended December 31, 2021, 2022 and 2023, we estimate the shortfall in the aggregate amount of contributions made by the Group to its employees’ social insurance was approximately RMB1.5 million, and the shortfall in the aggregate amount of unpaid housing provident fund was approximately RMB0.7 million. During the Track Record Period, due to the shortfall of social insurance and housing provident fund contributions, the maximum potential late payment fee that we may be subject to would be approximately RMB0.4 million and the maximum potential penalties that we may be subject to would be approximately RMB6.7 million. In addition, the aggregate amount of social insurance contributions and housing provident fund made through third-party human resources agencies was approximately RMB1.5 million and RMB0.7 million, respectively. If the Employee Third-Party HRA Payment is challenged by government authorities, we may be deemed to have failed to have discharged our obligations in relation to the payment of social insurance and housing provident funds through our own accounts as an employer. Our Group undertakes that if we are ordered by the competent government authorities to pay additional contributions in respect of the Employee Third-Party HRA Payment, we would do so within the prescribed period. We estimate that in the event that we are ordered to make up for the social insurance and housing provident funds contributions made by third party agencies on behalf of us during the Track Record Period, the maximum late payment fee would be approximately RMB0.7 million. See “Business – Employees” for details of our non-compliance. We cannot guarantee you that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us. Such actions may have a material and adverse impact on our financial position and results of operations.

**Unauthorized use or other violation of our intellectual property rights by our customers, employees and/or third parties may harm our brand and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business. We may also be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.**

We rely on a combination of patent, trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual property to protect our intellectual property rights. The steps we have taken to protect our intellectual property, such as entering into confidentiality agreements and intellectual property ownership agreements with our employees, may not be adequate to prevent the infringement or misappropriation of our proprietary technology, know-how or other intellectual property. Infringement, misappropriation or challenges of our intellectual property rights, unauthorised use or disclosure of our trade secrets and other intellectual property, significant impairments to our intellectual property rights and limitations on our ability to

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assert our intellectual property rights against others, may result in a material and adverse effect on our business. Third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties. Further, others may engage in conduct that constitutes unfair competition, defamation or other violations of our rights, which could harm our business, reputation and competitive position. If there arises the need to use litigation to enforce our intellectual property rights, such litigation could result in substantial costs and diversion of our resources and disrupt our business.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights, trademarks or other intellectual property rights held by third parties. We may be subject to penalties, legal proceedings and claims relating to the intellectual property rights of others in the future. Allegations that we have infringed the intellectual property rights of third parties, may harm our brand and reputation, even if they do not result in liability. For details, see “Appendix VII – Statutory and General Information – B. Further Information about Our Business – 2. Intellectual Property Rights of our Group”. We cannot assure you that any of our intellectual property applications will ultimately proceed to registration or will result in registration with adequate scope for our business, or that any of our intellectual properties or pending applications or registrations would not be challenged by third parties or found by competent authority to be invalid or unenforceable. Third parties may also file applications to register intellectual property that is the same as or similar to that we are applying for. If our intellectual property applications are rejected by the relevant regulatory authority, we may be prohibited from using the relevant intellectual property, which may have an adverse effect on our business and operations.

**Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle, and could result in negative publicity.**

Our business is subject to the risk of disputes, claims or legal proceedings brought by customers, suppliers, employees, government agencies and others in the forms of private actions, administrative proceedings, regulatory actions or other litigation. The outcome of such proceedings can be difficult to assess or quantify. Claimants in such proceedings may seek recovery of large or indeterminate amounts, and the magnitude of potential losses relating to such disputes may remain unknown for a substantial period of time. The cost of defending future disputes or proceedings may be significant and could negatively affect our results of operations if changes to our business operations are required. There could also be negative publicity associated with such disputes or proceedings, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, any significant disputes or proceedings could adversely affect our business, results of operations, financial condition or reputation.

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## RISK FACTORS

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**We may not be able to identify or pursue suitable expansion opportunities or achieve optimal results in future expansions.**

We intend to further expand our business in the future. However, expansion plans may not be successfully completed and we may not be able to find or consummate suitable alternatives. New expansion plans may also result in our incurrence of debts and other liabilities, assumption of potential legal liabilities in respect of new acquisitions, and incurrence of impairment charges related to goodwill and other intangible assets, any of which could harm our businesses, financial condition and results of operations. It may also be difficult for us to win market share from established industry players despite our expansion efforts. As a result, there can be no assurance that we will be able to realize the strategy behind an expansion plan, reach the desired level of operational integration or achieve our investment return goals.

