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An [REDACTED] in our Shares involves significant risks. You should carefully consider all the information in this Document, including the risks and uncertainties described below, before making an [REDACTED] in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our [REDACTED] 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

The ride-hailing industry is highly competitive, and we may be unable to compete effectively.

The ride-hailing market is intensely competitive and characterized by rapid changes in shifting user preferences, and frequent introductions of new services and offerings. We expect competition to continue, both from current competitors and new entrants in the market that may be well-established and enjoy greater resources or other strategic advantages. In addition, within the ride-hailing industry, the cost to switch between service providers is low. Riders have a propensity to shift to the lowest-cost or highest-quality provider, and drivers have a propensity to shift to the platform with higher earnings potential. If we are unable to anticipate or react to these competitive challenges, our competitive position may weaken, or fail to improve, and we may experience growth stagnation or even a decline in revenue that may materially and adversely affect our business, results of operations and financial condition.

Our ability to compete effectively depends upon many factors both within and beyond our control, including, among others, (i) our ability to attract and retain riders and drivers, especially our ability to offer them competitive pricing; (ii) our ability to provide superior user experience; (iii) our reputation and brand strength relative to our competitors; (iv) our ability to attract, retain and motivate talented employees; (v) our ability to raise additional capital; and (vi) acquisitions or consolidation within our industry.

Certain of our competitors have greater financial, technical, marketing, research and development, manufacturing and other resources, greater brand recognition, longer operating histories or a larger user base than we do. They may be able to devote greater resources to sales and marketing to offer lower prices than we do, which may adversely affect our results of operations. Furthermore, they may have greater resources to deploy for the research, development and commercialization of new technologies, and hence provide more appealing

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service options. In addition, our competitors in certain geographic markets enjoy substantial competitive advantages such as greater brand recognition, longer operating histories, better localized knowledge and more supportive regulatory regimes. As a result, such competitors may be able to respond more quickly and effectively than us in such market to new or changing opportunities, technologies, rider preferences, regulations, or standards, which may render our offerings less attractive. Our current and potential competitors may also establish cooperative or strategic relationships among themselves or with third parties that may further enhance their resources and offerings. Future competitors may share the benefit of any regulatory or governmental approvals we may achieve, without having to incur the costs we have incurred to obtain such benefits.

Demand for ride-hailing services is generally sensitive to ride fares. Some competitors offer, or may in the future offer, lower-priced services. Certain competitors may also attract and retain riders and drivers with significant subsidies. As such, we may be forced by competition, regulation or other reasons to reduce ride fares and service fees, increase incentives we pay to drivers on our platform, reduce our service fees, or to increase our marketing and other expenses.

In addition, there are some disruptive innovation opportunities in the ride-hailing industry, such as autonomous driving and Robotaxi technologies. Although we have invested, and will continue to invest in R&D efforts for such technologies, we may not be able to stay ahead of the market, which could adversely affect our prospects. See “— Risks Relating to Our Business and Industry – If we are unable to develop or manage new or upgraded services, products or technologies that are well-received by the market, our business, results of operations, financial condition and prospects may be adversely affected.”

If we are unable to compete successfully, our business, results of operations and financial condition may be materially and adversely affected.

If we are unable to attract or retain riders, our business, results of operations and financial condition may be materially and adversely impacted.

Our success in a given geographic market significantly depends on our ability to maintain or increase the scale of our network in that geographic market by attracting riders to our platform and by keeping them engaged on our platform. Our riders may choose from a wide variety of means of transportation, including personal vehicles, rental cars, public transit and ride-hailing services. Rider preferences may also change from time to time. If riders choose to use other platforms or other means of transportation, we may not generate sufficient opportunities for drivers to earn a competitive income, which may reduce the perceived utility of our platform.

Riders’ willingness to use our platform may be adversely affected by a number of factors, some of which are beyond our control, including (i) negative publicity related to our brand; (ii) dissatisfaction with one or more aspects of our services such as the efficiency, pricing, quality of service provided by drivers and quality of our customer support; and (iii) safety

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conditions of our services and the adequacy and effectiveness of our safety measures and emergency responses. If existing and new riders do not perceive our services to be reliable, safe and affordable, or if we fail to upgrade features of our platform, we may not be able to attract or retain riders or to increase their utilization of our platform. As we continue to expand into new geographic areas, we will be relying in part on the word-of-mouth effect from our existing riders to attract new riders and, therefore, our ability to consistently deliver satisfactory experience to existing riders is crucial to our growth.

Backed by our strong driver force and powered by our proprietary algorithms and data analytical capabilities, we are able to match riders’ demands with available drivers in an efficient manner, and maintain a high response rate. However, if our matching algorithm fails to match riders and drivers accurately and efficiently, resulting in lower response rate, longer waiting time or inefficient route planning, user satisfaction of our services may be undermined.

In addition, riders rely on our customer service team to resolve any issues relating to our offerings, including safety incidents or irregular behaviors of the drivers. We also have a one-tap emergency assistance function in our app, which allows riders to make emergency calls to the police instantly. See “Business – Safety – Emergency Assistance.” However, we cannot assure you that such assistance will always be able to solve issues in a manner satisfactory to our riders.

As we continue to grow our business and improve our offerings, we may face challenges in providing satisfying user experience at scale. Our failure to do so could harm our relationships with riders and make our platform less attractive than our competitors’ platforms, which may materially and adversely affect our ability to attract and retain riders. As a result, our business, results of operations and financial condition may be materially and adversely affected.

If we are unable to attract or retain drivers, our platform will become less appealing to riders, and our business, results of operations and financial condition may be materially and adversely impacted.

Our success in a given geographic market also depends on our ability to maintain or increase the scale of our network in that geographic market by attracting and retaining drivers on our platform. The number of existing drivers or their level of engagement on our platform may materially decline or fluctuate as a result of a number of factors, including the passing of local laws and regulations limiting our service and product offerings, dissatisfaction with our driver pricing model, ability to prevent and manage safety incidents, the availability of competing platforms, or other aspects of our business. We may also experience driver supply constraints caused by various regulatory or commercial reasons in the geographic markets where we operate, which are generally beyond our control, and hence fail to efficiently recruit new drivers. We take measures to attract and retain our drivers, including providing a competitive pricing and settlement mechanism, various logistics assistance, ongoing trainings and consultations, but we cannot guarantee that our efforts will be effective or economically efficient. In addition, changes in driver qualification requirements may increase our costs and

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reduce our ability to recruit new drivers to our platform. Any changes in the legal requirements for their qualification, screening, and background check procedure may reduce the number of available drivers in the relevant markets and delay our effort in ramping up our service capacity by expanding our driver force, which may adversely impact our business and growth. Any compromises or breaches of safety, privacy and security conditions of our platform, as well as fraud and other user misbehaviors may render our platform less convenient or accessible for some drivers and discourage or diminish their use of our platform.

Further, increases in the costs incurred by drivers could cause drivers to spend less time providing services on our platform or to seek alternative sources of income. Factors such as inflation, increased energy prices, and increased vehicle purchase, rental, or maintenance costs may increase the costs incurred by drivers when providing services on our platform. Many of the factors affecting drivers’ costs are beyond their control. As a result, we may be forced to raise the fees we charge riders, and hence risk reducing the competitiveness of and the market demand for our services. Increased costs may also cause drivers to spend less time providing services on our platform or to seek alternative sources of income. A reduced number of drivers on our platform may reduce our service capacity, and adversely affect our business, results of operations and financial condition.

Any reduction in the number or availability of drivers may lead to a reduction in platform usage by riders, which in turn may make our platform less attractive to drivers than our competitors’ platforms. Any decline in the number of drivers or riders using our platform may reduce the value of our network and may harm our business, results of operations and financial condition.

We generate a significant percentage of our transactions from the Greater Bay Area, especially in Guangzhou. If our operations in the Greater Bay Area are adversely affected, our business, results of operations, financial condition and prospects may be materially and adversely impacted.

In terms of GTV in 2023, the GBA represented 15.2% of the total market share in China’s mobility service market. In line with the overall competitive landscape of China’s mobility service market, the leader in the GBA has a significant market leadership. In terms of GTV in 2023, GBA’s largest mobility service platform represented 56.5% of the market share in GBA’s mobility service market, significantly ahead of our 5.6% market share as GBA’s second-largest platform. This dominance is primarily attributed to its early market entry, expansive coverage, significant user base and evident first-mover advantage, according to Frost & Sullivan. In 2021, 2022 and 2023, our mobility service GTV generated from the Greater Bay Area accounted for 99.9%, 99.3% and 95.3% of our total mobility service GTV. In 2021, 2022 and 2023, revenue generated from ride-hailing services in Guangzhou amounted to RMB714.7 million, RMB767.9 million and RMB953.1 million, respectively, representing 71.1%, 61.7% and 52.6% of the total revenue from ride-hailing services, respectively. As a result of our geographic concentration, our business, results of operations and financial condition are susceptible to economic, social, weather and regulatory conditions or other circumstances in the Greater Bay Area. An economic downturn, increased competition, or regulatory

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requirements newly promulgated in any of the cities in the Greater Bay Area where we operate may adversely affect our business, results of operations and financial condition. Furthermore, if we are unable to renew existing licenses or permits, or do not receive new licenses or permits in the Greater Bay Area cities where we operate or such licenses or permits are terminated, our business may be adversely impacted. In addition, any negative publicity concerning any such termination or non-renewal, may adversely affect our business, results of operations and financial condition.

If we cannot efficiently expand our geographic reach and promote the public awareness of our offerings, our business, results of operations, financial condition and prospects may be materially and adversely impacted.

We have expanded our business primarily through our geographical expansion strategy, centered on major cities in the Greater Bay Area, and we may further expand into other cities and regions within or outside the Greater Bay Area in the future. However, our current operating experience in cities in the Greater Bay Area may not be replicable in other cities and regions within or outside the Greater Bay Area due to objective reasons beyond our control, such as differences in user profile, per capita disposable income and urbanization rates. New cities and regions may have different laws and regulations governing our operations, and we may therefore need to incur significant compliance costs, adjust our operations or be prevented from providing our services. We may also face intense competition in the new markets and cannot guarantee that our service will be competitive and well received by users. We may also experience difficulties in recruiting and retaining drivers in the new markets, which may significantly restrict our ability to scale up our network. We may also not be able to expand into other cities and regions in a cost-efficient manner, or at all.

Promoting public awareness of our offerings is important to grow our business and enlarge our user base, and can be costly. We rely on various measures to promote our services, combining online and offline channels. Our selling and marketing expenses were RMB264.7 million, RMB231.4 million and RMB218.9 million in 2021, 2022 and 2023, respectively, representing 26.1%, 16.9% and 10.1% of our total revenue in the same periods, respectively. In addition, we sometimes lower fares or service fees, offer driver or rider incentives or other discounts and promotions to remain competitive in certain markets and generate network scale and liquidity, and may continue to offer these discounts from time to time as necessary. Our marketing initiatives may become increasingly costly, and we cannot guarantee that such investment will continue to generate ideal returns. We also cannot assure you that our marketing efforts will always be successful in promoting public awareness of our offerings, expanding our user base and increasing our users' level of engagement, or that if we are able to cost-effectively manage our marketing expenses.

Any of the foregoing risks could materially and adversely affect our business, results of operations and financial condition.

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The market where we operate is still evolving. If the market does not grow as expected, our business, results of operations, financial condition and prospects may be materially and adversely affected.

The market where we operate is still evolving, and it is uncertain to what extent market acceptance and demand for our services will continue to grow.

Our success largely depends on the market demand for our services. If the general public does not perceive ride-hailing services and innovative service options such as Robotaxi, as desirable due to concerns related to safety, cost or efficiency, the demand for our service may be materially and adversely impacted. Furthermore, the regulatory environment in the PRC and the industry has been undergoing a number of changes and reforms in various areas in recent years, including, among others, cybersecurity, information security, privacy and data security, and anti-monopoly matters. See “Business – Regulatory Landscape and Industry Development.” We cannot assure you that the regulators will not impose stricter requirements on, or there will not be significant changes or reforms in, the mobility service industry, especially the emerging innovative service options such as autonomous driving and Robotaxi. The market prospects may be materially and adversely affected and, accordingly, we may experience revenue reduction. Ride-hailing service also may face challenges brought by alternative mobility options such as railways and air travel which may be perceived by the general public as having superior efficiency or safety. Any of the foregoing risks and challenges may materially and adversely affect our business, results of operations, financial condition and prospects.

We are required to obtain and maintain the requisite licenses and approvals, and if we are required to take actions that are time-consuming or costly in order to obtain and maintain such requisite licenses and approvals, our business, results of operations and financial condition may be materially and adversely affected.

We are required to obtain ride-hailing business permits in the cities where we operate our ride-hailing services. In addition, specific licenses and permits are also required for drivers and vehicles on our platform engaged in ride-hailing business. See “Regulatory Overview – Regulation Relating to Ride-Hailing Services.” During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses and permits required for our business operations in the PRC and such business licenses had remained in full effect. For a period of time during the Track Record Period, we might have been deemed to provide payment services without a payment business permit. See “Risk Factors – We might have been deemed to provide payment services without a payment business permit for a period of time during the Track Record Period.” We cannot assure you that we can successfully update or renew all requisite licenses in a timely manner or that these licenses are sufficient to conduct all of our present or future business. Our platform is required to obtain the requisite licenses, and our operations are required to be in compliance with the relevant regulations, otherwise we may be required to suspend our operations, which may cause a significant loss of users and materially and adversely affect our business, results of operations

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and financial condition. We are required to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings, otherwise we may be subject to various activities, including the imposition of fines and the discontinuation or restriction of our operations.

In addition, we generally require the drivers to meet certain criteria, including a minimum of three years of driving experience and no transport or driving related or violent criminal record, and pass the relevant examinations before they can obtain the driver’s license required for providing ride-hailing services in China. Although we have procedures to screen out drivers who do not meet the criteria, not all drivers on our platforms have completed the process to obtain the requisite licenses in each city where we operate. See “Business – Legal Proceedings and Compliance – Compliance.” Based on the information available to us, we believe that drivers who have obtained the requisite driver’s license for providing ride-hailing services account for the vast majority of the total ride-hailing transaction value on our platform.

Moreover, vehicles used for ride-hailing services in China must satisfy certain conditions in order to obtain the requisite transportation permit, including installing a satellite navigation system and emergency alarm devices, and meeting certain operational safety criteria. Partly due to new and evolving practices in granting transportation permits in different cities, a limited number of vehicles on our platform may not have the requisite transportation permit. Platforms like ours may be subject to administrative penalties including orders of correction and fines, if vehicles or drivers providing ride-hailing services do not have the requisite license or permit. We had administrative penalties imposed on us for these types of non-compliance and cannot assure you that we will not be subject to further such fines, penalties or more severe administrative actions or proceedings in the future. See “Business – Legal Proceedings and Compliance – Compliance.” We as well as drivers and vehicles on our platform are required to obtain or maintain any required licenses, permits or approvals or make any necessary filings in a timely matter or at all, otherwise we may be subject to a variety of penalties, including fines or potentially being forced to suspend, terminate or significantly reduce our operations in the city or jurisdiction. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

We might have been deemed to provide payment services without a payment business permit for a period of time during the Track Record Period.

For a period of time during the Track Record Period, we might be deemed to have provided payment services without a payment business permit, since we deposited payments made by our riders through our mobile apps and our Weixin Mini Program for our hitch services provided by drivers in our own bank account and settled such payments with drivers. In each year of the Track Record Period, the revenue generated from such payment services represented less than 1% of our total revenue in the respective periods.

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Non-financial institutions are required to obtain a payment business permit to provide payment services. See “Regulatory Overview – Regulation Relating to the Payment Services and User Funds.” According to Measures for the Administration of Payment Services of Non-Financial Institutions (《非金融機構支付服務管理辦法》) which were promulgated by the PBOC on June 14, 2010, effective from September 1, 2010 and amended on April 29, 2020, if a paying institution fails to obtain relevant permit, the PBOC may order the institution to terminate the payment business, and could be imposed with fines of more than RMB10,000 but less than RMB30,000 for the failing to handle record-filing procedures. During the Track Record Period and up to the Latest Practicable Date, insofar as we are aware, we had not received penalty in connection with any purported operations of payment and settlement services without a payment business permit or otherwise in violation of the relevant rules and regulations. In March 2023, we entered into a cooperation agreement with a licensed commercial bank to deposit and settle payments for drivers providing hitch services to manage the above-mentioned risk. As advised by our PRC Legal Advisor, considering the fact that (i) we have not been subject to any penalty in connection with any purported operations of payment and settlement services without a payment business permit; (ii) we have rectified by entering into cooperation agreement with licensed commercial bank in March 2023; and (iii) it only involved orders fulfilled by drivers of our hitch services, accounting for an insignificant portion of our total mobility service orders, there is no material non-compliance of us providing such payment services.

We are required to comply with and respond to developments of the regulations or licensing regimes regarding the market where we operate, otherwise our business, results of operations and financial condition may be materially and adversely affected.

The market where we operate is undergoing constant regulatory developments. On July 27, 2016, the MOT, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of Commerce, State Administration for Industry and Commerce, General Administration of Quality Supervision and the Cyberspace Administration of China, jointly promulgated the Interim Measures for the Management of Online Ride-Hailing Operation and Service (《網絡預約出租汽車經營服務管理暫行辦法》), which took effect on November 1, 2016 with the first amendment on December 28, 2019 and the second amendment on November 30, 2022. The measures were promulgated to regulate the business activities of ride-hailing services and to ensure the safety of passengers by establishing a regulatory system for the platforms, vehicles and drivers engaged in ride-hailing services. On September 10, 2018, the General Office of the MOT and the General Office of the Ministry of Public Security jointly published the Emergency Notice on Further Strengthening the Safety Management of the Online Ride-Hailing and Hitch of Private Vehicles (《關於進一步加強網絡預約出租汽車和私人小客車合乘安全管理的緊急通知》) to enhance the background checks of drivers engaged in ride-hailing and hitch of private vehicles, urge the relevant service providers to fulfill their responsibilities in work safety management, and procure sound complaint procedures and emergency alarm systems and quick response systems. Platforms are prohibited from allocating any orders to drivers who have not passed the background check. See “Regulatory Overview – Regulation Relating to Ride-Hailing Services” and “Regulatory Overview – Regulations Relating to Hitch Services.”

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In addition, local authorities in various localities in China have promulgated rules to regulate and monitor platforms operating ride-hailing services. See “Regulatory Overview – Regulation Relating to Ride-Hailing Services.” As such rules may be constantly evolving and would be interpreted or implemented on an ad hoc basis depending on the facts and circumstances, we cannot assure you that we are always deemed in full compliance with these local rules and we have been, and may continue to be, subject to claims, lawsuits, arbitrations, administrative actions, government investigations and other legal and regulatory proceedings, which may in turn materially and adversely affect our business, results of operations and financial condition.

An evolving market may also bring forth significant evolvments in the laws and regulations and in the regulatory landscape. The PRC government may increase the level of regulatory scrutiny on all mobility platforms, including ride-hailing platforms. We cannot predict with certainty the interpretation or implementation of current laws and regulations or their future evolvment. We are required to adapt to such evolvments timely and effectively, and we may incur significant compliance costs in this process. Any heightened regulatory scrutiny or action may impose conflicting obligations on us, which may impede our ability to continue our operations and, in turn, materially and adversely affect our business, results of operations and financial condition.

Any significant disruption in service on our platform, malfunctions of our technology systems, errors and quality issues in our software, hardware and systems, or human errors in operating these systems, could materially and adversely affect our business, results of operations and financial condition.

Our business depends on the ability of our information technology systems to process massive amounts of information and transactions in a consistently stable and timely manner. The satisfactory performance, reliability and availability of our technology and underlying network infrastructure are critical to our operations, service quality, reputation and ability to retain and attract users. We cannot guarantee that access to our platform will be uninterrupted, error-free or secure. Our operations depend on the ability of the host of our system hardware to protect its and our systems in its facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality, temperature, humidity and other environmental concerns, computer viruses or criminal acts. If our arrangement with the current host is terminated, or there is a lapse of service or damage to the host’s facilities, we could experience interruptions in our service as well as delays and incur additional expenses in arranging new facilities. In the event of a partial or complete failure of any of our computer systems, our business activities may be materially disrupted. In addition, a prolonged failure of our information technology system could damage our reputation and materially and adversely affect our prospects and results of operations.

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We may experience system failures and other events or conditions from time to time that interrupt the availability or reduce or affect the speed or functionality of our offerings. These events could result in losses of our revenue. A prolonged interruption in the availability or reduction in the availability, speed or other functionality of our services could adversely affect our business and reputation and could result in the loss of users. Also, our software, hardware and systems may contain undetected errors, that could materially and adversely affect our business, particularly where such errors are not timely detected and remedied. In addition, our platform and services use complex software, and may have coding defects or errors that may impair our users’ ability to use our platform and services. The models and algorithms that we use for our platform and services may also contain design or performance defects that are not detectable even after extensive internal testing. We cannot assure you that we will be able to detect and resolve all such defects and issues through our quality control measures.