**If we fail to effectively manage our growth, our business, results of operations and financial condition could be adversely affected.**

We cannot assure you that our revenue growth will continue, or that our business will be able to maintain its growth rate as in the past. In addition, as market competition intensifies and our industry matures, the growth rate of our revenue may decrease. Our historical results of operations and financial performance may not be indicative of our future growth.

We must improve our corporate governance and structure to effectively manage our business on a larger scale. We will also need to continue training and managing our workforce, especially our R&D personnel. All these efforts will require significant managerial, financial and human resources. If we fail to allocate such resources effectively to support our growth or implement our business strategies, we may face issues such as a decrease in operational efficiency, an increase in operational costs and a decrease in profitability. Our business, financial condition, results of operations and prospects may be materially and adversely affected as a result.

**Our inability to use software licensed from third parties, including open-source software, could negatively affect our ability to sell our solutions and subject us to possible litigation.**

Our technology platform incorporates software licensed from third parties, including open-source software and code such as HTML5, which we use without charge. The terms of many open-source licenses that we are subject to have not been interpreted by courts, and there is a risk that these licenses could be construed to impose unanticipated conditions or restrictions on our ability to provide our services and solutions. In addition, the terms of open-source software licenses may require us to provide software that we develop to others on unfavorable license terms. For example, certain open-source licenses may require us to offer the components of our platform that incorporate open-source software for free, to make the source code for modifications or derivative works available to others, and to license such modifications or derivative works under the terms of the particular open-source license. In addition, we could be required to seek licenses from third parties in order to continue offering our services and solutions, and these licenses may not be available on terms acceptable to us,

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## RISK FACTORS

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or at all. Alternatively, we may need to re-engineer our services and solutions or discontinue using certain functionalities of our services and solutions. Our inability to use third-party software could result in disruptions to our business or delays in developing future offerings or enhancements of our existing services and solutions, which could materially and adversely affect our business and results of operations.

### **We are exposed to changes in the fair value of financial assets at FVOCI and financial assets at FVTPL and valuation uncertainties due to the use of unobservable inputs.**

We are exposed to fair value changes for financial assets at FVOCI and financial assets at FVTPL and valuation uncertainty due to the use of unobservable inputs that require judgment and assumptions which are inherently uncertain. As of December 31, 2021, 2022 and 2023, our financial assets at FVOCI were RMB88.2 million, RMB76.0 million and RMB61.7 million, respectively. For details, see “Financial Information – Non-Current Assets and Liabilities – Financial Assets at FVOCI”. As of December 31, 2021, 2022 and 2023, our current and non-current financial assets at FVTPL totaled RMB103.1 million, RMB35.2 million and RMB5.2 million, respectively. For details, see “Financial Information – Current Assets and Liabilities – Financial Assets at FVTPL”. These financial assets are level 3 financial instruments and are valued at least once every year to determine their fair value.

Since the value of our financial assets depends on the investment performance of the underlying financial instruments, our investments are subject to all the risks associated with those underlying financial instruments, including the possibility of bankruptcy of the unlisted entities. Any potential realised or unrealised losses in our investments in the future resulting from the changes in the value of the financial instruments we invested in may adversely affect our business, our results of operations and our financial condition.

The fair value of our financial assets that are not traded in an active market is determined using valuation techniques, which require judgment and assumptions and involve the use of unobservable input, such as the discount for lack of marketability. Changes in the basis and assumptions used in the valuation of the fair values could materially affect the fair value of these financial assets. Factors beyond our control can significantly influence and cause adverse changes to the estimates and thereby affect the fair value. These factors include, but are not limited to, general economic conditions, changes in market interest rates and stability of the capital markets. The valuation may involve a significant degree of judgment and assumptions which are inherently uncertain, and may result in material adjustment, which in turn may materially and adversely affect our results of operations.