Any errors, defects and disruptions in services, or other performance problems with our platform and services could hurt our reputation, affect user experience or cause economic loss or other types of damage to our users. Software and system errors or human errors could delay or inhibit order dispatching, route calculation, settlement of payments, and reporting of errors, or prevent us from collecting service fees or providing services. Such issues could result in liabilities and losses, which could materially and adversely affect our business, results of operations and financial condition. In addition, if we fail to adopt new technologies or adapt our mobile apps, websites and systems to changing user preferences or emerging industry standards, our business and prospects may be materially and adversely affected.

If we are unable to develop or manage new or upgraded services, products or technologies that are well-received by the market, our business, results of operations, financial condition and prospects may be adversely affected.

To continue to attract and retain drivers and riders to our platform, we have invested and will need to continue to invest in the R&D of new or upgraded services, products and technologies that add value for them and that differentiate us from our competitors. Developing and delivering new or upgraded services, products and technologies is costly, and the success of such services, products and technologies depends on several factors, including the timely completion, introduction, government regulation and market acceptance of such services, products and technologies. Moreover, any such new or upgraded services, products, or technologies may not work as intended or may not provide the intended value to drivers or riders.

Our R&D initiatives have inherent risks, as each involves newly emerging industries and unproven business strategies and technologies with which we may have limited or no prior development or operating experience. New technologies and offerings may encounter additional expenses, regulatory challenges and market skepticism, some of which we do not currently anticipate. There can be no assurance that demand for such initiatives will exist or be sustained at the levels that we anticipate, or that any of these initiatives will gain sufficient traction or market acceptance to generate sufficient revenues to offset the expenses or liabilities associated with these new investments.

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With our relentless R&D efforts including commitment to R&D investments, strong R&D talent pool and partnership with industry participants, we have achieved crucial technology advancements supporting our services and solutions. In particular, we have invested, and may continue to invest, substantial resources in Robotaxi technologies. We believe that Robotaxi may help us further reduce the service costs and achieve higher standards in transportation safety. However, we cannot guarantee that we will be able to deliver safe, efficient, competitive and economically viable Robotaxi services that are well-received by the market. Robotaxi technologies are still developing and involve significant risks and uncertainties, including but not limited to: (i) the regulatory landscape for autonomous vehicles is still evolving, and the lack of a harmonized regulatory framework may result in delays or restrictions in the deployment of our Robotaxi services in certain markets; (ii) if customers do not trust or are not comfortable with autonomous vehicle technology, the demand for our services may be lower than expected; (iii) the competitive landscape is rapidly changing, with numerous companies investing in autonomous vehicle technology, and we may face significant competition from established automotive manufacturers, technology firms and other mobility service providers; and (iv) the technology underlying our Robotaxi services is complex and may require more time and investment to reach the level of safety and reliability required for public acceptance and regulatory approval. There is no guarantee that we will be able to commercialize our Robotaxi services within the projected timelines or at all. Any accidents or failures in the commercial application of autonomous driving technologies in general, even those not related to us, may cause negative publicity, damage customer confidence and may also lead to heightened regulatory scrutiny. Accidents, failures or setbacks involving our autonomous driving and Robotaxi technologies may result in substantial liabilities and damage our brand image, and therefore materially and adversely affect our business, results of operations and financial condition.

It is also possible that service and product offerings developed by others will render our service and product offerings noncompetitive or obsolete. Furthermore, our R&D efforts with respect to new products, offerings and technologies could distract management from current operations, and will divert capital and other resources from our more established products, offerings and technologies. If we do not realize the expected benefits of our investments, our business, results of operations, financial condition and prospects may be harmed.

If we are unable to continue to develop or manage new or upgraded services, products and technologies, or if drivers or riders do not value them or perceive their benefit, then drivers or riders may choose not to use our platform, which may adversely affect our business, results of operations, financial condition and prospects.

If we fail to address the safety concerns related to our services or inappropriate user activities, our business, results of operations and financial condition may be materially and adversely affected.

We rely heavily on our ability to maintain a high level of safety of our services, as well as the public perception of the level of safety on our platform to attract and retain riders and drivers.

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Safety incidents associated with our or our competitors’ services or otherwise may attract public attention, harm our reputation, invite government scrutiny, and lead to demands for restrictions to be placed on our business. We have an extensive array of safety protocols to cover risks before, during and after each ride, and a dedicated dispute resolution process. Our measures to ensure and enhance compliance rate and safety of our services include identity, qualification and background check, emergency assistance, audio and video recording, “Qi Cube” – safety monitoring, and driver rating and training. See “Business – Safety.” However, our screening procedures may fail, or the databases on which we rely to identify past problematic behavior may be incorrect or incomplete, or safety incidents may be caused by drivers or riders with no past history of problematic behavior. Deaths or injuries, whether the result of accidents or crimes, may affect the public perception of mobility services that is disproportionate to their statistical likelihood compared to other means of transportation. Furthermore, public perception and regulatory scrutiny of the safety of ride-hailing or other mobility services in general may be influenced by safety incidents that occur on other platforms unrelated to ours, which may divert our management’s time and attention from business operations and adversely impact our reputation. In addition, the development of Robotaxi technology is still at an early stage, and if we are unable to maintain optimal safety conditions in the testing operation and commercial operation of Robotaxi services, our riders and drivers may suffer property damage or physical injury, and the market reception of Robotaxi may be adversely affected. In the event that we are not able to prevent or mitigate safety incidents, our business, results of operations and financial condition may be materially and adversely affected.

Illegal, improper or otherwise inappropriate activities by drivers, riders or other users, including the activities of individuals who may have previously engaged with our platform but do not subsequently receive or provide services offered through it, or individuals who intentionally impersonate users of our platform, may adversely affect our brand, business, results of operations and financial condition. These activities may include assault, abuse, theft and other misconduct. While we have implemented various measures intended to anticipate, identify and address the risk of these types of activities, these measures may not adequately address or prevent all illegal, improper or otherwise inappropriate activities by these parties. Such conduct may expose us to liability or adversely affect our brand or reputation. At the same time, if the measures we have taken to guard against these illegal, improper or otherwise inappropriate activities are too restrictive and inadvertently prevent or discourage drivers or riders from remaining engaged on our platform, or if we are unable to implement and communicate these measures fairly and transparently or are perceived to fail to do so, the growth and retention of the number of drivers and riders on our platform and their utilization of our platform may be adversely impacted. Furthermore, any negative publicity related to the foregoing, whether such incident occurred on our platform or on our competitors’ platforms, may adversely affect our reputation and brand or public perception of ride-hailing and other mobility services in general, which could adversely affect demand for platforms like ours, and potentially lead to increased regulatory or litigation exposure.

Any of the foregoing risks could harm our business, results of operations and financial condition.

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Our limited operating history and our evolving business make it difficult to evaluate our prospects, and our historical growth may not be indicative of our future performance.

We started our ride-hailing service in 2019, and our business continues to evolve. We launched our hitch service in 2020, commenced the process of development and commercialization for Robotaxi in 2021, and we commenced our automobile service business in April 2022. See “Business – Our Service Offerings.” We regularly introduced new platform features, offerings and services and experienced rapid growth. However, our historical growth may not be indicative of our future performance and we cannot assure you that our historical growth will be sustainable or achievable in the future.

Our limited operating history and evolving business make it difficult to evaluate our prospects and the risks and challenges we may encounter. These risks and challenges include our ability to:

- forecast our revenues and budget for and manage our expenses;
- attract new drivers and riders and retain existing drivers and riders in a cost-effective manner;
- comply with existing and new laws and regulations;
- anticipate and respond to macroeconomic changes and changes in the markets in which we operate;
- successfully expand our geographic reach and overcome challenges particular to new geographical markets;
- hire, integrate and retain talented people at all levels of our organization;
- successfully develop new platform features, products and services to enhance the experience of riders;
- anticipate and adapt to evolving market conditions, including technological developments and changes in the competitive landscape; and
- effectively deal with outbreak of health pandemics, natural disasters and other calamities, such as COVID-19.

If we fail to address the risks and difficulties that we face, our business, results of operations and financial condition may be adversely affected.

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Misconduct and errors by our employees could harm our business and reputation.

We operate in an industry in which integrity and the confidence of our riders and drivers are critically important. We are subject to the risk of errors, misconduct and illegal activities by our employees. Errors, misconduct and illegal activities by our employees, or even unsubstantiated allegations of them, could materially and adversely affect our business and reputation.

It is not always possible to identify and deter misconduct or errors by employees, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. If any of our employees engages in illegal or suspicious activities or other misconduct, we could suffer economic losses and may be subject to regulatory sanctions and significant legal liability, and our financial condition or ability to attract new riders and drivers may be adversely affected as a result. If any sanction was imposed against an employee during his or her employment with us, even for matters unrelated to us, we may be subject to negative publicity which could adversely affect our brand, public image and reputation, as well as investigations or claims against us. We could also be perceived to have facilitated or participated in the illegal activities or misconduct, and therefore be subject to civil or criminal liability.

If we fail to maintain and enhance our brand image and generate positive publicity, our business, results of operations and financial condition could be materially and adversely affected.

The recognition and image of our brand and the successful maintenance and enhancement of our brand and reputation have contributed, and will continue to contribute, to our success and growth. Any negative perception and publicity about us, our substantial Shareholders, Directors, senior management, affiliates, employees, business partners and the services we provide, whether justified or not, could tarnish our reputation and reduce the value of our brand. In addition, our competitors may fabricate complaints or negative publicity about us. With the increased use of social media, negative publicity can be disseminated quickly and broadly, making it increasingly difficult for us to respond and mitigate effectively. Moreover, we are subject to negative publicity about drivers using our platform, whose activities could be beyond of our control. Negative public perception that drivers on our platform do not provide satisfactory services, even if factually incorrect or based on isolated incidents, could undermine the trust and credibility we have established and adversely impact our ability to attract and retain users.

RISK FACTORS

We depend on the availability and quality of certain third-party offerings. Should there be any disruption in their supply, our business and results of operations may be adversely affected.

Our success depends in part on our relationships with certain third-party service providers. We rely on car partners in the recruitment and management of drivers using our platform, and outsource certain fleet sale and maintenance to qualified third-party suppliers. The convenience and cost savings afforded to drivers and value-added services afforded to car partners by these fleet sale and maintenance are key to our ability to attract and retain drivers and car partners. Certain software and technologies used in our operation and offerings are also sourced from third parties. For example, certain mapping functions employed by our platform are licensed to us by a third party, and it is possible that such mapping functions may not be consistently reliable. We also rely on third-party payment processors, such as commercial banks, Alipay and WeChat Pay, to process payments made by our riders and payments made to drivers on our platform and may in the future offer new payment options to riders that may be subject to additional regulations and risks. Furthermore, from time to time, we may enter into strategic partnerships with third parties in connection with the development of new technologies, the growth of our user base, the provision of new or upgraded services, or the expansion of our business into new markets.