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## RISK FACTORS

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**Our top-up business requires a substantial amount of prepayments. Fraudulent activities by or affecting our top-up service providers could materially affect our reputation and business.**

According to F&S, in line with the industry practice, our top-up business requires a substantial amount of prepayments to be made to service providers to ensure a steady supply of top-up services. It is common for our top-up service providers to make prepayments to their suppliers before supplying services to us. In the past, due to the fraudulent activity by a supplier of our key top-up service providers and their subsequent failure to provide service and refund prepayments to us, we have experienced a total loss in prepayments of approximately RMB74.9 million in 2017. Additionally, certain of our top-up service providers issued fraudulent VAT invoices, which resulted in the closure of their business and subjected their controlling persons to civil and criminal liabilities. See “Business – VATS Services Compliance – Incidents related to our top-up services”.

Our internal control procedures are designed to monitor our operations and overall compliance. However, we may be unable to identify any suspicious activity promptly, or at all. Furthermore, it is not always possible to detect and prevent fraud or any arrangements unknown to or unauthorized by us committed by our top-up providers or their suppliers, and the precautions we take to prevent and detect such activities may not be effective. Therefore, our top-up business may expose us to the risk of fraud and potentially losses in prepayments, which could materially adversely affect our reputation, business, financial condition and results of operations.

**We are subject to credit risks related to our trade receivables and prepayments, deposits and other receivables.**

During the Track Record Period, our business continued to grow and we experienced an increase in our number of post-paid customers, which resulted in an increase in our trade receivables. As of December 31, 2021, 2022 and 2023, our trade receivables, net of impairment loss allowance, totaled RMB91.2 million, RMB124.0 million, and RMB175.1 million, respectively. We cannot assure you that all our customers are creditworthy and will not default on us in the future. As a result, we are exposed to credit risk in relation to our trade receivables. As we plan to continue expanding our business, we cannot guarantee that our trade receivables will not continue to increase in the future, which may adversely affect our liquidity. Our impairment loss allowance for trade receivables was RMB4.1 million, RMB5.8 million and RMB15.9 million as of December 31, 2021, 2022 and 2023, respectively.



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## RISK FACTORS

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Our prepayments, deposits and other receivables primarily consisted of our prepayments to suppliers, prepaid input VAT, bidding deposits, and advances to employees in daily operations. Our prepayments, deposits and other receivables amounted to RMB20.4 million, RMB59.5 million and RMB78.8 million as of December 31, 2021, 2022 and 2023, respectively. There is no guarantee that suppliers and other third parties will perform their obligations or do so in a timely manner, and we are subject to credit risk in relation to prepayments, deposits and other receivables. Our impairment loss allowance for prepayments, deposits and other receivables was RMB1.0 million, RMB0.3 million and RMB0.2 million as of December 31, 2021, 2022 and 2023, respectively.

We cannot assure you that our past provisioning practice will not change in the future or that our provision levels will be sufficient to cover defaults in our trade receivables, prepayments, deposits and other receivables. If we need to make additional impairment allowances in the future, our business, cash flows, and results of operations may be adversely affected.

**Any change in or discontinuation of preferential tax treatments or government grants that are currently available to us could adversely affect our business, financial condition and results of operations.**

During the Track Record Period, some of our operating subsidiaries in China were subject to Corporate Income Tax rate of 25% on the taxable income. Our Company and our subsidiary Tianju Renhe were recognized as High-Technology Enterprises and benefited from a preferential tax rate of 15% starting from December 2018 and November 2021, respectively. Some of our subsidiaries were eligible for a preferential tax rate for small and micro-enterprises ranging from 2.5% to 5.0%. However, there is no guarantee that we can receive the same or similar preferential tax treatments, or at all, in the future if other income tax laws and regulations or other regulatory measures come into effect. If we no longer receive the same or similar tax treatments, our financial condition may be adversely affected.

In 2021, 2022 and 2023, we received government grants totaling RMB7.4 million, RMB5.6 million and RMB8.4 million, respectively, in consideration of our research and development activities, innovations, IP development, talent recruitments and other aspects of our operations conducted in the ordinary course of business. These government grants and their amounts were subject to the discretion of local governments. Thus, we may not continue to receive such grants in the future. If the amounts of the government grants we receive are reduced in the future, or if the government eliminates such grants altogether, our results of operations and profitability may be adversely affected.

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## RISK FACTORS

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**We incurred, and in the future may continue to incur, net losses.**

In the case of API marketplace, our revenue and profit are usually much higher in the fourth quarter of the year; and in the case of our data management solutions, we typically commence projects in the first quarter and deliver our solutions to customers in the fourth quarter of the year. As a result, our cost of sales and other expense items recognized during the first nine months of the year are not proportional to the revenue recognized during the same period. We expect seasonality to continue to have a negative impact on our profitability during the first nine months of the year. We may continue to incur net losses during the first nine months of the year in the future and may not be able to achieve or subsequently maintain profitability for such time periods.

**Our historical growth may not be sustainable or indicative of our future growth.**

Our business has grown substantially in recent years, but the past growth may not be indicative of our future growth. Our revenue continued to grow in 2021, 2022 and 2023. Our gross profit increased in 2023 compared to 2022, while our gross profit margin had a period-over-period decrease. In addition, you should also consider our business and prospects in light of other risks and challenges we may encounter. See “– If we cannot continue to innovate or effectively respond to the rapidly evolving technology, market demands, industry dynamics and other risks and uncertainties, our business, results of operations and prospects would be materially and adversely affected”, “– Failure to maintain our advantages in an increasingly competitive market may adversely affect our business and growth prospects” and other risk factors in this “Risk Factors” section. We cannot assure you that we will be able to achieve performance similar to that we have achieved in the past. Investors should not solely rely on our historical financial information as an indication of our future financial or operating performance.

**We may not be able to detect or prevent fraud, other misconduct or any arrangements related to our services unknown to or unauthorized by us that are committed by third parties or our employees, which may have a negative impact on our reputation and business.**

Fraud, other misconduct or any arrangements unknown to or unauthorized by us by third parties or our employees, such as unauthorized business transactions or arrangements, bribery, improper or illegal use of our services or solutions, disputes arising from third parties’ arrangement related to our services unknown to or unauthorized by us and unauthorized access to or leakage of data, may be difficult to detect or prevent. For example, we cannot rule out the possibility that our customers may misuse our services and solutions for improper or illegal ends. These types of incidents could subject us to financial loss, legal, regulatory proceedings and disputes while seriously damaging our reputation. They may also impair our ability to effectively attract prospective suppliers or customers, develop customer loyalty, obtain financing on favorable terms and conduct other business activities. In particular, we may face risks with respect to fictitious or other fraudulent activities. There can be no assurance that the measures we have implemented to detect and reduce the occurrence of fraudulent activities would be effective in combating fraudulent transactions or improving overall satisfaction among our customers.

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## RISK FACTORS

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Our risk management systems, information technology systems and internal control procedures are designed to monitor our operations and overall compliance. However, we may be unable to identify non-compliance or suspicious transactions promptly, or at all. Furthermore, it is not always possible to detect and prevent fraud, other misconduct or any arrangements unknown to or unauthorized by us committed by our employees, platform participants, customers or other third parties, and the precautions we take to prevent and detect such activities may not be effective. Therefore, we are subject to the risk that fraud, other misconduct or any arrangements unknown to us may have occurred but gone undetected, or may occur in the future. This may materially and adversely affect our business and reputation.

**Our insurance coverage may not be sufficient to cover all the losses associated with our business operations.**

We face various risks in connection with our business and as of the Latest Practicable Date, we maintained insurance policies for our vehicles at the corporate level and directors and officers’ liability insurance. We provide social security insurance as required by relevant rules and regulation in China, including general care and work-related injury insurance, for our employees. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

**We may be subject to risks relating to our failure to complete lease registration for our leased properties.**

As of the Latest Practicable Date, we leased several properties as business registration addresses. Pursuant to the applicable PRC laws and regulations, property lease agreements should be registered with the relevant local housing or urban-rural development authorities in the PRC. As of the Latest Practicable Date, lease registration was not completed with the relevant authorities for nine of our lease agreements of properties which were in use as offices and business registration addresses. The relevant government authorities may order us to complete the lease registration for such lease agreements within a prescribed period, failing which we may be subject to a fine from RMB1,000 to RMB10,000 for each non-registered lease. We cannot assure you that we will be able to complete the lease registration on a timely basis or at all in such cases, and we may be subject to penalties arising from the failure to complete the lease registration filing of lease agreements and any disputes arising from our leased properties in the future. See “Business – Properties – Leased Property” for further details.