If any of our partners terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, or its performance does not meet our expectations, we would need to find an alternative provider, and may not be able to secure similar terms or replace such provider in an acceptable timeframe. We may also incur increased costs for renewing labor outsourcing agreements due to overall tightening of the labor market or any possible labor unrest. Any of these risks could increase our costs and adversely affect our business, results of operations and financial condition.

Furthermore, any negative publicity related to any of our third-party partners, including any publicity related to quality standards or safety concerns, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. In addition, our third-party service providers may be subject to regulatory actions from time to time. Any of the foregoing could adversely affect their relationships with us and undermine their ability to deliver satisfactory services, which, in turn, could adversely affect our business, results of operations and financial condition.

Certain technologies and software are licensed to us. However, we cannot be certain that our licensors are not infringing the intellectual property rights of others or that the suppliers and licensors have sufficient rights to the technology. If any of our license agreements is terminated by our licensors for any reason, if we are unable to obtain or maintain rights to any technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our relevant operation may be restricted or suspended.

RISK FACTORS

In addition, our platform, accessible primarily through our mobile apps, relies on third parties maintaining open application marketplaces, including the Apple App Store and various Android application markets in China. These marketplaces make applications available for download. We cannot assure you that the services of such marketplaces will remain stable, and that they will continue to make available our apps without charging fees or imposing other restrictions.

Our business could be adversely affected by natural disasters, public health crises such as the COVID-19 pandemic, political crises, economic downturns or other unexpected events.

A significant natural disaster, such as an earthquake, fire, hurricane, tornado, flood or significant power outage, could disrupt our operations, mobile networks, the internet or the operations of our third-party technology providers. In addition, any further outbreaks of COVID-19 or other unforeseen public health crises, or political crises, such as terrorist attacks, war and other political instability, or other catastrophic events, whether in China or abroad, could adversely affect our operations or the economies of the industries in which we operate, or make the geographic markets in which we operate less desirable places to live, work and socialize. The impact of any natural disaster, act of terrorism or other disruption to us or our third-party providers’ abilities could result in decreased demand for our offerings or a delay in the provision of our offerings, which could adversely affect our business, results of operations and financial condition. All of the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate. Disruptions or downturns in global or national or local economic conditions may cause discretionary spending and demand for ride-hailing and other mobility services in general to decline.

Termination or deterioration of our partnerships or cooperation with business partners, associations, or regulators may adversely affect our business.

We collaborate with business partners in certain aspects of our business. For example, we partner with leading industry participants in the R&D of autonomous driving and Robotaxi technologies. See “Business – Our Service Offerings – Mobility Services – Robotaxi” and “Business – Our Service Offerings – Fleet Sale and Maintenance.” We select third-party business partners that we work with based on a range of criteria, including their demonstrated competence, market reputation and our prior relationship with them. We also work with industry associations and regulators in other operations including smart transportation. We cannot guarantee that we can maintain sound relationships with these partners under favorable terms, if at all. If our partnerships, cooperation or communications with business partners, industry associations, or regulators is terminated, curtailed or otherwise impaired, our business, results of operations and financial condition could be adversely affected.

RISK FACTORS

The successful operation of our business depends upon the performance and reliability of internet, mobile and other infrastructures that are not under our control.

Our business depends on the performance and reliability of internet, mobile and other infrastructures that are not under our control. Disruptions in internet infrastructure or GPS signals or the failure of telecommunications network operators, cloud service providers and other third-party providers of network services that provide us with the bandwidth we need to provide our service and product offerings could interfere with the performance and availability of our platform. If our platform is unavailable when riders attempt to access it, or if our platform does not load as quickly as users expect, users may not return to our platform as often in the future, or at all. In addition, we have no control over the costs of the services provided by national telecommunications operators. If mobile internet access fees or other charges to internet users increase, user traffic may decrease, which may in turn cause our revenues to significantly decrease.

We primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. There is no assurance that we can find alternative networks or services in the event of disruptions, failures or other problems with internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the internet infrastructure and the fixed telecommunications networks provided by telecommunication service providers will be able to support the demands associated with the continued growth in internet usage.

Our business also depends on the efficient and uninterrupted operation of mobile communications systems. The occurrence of power outages, telecommunications delays or failures, security breaches, or computer viruses could result in delays or interruptions to our products, offerings and platform, as well as business interruptions for us and for drivers and riders. Any of these events could damage our reputation, significantly disrupt our operations, and subject us to liability, which could adversely affect our business, results of operations and financial condition.

RISK FACTORS

We may be involved in legal and other disputes from time to time arising out of our operations, which, with or without merit, could be time-consuming and costly, divert our management’s attention and resources, and adversely affect our reputation, business, results of operations and financial condition.

We may be involved in legal and other disputes arising from our ordinary course of business. We may also be subject to claims, lawsuits, investigations and other legal proceedings relating to injuries to, or deaths of, users on our platform or third parties that are attributed to us through our offerings. In addition, we may be subject to claims alleging that we are directly or vicariously liable for the acts of drivers on our platform. We cannot assure you that we will not be named as a co-defendant in lawsuits filed against our users in the future, or that we will not be subject to joint and several or other liabilities resulting from relevant legal proceedings. During the Track Record Period and up to the Latest Practicable Date, we had not been a party to any material legal, arbitral or administrative proceedings, and were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. See “Business – Legal Proceedings and Compliance – Legal Proceedings.” Although we plan to defend our interests in any legal proceedings that may arise in the ordinary course of our business, we may incur judgments or enter into settlements of claims that could adversely affect our reputation, business, results of operations and financial condition.

Additionally, if we are involved in any legal proceedings, our management’s time and efforts could be diverted from the operation of our business to pursue or defend the legal proceedings, and our insurers may also increase our insurance premiums. Furthermore, any litigation, arbitration, legal or contractual disputes, investigations or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business contracts. In addition, negative publicity arising from litigation, arbitration, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands. These may adversely affect our results of operations and financial condition. If we fail to claim or defend any legal proceedings on a timely basis, or fail to settle such legal proceedings on commercially reasonable terms, or the damages that we may be held liable to pay in respect of such legal proceedings are not adequately covered by our insurance policies, our business and results of operations may be adversely affected.

RISK FACTORS

Our business involves collection, storage, processing and transmission of a large amount of data and may be subject to complex and evolving regulations and oversight related to cybersecurity, information security, privacy and data security.

Our business involves the collection, storage, processing and transmission of our users’ identification information, transaction information and other sensitive personal information. We are subject to a variety of laws and regulations regarding cybersecurity, information security, privacy and data security, including restrictions on the collection, storage and use of personal information and requirements to take steps to prevent personal information from being divulged, stolen, or tampered with.

The regulatory framework for cybersecurity, information security, privacy and data security in China is constantly evolving. See “Regulation Overview – Regulations on Privacy Protection”, “Regulation Overview – Regulations Relating to Information Security and Censorship” and “Business – Regulatory Landscape and Industry Development – Regulatory Landscape – Cybersecurity, Information Security, Privacy and Data Security.”

For example, pursuant to the Revised Cybersecurity Review Measures (《網絡安全審查辦法》) (the “Revised Measures”) published on January 4, 2022 and came into effect on February 15, 2022, the competent authorities may initiate the cybersecurity review against us if the authorities believe that our data processing activities affect or may affect national security. Besides, considering that a CIIO is subject to the heightened obligation of cybersecurity protection, if we are identified as a CIIO in the future, it is likely to incur more network and data security costs to comply with the relevant regulatory requirements.

On November 14, 2021, the CAC publicly solicited opinions on the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “Draft Cyber Data Security Regulations”), which requires data processors to comply with certain requirements during their daily operation and further stipulates that data processors must apply for cybersecurity reviews in certain situations including any data processor intending to be listed in Hong Kong that affects or may affect national security. However, the Draft Cyber Data Security Regulations does not specify what constitutes “affects or may affect national security.” As of the Latest Practicable Date, the Draft Cyber Data Security Regulations has not been formally adopted. Given that the interpretation of activities that “affect or may affect national security” under the current PRC laws and regulations requires further clarification from the competent authorities, and the identification of CIIO and the scope of network products or services and data processing activities that affect or may affect national security are subject to further clarification and interpretation by the competent authorities, we cannot guarantee whether we will be subject to the cybersecurity review or if new rules or regulations promulgated in the future will impose additional compliance requirements on us.

The Measures for Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the “Security Assessment Measures”) were announced by the CAC on May 19, 2022 and went into effect on September 1, 2022. According to the Security Assessment Measures, a data processor is obligated to apply for a security assessment of its cross-border

RISK FACTORS

data transfer if (a) it provides important data to overseas recipients; (b) it is a CIIO, or it processes the personal information of more than one million individuals; (c) it has cumulatively exported the personal information of more than 100,000 individuals or the sensitive personal information of more than 10,000 individuals since January 1 of the previous year; or (d) it is under other circumstances where a security assessment is required by the CAC. Our daily business operations have not involved any transfer of important data or personal information to any overseas recipients during the Track Record Period and up to the Latest Practicable Date. If we engage in cross-border transfer of important data and personal information in future business activities and any of the abovementioned criteria is met, we will not be permitted to conduct relevant business activities until we have fulfilled the corresponding obligations of security assessment under the Security Assessment Measures and pass the security assessment.

In recent years, laws, regulations and regulatory rules on personal information protection in China continue to develop and improve, with stricter compliance requirements and more refined regulatory rules for mobile internet apps. As we primarily rely on apps to provide services, the level of personal information protection and related compliance regulation measures for the apps could pose a significant impact. We, therefore, will continually pay close attention to changes in regulatory compliance requirements within this domain, closely track the possible impact of the formulation, revision and introduction of legislation in the area on its existing business operation, and earnestly and continuously conduct app compliance work by updating security technology measures and improving management in a timely manner. This will be a long-term investment which is difficult to estimate through the existing conditions. If we fail to, through technical and administrative measures, timely address or respond to the compliance issues identified by the regulator during normalized law enforcement with respect to apps, or the rectification measures fail to meet the regulatory requirements due to the limited effectiveness, we may face public criticism for infringement of personal information rights and interests. In serious circumstances, we may also be subject to administrative penalties such as forced removal of apps from app stores, service suspension or fines.

Despite our efforts to protect personal information and other confidential information, our security systems and measures may not detect and prevent all unintended leakages caused by employees' error, misconduct, mistakes or other malfeasance, or any unauthorized third parties, or fully comply with regulatory requirements. Our information technology and infrastructure may be vulnerable to cyberattacks or security breaches, and third parties may circumvent our security measures, misappropriate proprietary information and cause interruptions in our information technology systems. Unauthorized third parties may also attempt to fraudulently induce our employees, partners, users or others into disclosing usernames, passwords, payment card information or other sensitive information, or use increasingly sophisticated methods to engage in illegal activities involving personal information. In addition, users on our platform could have vulnerabilities on their own mobile devices that are entirely unrelated to our systems and platform, but could mistakenly attribute their own vulnerabilities to us or adversely affect our systems and platform.

RISK FACTORS

Furthermore, credential stuffing attacks are becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent. Any actual or perceived security breach that leads to leakage of our confidential information, even though anonymized, could still interrupt our operations, temporarily or permanently disable our platform, result in fraudulent transfer of funds, damage our relationships with users and other business partners, and subject us to legal liabilities, regulatory sanctions, financial exposure and reputational damage, any of which may materially and adversely affect our business, results of operations and financial condition. Any breach of privacy or security impacting any entities with which we share or disclose data could have similar effects. Moreover, any cyber-attacks or security and privacy breaches directed at our competitors could reduce confidence in the service industry where we operate in general and, as a result, reduce confidence in our platform.

Additionally, defending against claims or litigation based on any security breach or incident, regardless of their merit, could be costly and divert management’s attention. We cannot assure you that our insurance coverage will be adequate for data handling or data security liabilities incurred, that insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our reputation, brand, business, results of operations and financial condition.

We are required to adequately address privacy concerns, and to comply with applicable privacy or data protection laws, regulations and privacy standards. If we are challenged by competent regulators, we may be subject to additional costs, liabilities, reputational damage, suspended use of our platform and harm to our business. With the promulgation of new laws, regulations and standards concerning data security and personal information protection in the future, we may incur more expenditure on the upgrading and improvement of our data security mechanisms from both technological and management aspects in order to comply with increasingly stricter requirements. We are required to comply with these laws, regulations and standards, otherwise we may be subject to fines or other penalties, which could materially and adversely affect our business, results of operations and financial condition.

We benefit from the interoperability of our platform across applications and platforms that we do not control.

Our service is also accessible on various third-party mobility service platforms in China. As our services expand and evolve, we may have an increasing number of integrations with other third-party applications and platforms. Third-party applications and platforms are constantly evolving, and we may not be able to maintain or modify our platform to ensure its compatibility with third-party offerings following developmental changes. In addition, we compete directly with third-party mobility service platforms in China, especially those operating in the GBA. Some of our competitors or technology partners may take actions which disrupt the interoperability of our platform with their own products or services, or exert strong business influence on our ability to, and the terms on which we, operate our platform.

RISK FACTORS

As a result of the foregoing, we cannot guarantee that we will be able to maintain sound cooperation with third-party applications and platforms under commercially reasonable terms, if at all. If our cooperation with third-party applications and platforms deteriorates or terminates, we may experience reduced user traffic of our platform and hence our business, results of operations and financial condition may be adversely affected.

We had gross loss, net loss and net cash outflow during the Track Record Period, and may continue to incur gross loss, net loss or have net cash outflow in the future.

We have incurred significant losses during the Track Record Period. In 2021, 2022 and 2023, we had gross loss of RMB245.1 million, RMB145.9 million and RMB150.4 million, respectively, and we had net loss of RMB684.6 million, RMB626.8 million and RMB692.8 million, respectively. We cannot assure you that we will be able to generate profits in the future. Our ability to achieve future profitability depends largely on our ability to manage our costs and expenses. We intend to control our costs and expenses but cannot assure you that we will achieve this goal. We may experience losses in the future due to our continued investments in technology, talent, driver base and service fleet expansion and other initiatives. In addition, our ability to achieve and sustain future profitability is affected by various factors, some of which are beyond our control, such as regulatory developments or competitive dynamics in the industry. In addition, we expect our costs and other operating expenses to increase as we expand our business. If our costs and operating expenses continue to increase without a commensurate increase in our revenue, we may not be able to become profitable.

Furthermore, we had net cash used in our operating activities of RMB443.0 million, RMB665.8 million and RMB583.1 million in 2021, 2022 and 2023, respectively. See “Financial Information – Liquidity and Capital Resources – Net Cash Used in Operating Activities.” Net cash outflow may require us to obtain external financing to meet our financial needs. If we are unable to do so, we may be in default of payment obligations, or unable to develop business as planned, which in turn may materially and adversely affect our business, financial condition and results of operations.

We had net current liabilities and net liabilities as of December 31, 2021, 2022 and 2023.

As of December 31, 2021, 2022 and 2023, we had net current liabilities of RMB175.9 million, RMB811.0 million and RMB1,553.5 million, respectively, and had net liabilities of RMB151.7 million, RMB749.6 million and RMB1,430.2 million, respectively. We may have net current liabilities and net liabilities in the future. Having significant net current liabilities and net liabilities could constrain our operational flexibility and adversely affect our ability to expand our business. If we do not generate sufficient cash flow from our operations to meet our present and future financing needs, we may need to rely on additional external borrowings. If adequate funds are not available, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans. As a result, our business, financial condition and results of operations will be materially and adversely affected.

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We may incur impairment losses in relation to prepayments, deposits and other receivables.

Our prepayments, deposits and other receivables primarily comprise (i) prepayments, mainly for the procurement of vehicles, vehicle parts for maintenance services, internet traffic for dash cams, technology services, promotion and advertising services and others; (ii) value-added tax recoverable; (iii) deposits, mainly for the leases of office premises; (iv) receivables due from on-line payment platforms; and (v) receivables of ride service fees due from third-party mobility service platforms which collected payments on our behalf. As of December 31, 2021, 2022 and 2023, we had prepayments, deposits and other receivables of RMB18.6 million, RMB106.9 million and RMB124.5 million, respectively. There is no guarantee that our suppliers will perform their obligations in a timely manner. If our suppliers fail to provide products and/or services in a timely manner or at all, we may be exposed to prepayment default and impairment loss risk in relation to the prepayments. This default and risk would in turn materially and adversely affect our business and financial position.

Changes in the carrying amount of convertible redeemable preferred shares and other financial liabilities issued to investors may affect our financial condition and results of operations.

We issued convertible redeemable preferred shares to Series A investors in 2022 and 2023. In addition, we issued warrants to certain investors with respect to Series B Preferred Shares of our Company and the related loans lent to us in 2023, which were recognized as other financial liabilities issued to investors. In 2022 and 2023, we recorded losses of RMB10.4 million and RMB64.5 million from the changes in the carrying amount of convertible redeemable preferred shares, respectively. In the same periods, we recorded a loss of RMB52.1 million and RMB31.8 million from the changes in the carrying amount of other financial liabilities issued to investors, respectively. As of the Latest Practicable Date, all other financial liabilities issued to investors with respect to Series B warrants have been converted into convertible redeemable preferred shares upon exercise of Series B warrants. We expect that the continual fluctuations in the carrying amount of our convertible redeemable preferred shares will affect our financial position until the [REDACTED]. All the convertible redeemable preferred shares will be re-classified from financial liabilities to equity as a result of the automatic conversion into our Shares upon the [REDACTED]. See Notes 26 and 27 to Accountants’ Report in Appendix I to this document.

Our results of operations are subject to seasonal fluctuations.

We have experienced and expect to continue to experience seasonality in our business. For example, during the Chinese New Year holiday in the first quarter of each year, fewer drivers will be active and there is typically less demand. Other seasonal trends that affect us or the industry may develop, and current seasonal trends may become more extreme, all of which may contribute to fluctuations in our results of operations. As a result, historical patterns of our results of operations may not be indicative of our future performance, and period-to-period comparisons of our results of operations may not be meaningful, especially given our limited operating history. Our results of operations in future quarters or years may fluctuate and deviate from the expectations of securities analysts and investors, and any occurrence that disrupts our business during any particular quarters could have a disproportionately material adverse effect on our liquidity and results of operations.

RISK FACTORS

Unauthorized use of our intellectual properties by third parties may harm our brand and reputation and materially and adversely affect our business, and we may incur substantial expenses to protect our intellectual property rights.

We regard our patents, copyrights, trademarks and other intellectual properties as critical to our success. 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 properties to protect these rights. See “Business – Intellectual Property.”

Our business partners may not always comply with our contract terms prohibiting the unauthorized use of our brands, images, characters and other intellectual property rights. The agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

Our competitors and other third parties may register trademarks or apply for patents that are similar to ours, and may divert potential users from us to them. Preventing such unfair competition activities is inherently difficult. If we are unable to prevent such activities, competitors and other third parties may drive potential users away from our platforms, which could harm our reputation and materially and adversely affect our results of operations.

Implementation of intellectual property laws in China has been developing. Policing unauthorized use of our proprietary technology, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our resources and could disrupt our business, as well as materially and adversely affect our business, results of operations and financial condition.

We may be subject to intellectual property infringement claims or other allegations by third parties, which, with or without merit, may materially and adversely affect our business, reputation, results of operations and financial condition.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights, patents, know-how, trade secrets or other intellectual property rights held by third parties without our awareness. We have not been subject to material proceedings and claims pending or threatened against us relating to the intellectual property rights of others, yet we may from time to time be subject to such proceedings and claims in the future. Furthermore, the application and interpretation of China’s laws relating to patents and other intellectual property rights, and the procedures and standards for granting such patents or other intellectual property rights in China, are still evolving, and we cannot assure you that PRC courts or regulatory authorities will agree with our analysis.

RISK FACTORS

We may incur additional costs in monitoring and detecting potential infringement. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against any infringement or licensing allegations and claims can be costly and time consuming and may divert management’s time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, reputation, results of operations and financial condition may be materially and adversely affected.

Our legal right to some leased properties may be challenged.

Our corporate headquarters is located in Guangzhou, Guangdong province, China. As of the Latest Practicable Date, we did not own any property and we were leasing 67 properties in the PRC, with an aggregate gross floor area of 22,247.24 m². Our leased properties are primarily used as office space. See “Business – Properties.”

At the end of each lease term, we must negotiate an extension of the lease. If we are not able to negotiate an extension on terms acceptable to us, we will be forced to move to a different location, or the rent may increase significantly. This could disrupt our operations and adversely affect our financial condition, and may result in our inability to turn from loss to profit making. In addition, we cannot assure you that the lease agreements will not be terminated before their expiration date for reasons beyond our control, such as breaches of agreements by the lessor or the tenant of the premises or invalidation of lease agreements due to the lessors’ lack of title to lease the properties. In such event, we need to relocate to other premises and may incur additional costs due to relocation.