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## RISK FACTORS

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**Any future force majeure events, natural disasters, acts of war or terrorism, the outbreak of any contagious disease, including COVID-19, or the occurrence of other incidents that are beyond our control may adversely affect our business, financial condition, and results of operations.**

Any future occurrence of force majeure events, natural disasters or outbreaks of pandemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, H1N1 influenza, and the recent COVID-19 pandemic may materially and adversely affect our business, financial condition and results of operations. In particular, the COVID-19 pandemic has impacted, and could adversely impact, our operations and financial performance. Our customers may still need time to recover from the economic effects of the pandemic. Consequently, the COVID-19 pandemic may continue to adversely affect our business, financial condition and results of operations in the current and future years.

In addition, China has experienced natural disasters such as earthquakes, floods and droughts during the Track Record Period. Any future occurrence of natural disasters or pandemics in China may severely impact the economy in the regions affected, seriously disrupt our operations or those of our customers, and therefore materially and adversely affect our business, financial condition and results of operations.

### **RISKS RELATING TO THE [REDACTED]**

**There has been no prior [REDACTED] for our H Shares and there can be no assurance that an [REDACTED] would develop or be sustained after the [REDACTED]. You may not be able to [REDACTED] our H Shares at or above the price you pay, or at all.**

Prior to this [REDACTED], there was no [REDACTED] for our H Shares. There can be no guarantee that an [REDACTED] for our H Shares will develop or be sustained after completion of the [REDACTED]. The [REDACTED] is the result of negotiations between us and the [REDACTED] (for itself and on behalf of the [REDACTED]), and they may differ significantly from the [REDACTED] of our H Shares following the [REDACTED].

The [REDACTED] and [REDACTED] of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our financial position and/or results of operations, changes in our pricing policy, the addition or departure of key personnel, changes in profit forecast or recommendations by financial analysts, and announcements made by us or our competitors, could cause large and sudden changes to the [REDACTED] and [REDACTED] at which our H Shares will [REDACTED].

In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility that is not related to the operating performance of any particular company. These broad market fluctuations may materially and adversely affect the [REDACTED] of our H Shares.

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## RISK FACTORS

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**You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.**

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in pro forma consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider [REDACTED] and [REDACTED] additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we [REDACTED] additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

**Future sales or [REDACTED] perception of sales of a substantial number of our H Shares on the [REDACTED] could adversely affect the [REDACTED] of our H Shares.**

After the completion of the [REDACTED], future sales of a substantial number of our H Shares or other securities relating to our H Shares on the [REDACTED], the [REDACTED] of new Shares or other securities relating to our H Shares, or the market perception that such sales or [REDACTED] may occur, could adversely affect the [REDACTED] of our H Shares and our ability to raise future capital at a favorable time and price. We cannot predict the effect of any future sales or [REDACTED] of sales of a substantial number of our H Shares on the [REDACTED] on the market price of our H Shares.

**Certain statistics and information in this document have not been independently verified and may not be reliable.**

Facts, forecasts and statistics in this document relating to the data technology industry are obtained from various sources that we believe are reliable, including official government publications and third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We have taken reasonable care in the reproduction or extraction of the official government publications and other third-party reports for the purpose of disclosure in this document. However, we cannot guarantee the quality or reliability of these sources. Specifically, neither we, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics or ascertained the underlying assumptions relied upon in those facts, forecasts and statistics obtained from the aforementioned official government publications. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this document relating to the data technology industry may be inaccurate or may not be comparable to statistics produced for other markets. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case elsewhere.

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## RISK FACTORS

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**You should read the entire document carefully and should not rely on any information contained in press, media or internet regarding us and the [REDACTED].**

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

**We cannot assure you whether and when we will declare and pay dividends in the future.**

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under the generally accepted accounting principles of the PRC or IFRSs (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future.

**Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.**

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of China, which do not have an establishment or place of business in China, or which have such establishment or place of business if the 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 subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within China unless a treaty or similar arrangement provides otherwise. Under the Individual Income Tax Law of the People's

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Republic of China (《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 residents in China 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 20% PRC income tax, in each case subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although our business operations are in China, it is unclear whether dividends we pay with respect to our H Shares, or the gains realized from the transfer of our H Shares, would be treated as income derived from sources within China and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident investors, the value of your investment in our H Shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.