In addition, as of the Latest Practicable Date, (i) 21 of our leased properties had title defects as certain lessors failed to provide property ownership certificates or other relevant certificates regarding their legal right to lease such properties, and (ii) the actual usage of 20 leased properties was inconsistent with the usage for industrial purposes set out in such title certificates or relevant authorization documents, which may adversely affect our ability to continue to use them in the future. See “Business — Properties.” We may face challenges from the property owners or other third parties regarding our right to occupy the premises. Furthermore, if the landlords fail to perform their obligations under the lease agreements between the landlords and us due to any reason, including but not limited to their own non-compliance with relevant laws and regulations, government-authorized demolition or any other unforeseeable events, we may be unable to continue using such properties. As of the date of this document, we are not aware of any challenges being made by a third party or government authority on the titles of any of these leased properties that may affect our current occupation. Although we do not expect to become subject to any fines or penalties if any of these leases are terminated as a result of challenges by third parties or government authorities

RISK FACTORS

for any of these issues, we may be forced to relocate our operations from the affected offices and incur additional expenses accordingly. If we fail to find suitable replacement sites in a timely manner or on terms commercially acceptable to us, our business operations may be adversely affected.

Moreover, under the applicable PRC laws and regulations, the parties to a lease are required to register and file such lease with the relevant government authorities. As of the Latest Practicable Date, 62 lease agreements of our leased properties had not been registered and filed with relevant land and real estate management departments in China. While the lack of registration will not affect the validity of the leases under PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, otherwise we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease.

Our insurance coverage may not sufficiently cover the risks related to our business.

We maintain certain insurance policies to safeguard against various risks and unexpected events associated with our business and operations, including, among others, (i) supplemental accident insurance for our enterprise customers, as well as riders and drivers using our hitch service; (ii) carrier liability insurance which covers losses to both drivers and riders, as mandated by the regulations of national and local transportation departments for ride-hailing service providers; and (iii) compulsory traffic accident liability insurance, supplemental commercial accident insurance and carrier liability insurance for Robotaxis. As required by law, to be eligible for ride-hailing services, a vehicle must be covered by compulsory traffic accident liability insurance. If insurance carriers change the terms of their policies in a manner not favorable to us or the drivers, our insurance costs and those of the drivers could increase. Furthermore, if our insurance coverage is not adequate to cover losses that occur, we could be liable for significant additional costs.

We had not purchased carrier liability insurance that fully cover all ride-hailing service vehicles and relevant riders during a historical period, mainly because (i) we have entered into agreements to require our car partners to purchase carrier liability insurance; and (ii) losses incurred by safety incidents in connection with our platform operation are primarily covered by the compulsory traffic accident liability insurance and supplemental commercial accident insurance maintained by the car partners and drivers. See “Business – Insurance.” The relevant rules and regulations remain unclear as to what legal consequences we may encounter for failure to purchase carrier liability insurance. However, if we were held liable to relevant claims under court orders, we may need to bear the amounts of indemnity, in which case our business, results of operations and financial condition could be adversely affected. As of the Latest Practicable Date, we have rectified such issue by cooperating with two licensed insurance companies to provide adequate carrier liability insurance in full for all of our ride-hailing service vehicles and relevant riders.

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We may be subject to claims of significant liability based on traffic accidents, injuries, or other incidents that are alleged to have been caused by drivers or Robotaxis on our platform. Our insurance policies may not cover all potential claims related to traffic accidents, injuries, or other incidents that are claimed to have been caused by drivers or Robotaxis who use our platform, and may not be adequate to indemnify us for all liability that we could face.

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman insurance, insurance policies covering damages to our network infrastructures or information technology systems, nor any insurance policies for our properties. Any disruption in our network 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, results of operations and financial condition could be materially and adversely affected.

Our business depends substantially on the continuing efforts of our management, other key personnel and a competent workforce to support our existing operations and future growth. If we fail to attract, motivate and retain talents, our business, results of operations, financial condition and prospects may be severely disrupted.

Our success, in part, depends on the continuing services of our management and other key personnel. In particular, we rely on the expertise, experience and vision of our senior management team. We also rely on the technical know-how and skills of other key personnel. If any of our senior management or key personnel becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily or at all. As a result, our business may be severely disrupted, our results of operations and financial condition may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain key personnel.

Our existing operations and future growth require a competent workforce. However, our industry is characterized by high demand and intense competition for talent. In order to attract and retain talent, we may need to offer higher compensation, better training and more attractive career tracks and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain qualified personnel necessary to support our future growth. We may fail to manage our relationship with our employees, and any disputes between us and our employees, or any labor-related regulatory or legal proceedings may divert managerial and financial resources, adversely impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, as our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet the increasing demands of our business. Any of the above issues related to our workforce may materially and adversely affect our business, results of operations, financial condition and prospects.

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Failure to obtain or sustain government grants or preferential tax treatments that may be available to us could affect our business, results of operations and financial condition.

During the Track Record Period, we received certain government grants. We had government grants of RMB36.7 million, RMB19.2 million, and RMB39.7 million in 2021, 2022 and 2023, respectively.

However, these government grants may be non-recurring or unsustainable, which could adversely affect our business, results of operations and financial condition. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatments that may be available to us in the future, which could affect our business, results of operations and financial condition.

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

We seek to establish risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations. See “Business – Risk Management and Internal Control.” However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner, or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

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

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RISKS RELATING TO OUR CORPORATE STRUCTURE

If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership in entities that provide internet and other related businesses, including the value-added telecommunication services and on-the-ground mobile surveying activities, is subject to restrictions under current PRC laws and regulations, unless certain exceptions are available.

We are a Cayman Islands exempted company and each of our indirect wholly-owned PRC subsidiaries, our WFOE, is considered a foreign-invested enterprise. To ensure compliance with PRC laws and regulations, we conduct our foreign investment-restricted or prohibited businesses in China through our Consolidated Affiliated Entities, and our Consolidated Affiliated Entities currently hold the value-added telecommunication business license and the Surveying and Mapping Qualification Certificate (測繪資質證書) for our operation of such restricted or prohibited business, based on a series of contractual arrangements by and among our WFOE, Consolidated Affiliated Entities and their shareholders. These contractual agreements enable us to (i) exercise effective control over our Consolidated Affiliated Entities, (ii) receive substantially all of the economic benefits of our Consolidated Affiliated Entities, and (iii) have an exclusive call option to purchase all or part of the equity interests in our Consolidated Affiliated Entities when and to the extent permitted by PRC law. As a result of these contractual arrangements, we exert control over our Consolidated Affiliated Entities and consolidate the financial results of our Consolidated Affiliated Entities in our financial statements under IFRSs. See “History, Reorganization and Corporate Structure” and “Contractual Arrangements.”

We have been advised by our PRC Legal Advisor that the interpretation and application of the Foreign Investment Law and its implementation regulations, as well as other current and future PRC laws and regulations in relation to the contractual arrangements may be determined on an ad hoc basis depending on the facts and circumstances. If the PRC government otherwise finds that we are in violation of any existing or future PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant governmental authorities with jurisdiction over the operation of our business would have broad discretion in dealing with such violation, including, without limitation:

- revoking the business licenses and/or operating licenses of our PRC entities;
- imposing fines on us;

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- confiscating any of our income that they deem to be obtained through illegal operations, or imposing other requirements with which we or our Consolidated Affiliated Entities may not be able to comply;
- discontinuing or placing restrictions or onerous conditions on our operations;
- placing restrictions on our right to collect revenue;
- shutting down our servers or blocking our platform;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our Consolidated Affiliated Entities and deregistering the equity pledges of our Consolidated Affiliated Entities, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our Consolidated Affiliated Entities;
- restricting or prohibiting our use of proceeds or other of our financing activities to finance the business and operations of our Consolidated Affiliated Entities;
- imposing additional conditions or requirements with which we may not be able to comply; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If occurrences of any of these events results in our inability to direct the activities of our Consolidated Affiliated Entities that most significantly impact their economic performance, and/or our failure to receive the economic benefits and residual returns from our Consolidated Affiliated Entities, and we are not able to restructure our ownership structure and operations in a satisfactory manner, we may not be able to consolidate the financial results of our Consolidated Affiliated Entities in our consolidated financial statements in accordance with IFRSs.

The contractual arrangements with our Consolidated Affiliated Entities and their shareholders may not be as effective as direct ownership in providing operational control.

We have to rely on the contractual arrangements with our Consolidated Affiliated Entities and their shareholders to operate the business in areas where foreign ownership is restricted or prohibited, including the provision of certain value-added telecommunication services and on-the-ground mobile surveying services. These contractual arrangements, however, may not be as effective as direct ownership in providing us with control over our Consolidated Affiliated Entities. For example, our Consolidated Affiliated Entities and their shareholders could breach their contractual arrangements with us by, among other things, failing to conduct the operations of our Consolidated Affiliated Entities in an acceptable manner or taking other actions that are detrimental to our interests.

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If we had direct ownership of our Consolidated Affiliated Entities in China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our Consolidated Affiliated Entities, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by our Consolidated Affiliated Entities and their shareholders of their obligations under the contracts to exercise control over our Consolidated Affiliated Entities. The shareholders of our Consolidated Affiliated Entities may not act in the best interests of our company or may not perform their obligations under these contracts. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties. See “— Risks Relating to Our Corporate Structure – Any failure by our Consolidated Affiliated Entities or their shareholders to perform their obligations under our contractual arrangements with them would materially and adversely affect our business.”

Any failure by our Consolidated Affiliated Entities or their shareholders to perform their obligations under our contractual arrangements with them would materially and adversely affect our business.

If our Consolidated Affiliated Entities or their shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. For example, if the shareholders of our Consolidated Affiliated Entities were to refuse to transfer their equity interests in our Consolidated Affiliated Entities to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations. In addition, if any third parties claim any interest in such shareholders' equity interests in our Consolidated Affiliated Entities, our ability to exercise shareholders' rights or foreclose the share pledge according to the contractual arrangements may be impaired. If these or other disputes between the shareholders of our Consolidated Affiliated Entities and third parties were to impair our control over our Consolidated Affiliated Entities, our ability to consolidate the financial results of our Consolidated Affiliated Entities would be affected, which would in turn materially and adversely affect our business, operations and financial condition.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a Consolidated Affiliated Entities should be interpreted or enforced under PRC law. We cannot predict the ultimate outcome of such arbitration should arbitral proceedings become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through

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arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business may be adversely affected.

The shareholders of our Consolidated Affiliated Entities may have actual or potential conflicts of interest with us.

The shareholders of our Consolidated Affiliated Entities may have actual or potential conflicts of interest with us. Although these individuals are contractually obligated, or obligated as a result of their fiduciary duty to our company, to act in good faith and in our best interest, they still have potential conflicts of interest with us. For example, occasions may arise when the fiduciary duties these individuals owe to us under Cayman Islands law conflict with the fiduciary duties they owe to our PRC entities under PRC law. Under Cayman Islands law, a director is not released from his or her fiduciary duties owed to us as a director of our company, and his or her obligation to discharge such duties is not affected by any other duties that such director owes or interests which such director may have, including as a director or shareholder of another company, such as our consolidated affiliated entities. In addition, these shareholders may breach, or cause our Consolidated Affiliated Entities to breach, or refuse to renew, the existing contractual arrangements we have with them and our Consolidated Affiliated Entities, which would materially and adversely affect our ability to effectively control our Consolidated Affiliated Entities and receive economic benefits from them. For example, the shareholders may be able to cause our agreements with our Consolidated Affiliated Entities to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our Company or that such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the exclusive call option agreements with these shareholders to request them to transfer all of their equity interests in the Consolidated Affiliated Entities to a PRC entity or individual designated by us, to the extent permitted by PRC law. The shareholders of our Consolidated Affiliated Entities have executed powers of attorney to appoint our WFOE to vote on their behalf and exercise voting rights as shareholders of our Consolidated Affiliated Entities. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our Consolidated Affiliated Entities, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

The shareholders of our Consolidated Affiliated Entities may be involved in personal disputes with third parties or other incidents that may adversely affect their respective equity interests in our Consolidated Affiliated Entities and the validity or enforceability of our contractual arrangements with our Consolidated Affiliated Entities and their shareholders. For

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example, in the event that any individual shareholder of our Consolidated Affiliated Entities divorces his or her spouse, the spouse may claim that the equity interest of our Consolidated Affiliated Entities held by such shareholder is part of his or her community property and should be divided between such shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder’s spouse or another third party who is not subject to obligations under our contractual arrangements, which could result in a loss of the effective control over our Consolidated Affiliated Entities by us. Similarly, if any of the equity interests of our Consolidated Affiliated Entities is inherited by a third party with whom the current contractual arrangements are not binding, we could lose our control over our Consolidated Affiliated Entities or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

Although under our current contractual arrangements, (i) our Consolidated Affiliated Entities’ individual shareholder’s spouse has executed spousal consent letters under which the spouses agrees not to assert any rights over the equity interest in our Consolidated Affiliated Entities held by these shareholders, and (ii) it is expressly provided that our Consolidated Affiliated Entities and their shareholders shall not assign any of their respective rights or obligations to any third party without the prior written consent of our WFOE or other party designated by WFOE, we cannot assure you that these undertakings and arrangements will be complied with or effectively enforced. In the case that any of them is breached or becomes unenforceable and leads to legal proceedings, it could disrupt our business, distract our management’s attention and the outcome of such legal proceedings may be unpredictable.

Contractual arrangements in relation to our Consolidated Affiliated Entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or any of our Consolidated Affiliated Entities owe additional taxes, which could adversely affect our financial condition and the value of the Shares.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or scrutiny by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements in relation to our Consolidated Affiliated Entities were not entered into on an arm’s-length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the taxable income of our Consolidated Affiliated Entities in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our Consolidated Affiliated Entities for PRC tax purposes, which could in turn increase its tax liabilities without reducing our PRC subsidiaries’ tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on our Consolidated Affiliated Entities for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our Consolidated Affiliated Entities’ tax liabilities increase or if it is required to pay late payment fees and other penalties.

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Our current corporate structure and business operations may be substantially affected by the newly enacted Foreign Investment Law.

On March 15, 2019, the National People’s Congress of the PRC promulgated the Foreign Investment Law (《中華人民共和國外商投資法》), which took effect on January 1, 2020. Along with the Foreign Investment Law, the Regulations on the Implementation of Foreign Investment Law (《中華人民共和國外商投資法實施條例》) promulgated by the State Council and the Interpretation on Several Issues Concerning the Application of the Foreign Investment Law of the PRC promulgated by the Supreme People’s Court (《最高人民法院關於適用〈中華人民共和國外商投資法〉若干問題的解釋》) also took effect on January 1, 2020. The Foreign Investment Law does not explicitly classify whether Consolidated Affiliated Entities that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately “controlled” by foreign investors. However, it has a catch-all provision under the definition of “foreign investment” that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment, at which time it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment in the PRC and, if they are how our contractual arrangements should be dealt with.

The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either “restricted” or “prohibited” from foreign investment in the Special Administrative Measures for Access of Foreign Investments (Negative List) (2021 Version) (《外商投資准入特別管理措施(負面清單)》(2021年版)), or the Negative List, jointly promulgated by the MOFCOM and the NDRC, and took effect on January 1, 2022. The Foreign Investment Law provides that (i) foreign-invested entities operating in “restricted” industries are required to obtain market entry clearance and other approvals from relevant PRC government authorities; (ii) foreign investors shall not invest in any industries that are “prohibited” under the Negative List.

We operate our value-added telecommunications services, a restricted item under the Negative List, and conduct on-the-ground mobile surveying activities, a prohibited item under the Negative List, through our Consolidated Affiliated Entities. See “Contractual Arrangements.” If our control over our Consolidated Affiliated Entities through contractual arrangements is deemed as foreign investment in the future, and any business of our Consolidated Affiliated Entities is “restricted” or “prohibited” from foreign investment under the “negative list” effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the contractual arrangements that allow us to have control over our Consolidated Affiliated Entities may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or restructure our business operations, any of which may materially and adversely affect our business operation.

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Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may not complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

We may lose the ability to use and enjoy assets held by our Consolidated Affiliated Entities that are critical to the operation of our business if our Consolidated Affiliated Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.

Our Consolidated Affiliated Entities hold certain assets that may be critical to the operation of our business. If the shareholders of our Consolidated Affiliated Entities breach the contractual arrangements and voluntarily liquidate our Consolidated Affiliated Entities, or if any of our Consolidated Affiliated Entities declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. In addition, if any of our Consolidated Affiliated Entities undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets, thereby hindering our ability to operate our business, which could materially or adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN CHINA

Failure to respond to development in China’s economic, political or social conditions or government policies could have a material impact on our business and results of operations.

Our operations are mainly conducted in China. Accordingly, our results of operations, financial condition and prospects are subject to economic, political, social and legal developments in China. Although China’s economy has experienced significant growth over the past few decades, China’s economy might be affected by the global economy. Uncertainties in the global economy and the political environment around the world would continuously affect China’s economic growth. Generally, PRC government regulates the economy and related industries by imposing industrial policies and regulating the PRC’s macro-economy through fiscal and monetary policies. During the past few decades, the PRC government has taken various actions to promote market economy and the establishment of sound corporate governance in business entities. The PRC government regulates the economy and the industries through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing favorable treatments to particular industries or companies. The aforementioned adjustments are beneficial to China’s economy in general, but may have impact on our business, financial condition, results of operations and prospects. It may be difficult for us to predict all the risks that we could face

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as a result of the current economic, political, social and regulatory development and many of these risks are beyond our control. Failure to respond to such development and risks could materially affect our business operations and financial performance.

The PRC legal system is evolving, and may require us to adopt changes to our operations from time to time.

We conduct our business primarily through our subsidiaries and consolidated affiliated entities in China. Our operations in China are governed by PRC laws and regulations. The PRC legal system is a civil law system based on statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

As the legislation in China and the PRC legal system has continued to evolve over the past few decades and the PRC government has made significant progress in promulgating laws and regulations related to economic affairs and matters, for example, such laws and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, many of these laws and regulations are relatively new, and we may need to take certain corresponding measures to maintain our regulatory compliance, such as adjusting the relevant business or transactions and introducing compliance experts and talents, which may incur additional related costs and adverse impact on our business. We are required to respond to evolution in the regulatory environment in China, otherwise our business could be materially affected, and our ability to continue our operations could be impeded.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could materially and adversely affect our ability to conduct our business.

We are a holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. Additionally, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Furthermore, the PRC tax authorities may require our PRC subsidiaries to adjust their taxable income under the contractual arrangement they currently have in place with our variable interest entity in a manner that may materially and adversely affect their ability to pay dividends and other distributions to us. See “— Risks Relating to Our Corporate Structure – Contractual arrangements in relation to our Consolidated Affiliated Entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or any of our Consolidated Affiliated Entities owe additional taxes, which could adversely affect our financial condition and the value of the Shares.”

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Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. Under PRC laws and regulations, our PRC subsidiaries are required to set aside 10% of their accumulated after-tax profits each year to fund a statutory reserve which is not distributable as dividends until the accumulated amount of such reserve has exceeded 50% of the registered capital of that PRC subsidiary. In addition, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-PRC resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. As a result, dividends paid to us by our PRC subsidiaries are expected to be subject to the PRC withholding tax at a rate of 10%. Pursuant to the Arrangement between Mainland of the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the withholding tax rate on dividends paid by our PRC subsidiary to our Hong Kong subsidiary would generally be reduced to 5%, provided that our Hong Kong subsidiary is a Hong Kong tax resident as well as the beneficial owner of our PRC-sourced income, and it directly holds 25% or more interests in our PRC subsidiaries. On February 3, 2018, the STA issued the Announcement on Issues Regarding Beneficial Owners under Tax Treaties (《關於稅收協定中“受益所有人”有關問題的公告》), also known as Circular 9, which provides guidance for determining whether a resident of a contracting state or region is the “beneficial owner” of an item of income under China’s tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner. There is no assurance that the reduced withholding tax rate will be available to our Hong Kong subsidiary. In accordance with the Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Treatments (《非居民納稅人享受協定待遇管理辦法》) which was promulgated by the STA and came into effect on January 1, 2020, if non-resident taxpayers consider they are eligible for treatments under the tax treaties through self-assessment, they may, at the time of filing tax returns or making withholding tax filings through withholding agents, enjoy the treatments under the tax treaties, and shall concurrently collect and retain the relevant documents for inspection according to relevant regulations, and accept tax authorities’ post-filing administration.

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

Under PRC laws and regulations, we are permitted to utilize the [REDACTED] from this [REDACTED] to fund our PRC subsidiaries by making loans to or additional capital contributions to our PRC subsidiaries, subject to applicable government registration and approval requirements. These PRC laws and regulations may establish regulatory procedural requirements on our use of Renminbi converted from the net [REDACTED] of this [REDACTED] to fund the establishment of new entities in China by our PRC subsidiaries, investments in or acquisitions of any other PRC companies through our PRC subsidiaries, or the establishment of a new variable interest entity in China. According to the relevant PRC regulations on foreign-invested enterprises in the PRC, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings and registration with relevant local branches of the SAMR and other governmental authorities in the PRC. 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 the filings with competent governmental authorities or the upper limit calculated based on a statutory formula under the macro-prudential management of full-covered cross-border financing by SAFE and the PBOC. Any medium or long-term loan to be provided by us to our variable interest entity and its subsidiaries must be recorded and registered by the NDRC and SAFE or its local counterparts. Moreover, we cannot assure you that we will be able to complete the necessary registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our PRC subsidiaries. We are required to complete such registrations or obtain such approvals, otherwise our ability to use the [REDACTED] we received or expect to receive from our offshore [REDACTED] and to capitalize or otherwise fund our PRC operations may be adversely affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, SAFE promulgated the Notice on Reforming the Administration Methods of the Settlement of Foreign Currency Capital by Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “SAFE Circular 19”), which took effect on June 1, 2015 and was amended on December 30, 2019. The 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 scope. On June 9, 2016, the SAFE promulgated the Circular on Reforming and Standardizing the Management Policy Relating to Foreign Exchange Settlement of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the “SAFE Circular 16”). The SAFE Circular 16 prohibits 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. In January 2017 and April 2020, SAFE

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further promulgated the Notice on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) (the “SAFE Circular 3”) and the Notice on Optimizing Foreign Exchange Administration Service to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the “SAFE Circular 8”), respectively. The SAFE Circular 3 stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities while the SAFE Circular 8 stipulates the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. For further information, see “Regulatory Overview – Regulations Relating to Foreign Exchange.” The SAFE Circular 19, the SAFE Circular 16, the SAFE Circular 3 and the SAFE Circular 8 may limit our ability to transfer to and use the loans or investment in the PRC, which may materially and adversely affect our business, results of operations and financial condition.

Governmental regulations on currency conversion may limit our ability to utilize our revenue effectively and affect the value of your [REDACTED].

The convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China are subject to PRC foreign exchange regulations. 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 SAFE by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where Renminbi 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.

The PRC government may regulate cross-border transactions falling under capital account. We receive substantially all of our revenue in RMB, and we are required to meet the requirements of foreign exchange regulations in the PRC, otherwise our ability to pay dividends in foreign currencies to our shareholders, including holders of our Shares, may be limited.

PRC regulations relating to offshore investment activities by PRC residents may establish regulatory procedural requirements on PRC subsidiaries for increasing their registered capital or distribute profits to us or otherwise exposing us or our PRC resident beneficial owners to liability and penalties under PRC law.

In July 2014, SAFE promulgated the Circular of the SAFE on Foreign Exchange Administration of Equity Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (“Circular 37”). Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals with a habitual residence in China due to economic interests) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as changes of the offshore special purpose vehicle’s name and operational term, or any significant changes with respect

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to the PRC individual shareholder, such as the increase or decrease of capital contributions, share transfer or exchange, or mergers or divisions. Circular 37 is applicable to our shareholders who are PRC residents.

If our shareholders who are PRC residents fail to make the required registration or to update the previously filed registration, our PRC subsidiaries may be prohibited from distributing their profits or the proceeds from any capital reduction, share transfer or liquidation to us, and we may also be prohibited from making additional capital contributions into our PRC subsidiaries. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (“Notice 13”), effective from June 2015, and further amended by SAFE on December 30, 2019. Under Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

As of the Latest Practicable Date, to the best of our knowledge, our shareholders had complied with the requirements as stipulated under Circular 37 in all material aspects. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our Company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or continuously comply with all requirements under Circular 37 or other related rules. The failure or inability of the relevant shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, on the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

The M&A Rules and certain other PRC regulations establish procedural requirements for some acquisitions of PRC 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 Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, established, among other things, additional procedures and requirements. Such regulations require, among other things, that the foreign investor should submit a declaration to the MOFCOM in advance of any change-of-control transaction in which a foreign investor acquires control of a PRC domestic enterprise and involves any of the following circumstances: (i) any important industry is concerned, (ii) such transaction involves factors that impact or may impact national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. We do not expect that any of our further merger and acquisition will trigger the requirement to submit such declaration to MOFCOM under each of the above-mentioned circumstances or any review by other PRC government authorities. Moreover, the Anti-Monopoly Law (《中華人民共和國反壟斷法》) promulgated by the

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Standing Committee of the National People’s Congress which became effective in 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be notified and cleared by the Anti-Monopoly Bureau of SAMR before they can be completed.

In addition, the Rules on Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by 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》), effective in September 2011 and Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) that came into effect in January 2021, requires acquisitions by foreign investors of PRC companies engaged in certain industries crucial to national security be subject to security review before consummation of any such acquisition.

In the future, we may grow our business by acquiring complementary businesses. Compliance with the requirements of the above-mentioned rules and regulations and any required approval processes, including obtaining approval from competent government authorities may delay or inhibit our ability to complete such transactions.

We are required to comply with PRC regulations regarding the registration requirements for the Employee Incentive Plans, otherwise the PRC plan participants or us may subject to fines and other legal or administrative sanctions.

In February 2012, the SAFE promulgated the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Companies (the “SAFE Circular 7”, 《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》). Under 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 the SAFE or its local branches or commercial banks and complete certain other procedures.

Participants in 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 a PRC subsidiary, to conduct 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 manage 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 its 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.

We and our PRC employees who are granted options and/or restricted share unites will be subject to these regulations upon the completion of this [REDACTED]. We are required to complete their SAFE registrations, otherwise we may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, as well as legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary’s ability to distribute dividends to us, or otherwise materially and adversely affect our business.

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If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in PRC taxation and implications upon us and our non-PRC shareholders.

Under the Enterprise Income Tax Law and its implementing rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a PRC resident enterprise. The implementing rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. The STA issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People’s Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) on April 22, 2009 and most recently amended on December 29, 2017 (“Circular 82”), which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, the criteria set forth in the circular may reflect the STA general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the day-to-day operational management and their primary location is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made by or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and we may not accurately predict the results of their determination. If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we will be subject to the enterprise income tax on our global income at the rate of 25% and we will be required to comply with PRC enterprise income tax reporting obligations.

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 current tax law in China, any dividends paid by us to non-PRC enterprise shareholders may be subject to PRC withholding tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such dividends are deemed to be from PRC sources. In addition, gains realized on the sale or other disposition of our Shares may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such gains are deemed to be from PRC sources. Any PRC tax liability may be reduced under applicable tax treaties. However, it is unclear whether non-PRC shareholders will be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any PRC tax may reduce the returns on your [REDACTED] in the Shares.

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We and our shareholders may face regulations with respect to indirect transfers of equity interests in PRC resident enterprises, assets attributed to a PRC establishment of a non-PRC company or immovable properties located in China owned by non-PRC companies.

The STA issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC 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報》) on February 3, 2015 (“Bulletin 7”), and amended on October 17, 2017 and December 29, 2017, which partially replaced and supplemented previous rules under the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (《關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (“Circular 698”), which was issued by the STA in 2009. Pursuant to Bulletin 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if the arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from the indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, “PRC taxable assets” include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises. Gains derived from the transfer of PRC taxable assets by a direct holder that is a non-PRC resident enterprise is subject to PRC enterprise income taxes. When determining whether an arrangement has a “reasonable commercial purpose”, the following factors are considered:

- whether the value of the equity interest of the relevant offshore enterprise is mainly derived from PRC taxable assets;
- whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China;
- whether the income of the relevant offshore enterprise is mainly generated from China;
- whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature as evidenced by actual function and risk exposure;
- for how long the existing business model and organizational structure of the relevant offshore enterprise has existed;
- the income tax payable outside of PRC on the gains derived from the indirect transfer of PRC taxable assets;
- the replicability of the arrangement by direct transfer of PRC taxable assets; and
- the tax situation of such indirect transfer and applicable tax treaties or similar arrangements.

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Gains derived from an indirect offshore transfer of assets of a PRC establishment or place of business are to be included in the enterprise income tax filing of the PRC establishment or place of business, and are subject to a PRC enterprise income tax rate of 25%. In case of a transfer of immovable properties located in China or of equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax rate of 10% applies, subject to available preferential tax treatment under applicable tax treaties or similar arrangements. The party who is obligated to pay for the transfer has the withholding obligation with respect to the transfer. Where the payor fails to withhold sufficient tax, the transferor is required to declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to overdue payments, or fines and other rectifying measures. Bulletin 7 does not apply to sales of shares by investors through a public stock exchange if the shares were acquired by the investors through a public stock exchange.

We may be subject to Bulletin 7 and previous rules under Circular 698, including reporting and other obligations with respect to certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries or investments. We may be subject to filing obligations or taxed as the transferor, or subject to withholding obligations as the transferee, in the transactions. For transfer of our shares by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in filings under Circular 698 and Bulletin 7. We may be required to allocate valuable resources to comply with Circular 698 and Bulletin 7, to request relevant transferors from whom we purchase taxable assets to comply with these rules, or to establish that we should not be taxed under these rules, which may materially and adversely affect our results of operations and financial condition.

It may be difficult to effect service of process upon us or some of our directors or officers named in this Document or to enforce foreign court judgments against them in China.

We are a company incorporated in the Cayman Islands with substantially all of our assets located within China. Most of our Directors and senior managements reside in China.

On July 14, 2006, Mainland China and Hong Kong 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 (《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 “2006 Arrangement”), pursuant to which a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Mainland China Court or a Hong Kong court is expressly

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designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in Mainland China if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the Arrangement may still be uncertain. On January 18, 2019, the Supreme People’s Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “2019 Arrangement”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Mainland China and Hong Kong, based on criteria other than a written bilateral choice of court agreement. The 2019 Arrangement will only take effect from its commencement date, which is not yet known. The 2019 Arrangement will, upon its effectiveness, supersede the 2006 Arrangement. However, the 2006 Arrangement will continue to apply to a choice of court agreement in writing signed before the 2019 Arrangement comes into effect.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our [REDACTED] and the liquidity and market price of our Shares may be volatile.

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

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

The 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, Mainland China, 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 China 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 China-based companies have listed their securities, and some are in the process of preparing for [REDACTED] their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their [REDACTED]. The trading performances of the securities of these companies at the time of or after their [REDACTED] may affect the overall

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investor sentiment towards China-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.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and substantial 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 substantial shareholders, or the perception or anticipation of such sales, could adversely 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 current shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange, save for certain special circumstances. Such lock-up undertakings may be waived at the discretion of the Company together with the [REDACTED] as applicable. While we have not received any request from such persons to dispose of significant amounts of their Shares after the expiry of, or, if waived, during the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

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

As the [REDACTED] of our Shares is higher than the net tangible book value per Share immediately prior to the [REDACTED], purchasers of our Shares in the [REDACTED] will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the [REDACTED] may experience further dilution in their shareholding percentage.

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

The trading market for our Shares depends in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our Shares or publishes inaccurate or unfavorable research about our business, the market price for our Shares will likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our Shares to decline.

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There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various official government sources contained in this Document.

This Document, particularly the section headed “Industry Overview”, contains information and statistics relating to the industry in which we operate. Such information and statistics were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

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

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this Document, there has been press and media coverage regarding us and the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this Document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Document, we disclaim responsibility for it and you should not rely on such information.